

Uganda

Companies Act

Chapter 110

Legislation as at 31 December 2000

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Uganda

Companies Act

Chapter 110

Commenced on 1 January 1961

[This is the version of this document as it was at 31 December 2000 to 30 June 2013.]

[Note: The version of the Act as at 31 December 2000 was revised and consolidated by the Law Reform Commission of Uganda. All subsequent amendments have been researched and applied by Laws.Africa for ULII.]

[Repealed by [Companies Act, 2012 \(Act 1 of 2012\)](#) on 1 July 2013]

An Act to amend and consolidate the law relating to the incorporation, regulation and winding up of companies and other associations and to make provision for other related and connected matters.

Part I – Preliminary

1. Interpretation

- (1) In this Act, unless the context otherwise requires—
- (a) “**accounts**” includes a company’s group accounts, whether prepared in the form of accounts or not;
 - (b) “**annual return**” means the return required to be made, in the case of a company having a share capital, under [section 125](#), and in the case of a company not having a share capital, under [section 126](#);
 - (c) “**approved stock exchange**” means a stock exchange approved under section 24 of the Capital Markets Authority Act and includes an interim stock trading facility approved under section 90 of that Act;
 - (d) “**articles**” means the articles of association of a company, as originally framed or as altered by special resolution, including, so far as they apply to the company, the regulations contained in Table A in the First Schedule to any of the repealed Ordinances or in Table A in the First Schedule to this Act;
 - (e) “**book and paper**” and “book or paper” include accounts, deeds, writings and documents;
 - (f) “**company**” means a company formed and registered under this Act or an existing company;
 - (g) “**company limited by guarantee**” and “company limited by shares” have the meanings assigned to them respectively by [section 3\(2\)](#);
 - (h) “**contributory**” has the meaning assigned to it by [section 214](#);
 - (i) “**court**”, used in relation to a company, means the court having jurisdiction to wind up the company;
 - (j) “**creditors’ voluntary winding up**” has the meaning assigned to it by [section 281\(4\)](#);
 - (k) “**debenture**” includes debenture stock, bonds and any other securities of a company whether constituting a charge on the assets of the company or not;
 - (l) “**director**” includes any person occupying the position of director by whatever name called;
 - (m) “**document**” includes summons, notice, order and other legal process, and registers;

- (n) “**existing company**” means a company formed and registered under any of the repealed Ordinances;
- (o) “**financial year**” means, in relation to any body corporate, the period in respect of which any profit and loss account of the body corporate laid before it in general meeting is made up, whether that period is a year or not;
- (p) “**general rules**” means rules made by the Minister under [section 348](#);
- (q) “**group accounts**” has the meaning assigned to it by [section 150\(1\)](#);
- (r) “**holding company**” means a holding company as defined by [section 154](#);
- (s) “**insurance company**” means a company which carries on the business of insurance either solely or in conjunction with any other business;
- (t) “**issued generally**” means, in relation to a prospectus, issued to persons who are not existing members or debenture holders of the company;
- (u) “**limited company**” means a company limited by shares or a company limited by guarantee;
- (v) “**members’ voluntary winding up**” has the meaning assigned to it by [section 281\(4\)](#);
- (w) “**memorandum**” means the memorandum of association of a company, as originally framed or as altered from time to time;
- (x) “**minimum subscription**” has the meaning assigned to it by [section 49\(2\)](#);
- (y) “**officer**”, in relation to a body corporate, includes a director, manager or secretary;
- (z) “**personal representative**” means—
 - (i) in the case of a deceased person to whom the Succession Act applies either wholly or in part, his or her executor or administrator;
 - (ii) in the case of any other deceased person, any person who, under law or custom, is responsible for administering the estate of such deceased person;
- (aa) “**printed**” means reproduced by original letterpress or by such other means as may be prescribed;
- (bb) “**private company**” has the meaning assigned to it by [section 29\(1\)](#);
- (cc) “**prospectus**” means any prospectus, notice, circular, advertisement, or other invitation, offering to the public for subscription or purchase any shares or debentures of a company;
- (dd) “**registrar**” means the registrar of companies or any assistant registrar or other officer performing under this Act the duty of registration of companies;
- (ee) “**repealed Ordinances**” means the Indian Companies Act, 1882, (as applied to Uganda), the Companies Ordinance, 1923 (No. 6 of 1923) and the repealed Companies Ordinance;
- (ff) “**repealed Companies Ordinance**” means the Companies Ordinance, Chapter 212 of the Laws of Uganda (Revised Edition), 1951;
- (gg) “**resolution for reducing share capital**” has the meaning assigned to it by [section 68\(2\)](#);
- (hh) “**resolution for voluntary winding up**” has the meaning assigned to it by [section 276\(2\)](#);
- (ii) “**share**” means share in the share capital of a company, and includes stock except where a distinction between stock and shares is expressed or implied;
- (jj) “**share warrant**” has the meaning assigned to it by [section 85\(2\)](#);
- (kk) “**statutory meeting**” means the meeting required to be held by [section 130\(1\)](#);

- (ll) “**statutory report**” has the meaning assigned to it by [section 130\(2\)](#);
 - (mm) “**subsidiary**” means a subsidiary as defined by [section 154](#);
 - (nn) “**Table A**” means Table A in the First Schedule to this Act;
 - (oo) “**time of the opening of the subscription lists**” has the meaning assigned to it by [section 52\(1\)](#);
 - (pp) “**unlimited company**” has the meaning assigned to it by [section 3\(2\)](#).
- (2) A person shall not be deemed to be within the meaning of any provision of this Act a person in accordance with whose directions or instructions the directors of a company are accustomed to act, by reason only that the directors of the company act on advice given by him or her in a professional capacity.
 - (3) References in this Act to a body corporate or to a corporation shall be construed as not including a corporation sole but as including a company incorporated outside Uganda.
 - (4) Any provision of this Act overriding or interpreting a company’s articles shall, except as provided by this Act, apply in relation to articles in force at the commencement of this Act, as well as to articles coming into force thereafter, and shall apply also in relation to a company’s memorandum as it applies in relation to its articles.

2. Register of companies

There shall be kept by the registrar a record called “the Register of Companies” in which shall be entered all the matters prescribed by this Act.

Part II – Incorporation of companies and matters incidental to incorporation

Memorandum of association

3. Mode of forming an incorporated company

- (1) Any seven or more persons, or, where the company to be formed will be a private company, any two or more persons, associated for any lawful purpose may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of this Act in respect of registration, form an incorporated company, with or without limited liability.
- (2) Such a company may be either—
 - (a) a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them (in this Act termed “a company limited by shares”);
 - (b) a company having the liability of its members limited by the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its being wound up (in this Act termed “a company limited by guarantee”); or
 - (c) a company not having any limit on the liability of its members (in this Act termed “an unlimited company”).

4. Requirements with respect to the memorandum

- (1) The memorandum of every company shall be printed in the English language and shall state—
 - (a) the name of the company, with “limited” as the last word of the name in the case of a company limited by shares or by guarantee;

- (b) that the registered office of the company is to be situate in Uganda;
 - (c) the objects of the company.
- (2) The memorandum of a company limited by shares or by guarantee must also state that the liability of its members is limited.
- (3) The memorandum of a company limited by guarantee must also state that each member undertakes to contribute to the assets of the company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member, for payment of the debts and liabilities of the company contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for adjustment of the rights of the contributories among themselves, such amount as may be required, not exceeding a specified amount.
- (4) In the case of a company having a share capital—
 - (a) the memorandum must also, unless the company is an unlimited company, state the amount of share capital with which the company proposes to be registered and the division of the share capital into shares of a fixed amount;
 - (b) no subscriber of the memorandum may take less than one share;
 - (c) each subscriber must write opposite to his or her name the number of shares he or she takes.

5. Signature of the memorandum

- (1) The memorandum shall be dated and shall be signed by each subscriber in the presence of at least one attesting witness who shall state his or her occupation and postal address.
- (2) Opposite the signature of every subscriber there shall be written in legible Roman characters his or her full name, his or her occupation and postal address.

6. Restriction on alteration of the memorandum

A company may not alter the conditions contained in its memorandum except in the cases, in the mode and to the extent for which express provision is made in this Act.

7. Mode in which and extent to which objects of a company may be altered

- (1) A company may, by special resolution, alter the provisions of its memorandum with respect to the objects of the company, so far as may be required to enable it—
 - (a) to carry on its business more economically or more efficiently;
 - (b) to attain its main purpose by new or improved means;
 - (c) to enlarge or change the local area of its operations;
 - (d) to carry on some business which under existing circumstances may conveniently or advantageously be combined with the business of the company;
 - (e) to restrict or abandon any of the objects specified in the memorandum;
 - (f) to sell or dispose of the whole or any part of the undertaking of the company; or
 - (g) to amalgamate with any other company or body of persons,

except that if an application is made to the court in accordance with this section for the alteration to be cancelled, it shall not have effect except insofar as it is confirmed by the court.

- (2) An application under this section may be made—
- (a) by the holders of not less in the aggregate than 15 percent in nominal value of the company's issued share capital or any class thereof or, if the company is not limited by shares, not less than 15 percent of the company's members; or
 - (b) by the holders of not less than 15 percent of the company's debentures entitling the holders to object to alterations of its objects,
- except that an application shall not be made by any person who has consented to or voted in favour of the alteration.
- (3) An application under this section must be made within twenty-one days after the date on which the resolution altering the company's objects was passed and may be made on behalf of the persons entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.
- (4) On an application under this section, the court may make an order cancelling the alteration or confirming the alteration either wholly or in part and on such terms and conditions as it thinks fit, and may, if it thinks fit, adjourn the proceedings in order that an arrangement may be made to the satisfaction of the court for the purchase of the interests of dissentient members, and may give such directions and make such order as it may think expedient for facilitating or carrying into effect any such arrangement; but no part of the capital of the company shall be expended in any such purchase.
- (5) The debentures entitling the holders to object to alterations of a company's objects shall be any debentures secured by a floating charge which were issued or first issued before the 1st January, 1961, or form part of the same series as any debentures so issued, and a special resolution altering a company's objects shall require the same notice to the holders of any such debentures as to members of the company.
- (6) In default of any provisions regulating the giving of notice to any such debenture holders, the provisions of the company's articles regulating the giving of notice to members shall apply.
- (7) In the case of a company which is, by virtue of a licence from the Minister, exempt from the obligation to use the word "limited" as part of its name, a resolution altering the company's objects shall also require the same notice to the Minister as to members of the company.
- (8) Where a company passes a resolution altering its objects—
- (a) if no application is made with respect thereto under this section, it shall within fourteen days from the end of the period for making such an application deliver to the registrar of companies a printed copy of its memorandum as altered; and
 - (b) if such an application is made it shall—
 - (i) forthwith give notice of that fact to the registrar; and
 - (ii) within fourteen days from the date of any order cancelling or confirming the alteration wholly or in part, deliver to the registrar a certified copy of the order and, in the case of an order confirming the alteration wholly or in part, a printed copy of the memorandum as altered.
- (9) The court may by order at any time extend the time for the delivery of documents to the registrar under subsection (8)(b) for such period as the court may think proper.
- (10) If a company makes default in giving notice or delivering any document to the registrar of companies as required by subsection (8), the company and every officer of the company who is in default are liable to a default fine of two hundred shillings.
- (11) The validity of an alteration of the provisions of a company's memorandum with respect to the objects of the company shall not be questioned on the ground that it was not authorised

by subsection (1) except in proceedings taken for the purpose (whether under this section or otherwise) before the expiration of thirty days after the date of the resolution in that behalf; and where any such proceedings are taken otherwise than under this section, subsections (8), (9) and (10) shall apply in relation to the proceedings as if they had been taken under this section and as if an order declaring the alteration invalid were an order cancelling it and as if an order dismissing the proceedings were an order confirming the alteration.

- (12) In relation to a resolution for altering the provisions of a company's memorandum with respect to the objects of the company passed before the 1st January, 1961, this section shall have effect as if, in lieu of the exception to subsection (1) and subsections (2) to (11), there had been enacted in this section the provisions of section 7(2) to (7) of the repealed Companies Ordinance.

Articles of association

8. Registration of articles and regulations of companies

There may in the case of a company limited by shares, and there shall in the case of a company limited by guarantee or unlimited, be registered with the memorandum articles of association, which shall be signed by the subscribers to the memorandum and shall contain the regulations of the company.

9. Content required in the case of an unlimited company or a company limited by guarantee

- (1) In the case of an unlimited company, the articles must state the number of members with which the company proposes to be registered and, if the company has a share capital, the amount of share capital with which the company proposes to be registered.
- (2) In the case of a company limited by guarantee, the articles must state the number of members with which the company proposes to be registered.
- (3) Where an unlimited company or a company limited by guarantee has increased the number of its members beyond the registered number, it shall, within fourteen days after the increase was resolved on or took place, give to the registrar notice of the increase, and the registrar shall record the increase.
- (4) If default is made in complying with subsection (3), the company and every officer of the company who is in default are liable to a default fine.

10. Adoption and application of Table A

- (1) Articles of association may adopt all or any of the regulations contained in Table A.
- (2) In the case of a company limited by shares and registered after the commencement of this Act, if articles are not registered, or, if articles are registered, insofar as the articles do not exclude or modify the regulations contained in Table A, those regulations shall, so far as applicable, be the regulations of the company in the same manner and to the same extent as if they were contained in duly registered articles.

11. Printing and signature of articles

Articles shall be—

- (a) in the English language;
- (b) printed;
- (c) divided into paragraphs numbered consecutively; and
- (d) signed by each subscriber to the memorandum of association in the presence of at least one witness, who shall attest the signature and add his or her occupation and postal address.

12. Alteration of articles by special resolution

- (1) Subject to this Act and to the conditions contained in its memorandum, a company may by special resolution alter or add to its articles.
- (2) Any alteration or addition so made in the articles shall, subject to this Act, be as valid as if originally contained in the articles, and be subject in like manner to alteration by special resolution.

Form of memorandum and articles of association

13. Statutory forms of memorandum and articles

The form of—

- (a) the memorandum of association of a company limited by shares;
- (b) the memorandum and articles of association of a company limited by guarantee and not having a share capital;
- (c) the memorandum and articles of association of a company limited by guarantee and having a share capital;
- (d) the memorandum and articles of association of an unlimited company having a share capital,

shall be respectively in accordance with the forms set out in Tables B, C, D and E in the First Schedule to this Act, or as near to those forms as circumstances admit.

Registration

14. Registration of memorandum and articles

The memorandum and the articles, if any, shall be delivered to the registrar, and he or she shall retain and register them.

15. Effect of registration

- (1) On the registration of the memorandum of a company, the registrar shall certify under his or her hand that the company is incorporated and, in the case of a limited company, that the company is limited.
- (2) From the date of incorporation mentioned in the certificate of incorporation, the subscribers to the memorandum, together with such other persons as may from time to time become members of the company, shall be a body corporate by the name contained in the memorandum, capable of exercising all the functions of an incorporated company, with power to hold land and having perpetual succession and a common seal, but with such liability on the part of the members to contribute to the assets of the company in the event of its being wound up as is mentioned in this Act.

16. Evidence of compliance with registration requirements

- (1) A certificate of incorporation given by the registrar in respect of any association shall be conclusive evidence that all the requirements of this Act in respect of registration and of matters precedent and incidental to registration have been complied with and that the association is a company authorised to be registered and duly registered under this Act.
- (2) A statutory declaration by an advocate engaged in the formation of the company, or by a person named in the articles as a director or secretary of the company, of compliance with all or any of the said requirements shall be produced to the registrar, and the registrar may accept such a declaration as sufficient evidence of compliance.

17. Registration of unlimited company as limited; re-registration of a limited company

- (1) Subject to this section, a company registered as unlimited may register under this Act as limited, or a company already registered as a limited company may reregister under this Act, but the registration of an unlimited company as a limited company shall not affect the rights or liabilities of the company in respect of any debt or obligation incurred, or any contract entered into, by, to, with or on behalf of the company before the registration.
- (2) On registration in pursuance of this section, the registrar shall close the former registration of the company, and may dispense with the delivery to him or her of copies of any documents with copies of which he or she was furnished on the occasion of the original registration of the company, but, except as aforesaid, the registration shall take place in the same manner and shall have effect as if it were first registration of the company under this Act.

Provisions with respect to names of companies**18. Reservation of name and prohibition of undesirable name**

- (1) The registrar may, on written application, reserve a name pending registration of a company or a change of name by an existing company. Any such reservation shall remain in force for a period of thirty days or such longer period, not exceeding sixty days, as the registrar may, for special reasons, allow, and during that period no other company shall be entitled to be registered with that name.
- (2) No name shall be reserved and no company shall be registered by a name which, in the opinion of the registrar, is undesirable.

19. Change of name

- (1) A company may by special resolution and with the approval of the registrar signified in writing change its name.
- (2) If, through inadvertence or otherwise, a company on its first registration or on its registration by a new name is registered by a name which, in the opinion of the registrar, is too like the name by which a company in existence is previously registered, the first-mentioned company may change its name with the sanction of the registrar and, if the registrar so directs within six months of its being registered by that name, shall change it within six weeks from the date of the direction or such longer period as the registrar may think fit to allow.
- (3) If a company makes default in complying with a direction under subsection (2), it is liable to a fine not exceeding one hundred shillings for every day during which the default continues.
- (4) Where a company changes its name under this section, it shall within fourteen days give to the registrar notice of the change of name, and the registrar shall enter the new name on the register in place of the former name, and shall issue to the company a certificate of change of name, and shall notify the change of name in the Gazette.
- (5) A change of name by a company under this section shall not affect any rights or obligations of the company or render defective any legal proceedings by or against the company, and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

20. Power to dispense with “limited” in the name of charitable and other companies; licences issued under this section

- (1) Where it is proved to the satisfaction of the Minister that an association about to be formed as a limited company is to be formed for promoting commerce, art, science, religion, charity or any other useful object, and intends to apply its profits, if any, or other income in promoting its objects, and to prohibit the payment of any dividend to its members, the Minister may by licence direct

that the association may be registered as a company with limited liability, without the addition of the word “limited” to its name, and the association may be registered accordingly and shall, on registration, enjoy all the privileges and, subject to this section, be subject to all the obligations of limited companies.

(2) Where it is proved to the satisfaction of the Minister—

- (a) that the objects of a company registered under this Act as a limited company are restricted to those specified in subsection (1) and to objects incidental or conducive to them; and
- (b) that by its constitution the company is required to apply its profits, if any, or other income in promoting its objects and is prohibited from paying any dividend to its members,

the Minister may by licence authorise the company to make by special resolution a change in its name including or consisting of the omission of the word “limited”, and [section 19\(3\)](#) and (4) shall apply to a change of name under this subsection as they apply to a change of name under that section.

- (3) A licence by the Minister under this section may be granted on such conditions and subject to such regulations as the Minister thinks fit, and those conditions and regulations shall be binding on the body to which the licence is granted, and where the grant is under subsection (1) shall, if the Minister so directs, be inserted in the memorandum and articles, or in one of those documents.
- (4) A body to which a licence is granted under this section shall be excepted from the provisions of this Act relating to the use of the word “limited” as any part of its name, the publishing of its name and the sending of lists of members to the registrar.
- (5) The Minister may upon the recommendation of the registrar revoke a licence under this section, and upon revocation the registrar shall enter in the register the word “limited” at the end of the name of the body to which it was granted, and the body shall cease to enjoy the exemptions and privileges or, as the case may be, the exemptions granted by this section; but before recommendation is made to the Minister, the registrar shall give to the body notice in writing of his or her intention and shall afford it an opportunity of being heard in opposition to the revocation.
- (6) Where a body in respect of which a licence under this section is in force alters the provisions of its memorandum with respect to its objects, the registrar may (unless he or she sees fit to recommend the revocation of the licence) recommend to the Minister the variation of the licence by making it subject to such conditions and regulations as the Minister may think fit, in lieu of or in addition to the conditions and regulations, if any, to which the licence was formerly subject.
- (7) Where a licence granted under this section to a body the name of which contains the words “Chamber of Commerce” is revoked, the body shall, within six weeks from the date of revocation or such longer period as the registrar may think fit to allow, change its name to a name which does not contain those words, and—
 - (a) the notice to be given under subsection (5) to that body shall include a statement of the effect of the foregoing provisions of this subsection; and
 - (b) [section 19\(3\)](#) and (4) shall apply to a change of name under this subsection as they apply to a change of name under that section.
- (8) If the body makes default in complying with the requirements of subsection (7), it is liable to a fine not exceeding one thousand shillings for every day during which the default continues.

General provisions with respect to memorandum and articles

21. Effect of memorandum and articles

- (1) Subject to this Act, the memorandum and articles shall, when registered, bind the company and the members of the company to the same extent as if they respectively had been signed and sealed by

each member and contained covenants on the part of each member to observe all the provisions of the memorandum and of the articles.

- (2) All money payable by any member to the company under the memorandum or articles shall be a debt due from him or her to the company.

22. Interpretation of certain provisions in the memorandum, articles or resolutions of a company limited by guarantee

- (1) In the case of a company limited by guarantee and not having a share capital, and registered after the 3rd April, 1923, every provision in the memorandum or articles or any resolution of the company purporting to give any person a right to participate in the divisible profits of the company otherwise than as a member shall be void.
- (2) For the purpose of the provisions of this Act relating to the memorandum of a company limited by guarantee and of this section, every provision in the memorandum or articles, or in any resolution, of a company limited by guarantee and registered on or after the 3rd April, 1923, purporting to divide the undertaking of the company into shares or interests shall be treated as a provision for a share capital, notwithstanding that the nominal amount or number of the shares or interests is not specified thereby.

23. Alterations in memorandum or articles increasing liability to contribute to share capital not to bind existing members without consent

Notwithstanding anything in the memorandum or articles of a company, no member of the company shall be bound by an alteration made in the memorandum or articles after the date on which he or she became a member, if and so far as the alteration requires him or her to take or subscribe for more shares than the number held by him or her at the date on which the alteration is made, or in any way increases his or her liability as at that date to contribute to the share capital of, or otherwise to pay money to, the company; but this section shall not apply in any case where the member agrees in writing, either before or after the alteration is made, to be bound by the alteration.

24. Power to alter conditions in memorandum which could have been contained in articles

- (1) Subject to sections [23](#) and [211](#), any condition contained in a company's memorandum which could lawfully have been contained in articles of association instead of in the memorandum may, subject to this section, be altered by the company by special resolution; but if an application is made to the court for the alteration to be cancelled, it shall not have effect except insofar as it is confirmed by the court.
- (2) This section shall not apply where the memorandum itself provides for or prohibits the alteration of all or any of the said conditions, and shall not authorise any variation or abrogation of the special rights of any class of members.
- (3) [Section 7](#)(2), (3), (4), (7) and (8) (except subsection (2)(b)) shall apply in relation to any alteration and to any application made under this section as they apply in relation to alterations and to applications made under that section.
- (4) This section shall apply to a company's memorandum whether registered before or after the commencement of this Act.

25. Copies of memorandum and articles to be given to members

- (1) A company shall, on being so required by any member, send to him or her a copy of the memorandum and of the articles, if any, and a copy of any written law which alters the memorandum, subject to payment, in the case of a copy of the memorandum and of the articles, of five shillings or such lesser sum as the company may prescribe, and, in the case of a copy of a written law, of such sum not exceeding the published price thereof as the company may require.

- (2) If a company makes default in complying with this section, the company and every officer of the company who is in default are liable for each offence to a fine not exceeding two hundred shillings.

26. Issued copies of memorandum to embody alterations

- (1) Where an alteration is made in the memorandum of a company, every copy of the memorandum issued after the date of the alteration shall be in accordance with the alteration.
- (2) If, where any such alteration has been made, the company at any time after the date of the alteration issues any copies of the memorandum which are not in accordance with the alteration, it is liable to a fine not exceeding fifty shillings for each copy so issued, and every officer of the company who is in default is liable to the like penalty.

Membership of a company

27. Definition of member

- (1) The subscribers to the memorandum of a company shall be deemed to have agreed to become members of the company, and on its registration shall be entered as members in its register of members.
- (2) Every other person who agrees to become a member of a company, and whose name is entered in its register of members, shall be a member of the company.

28. Membership of a holding company

- (1) Except in the cases hereafter in this section mentioned, a body corporate cannot be a member of a company which is its holding company, and any allotment or transfer of shares in a company to its subsidiary shall be void.
- (2) Nothing in this section shall apply where the subsidiary is concerned as personal representative, or where it is concerned as trustee, unless the holding company or a subsidiary of it is beneficially interested under the trust and is not so interested only by way of security for the purposes of a transaction entered into by it in the ordinary course of business which includes the lending of money.
- (3) This section shall not prevent a subsidiary which is, at the commencement of this Act, a member of its holding company, from continuing to be a member but, subject to subsection (2), the subsidiary shall have no right to vote at meetings of the holding company or any class of members thereof.
- (4) Subject to subsection (2), subsections (1) and (3) shall apply in relation to a nominee for a body corporate which is a subsidiary, as if references in subsections (1) and (3) to such a body corporate included references to a nominee for it.
- (5) In relation to a company limited by guarantee or unlimited which is a holding company, the reference in this section to shares, whether or not the company has a share capital, shall be construed as including a reference to the interest of its members as such, whatever the form of that interest.

Private companies

29. Meaning of “private company”

- (1) For the purpose of this Act, the expression “private company” means a company which by its articles—
 - (a) restricts the right to transfer its shares;

- (b) limits the number of its members to fifty, not including persons who are in the employment of the company and persons who, having been formerly in the employment of the company, were while in that employment, and have continued after the determination of that employment to be, members of the company; and
 - (c) prohibits any invitation to the public to subscribe for any shares or debentures of the company.
- (2) Where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this section, be treated as a single member.

30. Consequences of default in complying with conditions constituting a company a private company

- (1) Where the articles of a company include the provisions which, under [section 29](#), are required to be included in the articles of a company in order to constitute it a private company but default is made in complying with any of those provisions, the company shall cease to be entitled to any privilege or exemption conferred on private companies under any of the provisions of this Act, and thereupon this Act shall apply to the company as if it were not a private company.
- (2) Notwithstanding subsection (1), the court, on being satisfied that the failure to comply with the conditions was accidental or due to inadvertence or to some other sufficient cause, or that on other grounds it is just and equitable to grant relief, may, on the application of the company or any other person interested and on such terms and conditions as seem to the court just and expedient, order that the company be relieved from the consequences provided in subsection (1).

31. Statement in lieu of prospectus to be delivered to the registrar by a company on ceasing to be a private company

- (1) If a company, being a private company, alters its articles in such manner that they no longer include the provisions which under [section 29](#) are required to be included in the articles of a company in order to constitute it a private company, the company shall, as on the date of the alteration, cease to be a private company and shall, within fourteen days after that date, deliver to the registrar for registration a statement in lieu of prospectus in the form and containing the particulars set out in Part I of the Second Schedule to this Act and, in the cases mentioned in Part II of that Schedule, setting out the reports specified in that Part, and Parts I and II shall have effect subject to the provisions contained in Part III of that Schedule; except that a statement in lieu of prospectus need not be delivered under this subsection if within the fourteen days a prospectus relating to the company which complies with the Third Schedule to this Act is issued and is delivered to the registrar as required by [section 42](#).
- (2) Every statement in lieu of prospectus delivered under subsection (1) shall, where the persons making any such report as aforesaid have made in it or have, without giving the reasons, indicated in it any such adjustments as are mentioned in paragraph 5 of the Second Schedule, have endorsed on it or attached to it a written statement signed by those persons setting out the adjustments and giving the reasons for the adjustments.
- (3) If default is made in complying with subsection (1) or (2), the company and every officer of the company who is in default are liable to a default fine of one thousand shillings.
- (4) Where a statement in lieu of prospectus delivered to the registrar under subsection (1) includes any untrue statement, any person who authorised the delivery of the statement in lieu of prospectus for registration is liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings or to both, unless he or she proves either that the untrue statement was immaterial or that he or she had reasonable ground to believe and did up to the time of the delivery for registration of the statement in lieu of prospectus believe that the untrue statement was true.

- (5) For the purposes of this section—
- (a) a statement included in a statement in lieu of prospectus shall be deemed to be untrue if it is misleading in the form and context in which it is included; and
 - (b) a statement shall be deemed to be included in a statement in lieu of prospectus if it is contained therein or in any report or memorandum appearing on the face thereof or by reference incorporated therein.

Reduction of number of members below the legal minimum

32. Members severally liable for debts where a business is carried on with fewer than the required number of members

If at any time the number of members of a company is reduced, in the case of a private company, below two, or, in the case of any other company, below seven, and it carries on business for more than six months while the number is so reduced, every person who is a member of the company during the time that it so carries on business after those six months and is cognisant of the fact that it is carrying on business with fewer than two members, or seven members, as the case may be, is severally liable for the payment of the whole debts of the company contracted during that time, and may be severally sued for the payment of those debts.

Contracts, etc.

33. Form of contracts

- (1) Contracts on behalf of a company may be made as follows—
- (a) a contract which if made between private persons would be by law required to be in writing, signed by the parties to be charged therewith, may be made on behalf of the company in writing signed by any person acting under its authority, express or implied;
 - (b) a contract which if made between private persons would by law be valid although made by parole only, and not reduced into writing, may be made by parole on behalf of the company by any person acting under its authority, express or implied.
- (2) A contract made according to this section shall be effectual in law and shall bind the company and its successors and all other parties to it.
- (3) A contract made according to this section may be varied or discharged in the same manner in which it is authorised by this section to be made.

34. Bills of exchange and promissory notes

A bill of exchange or promissory note shall be deemed to have been made, accepted or endorsed on behalf of a company if made, accepted or endorsed in the name of, or by or on behalf or on account of, the company by any person acting under its authority, express or implied.

35. Execution of deeds abroad

- (1) A company may, by writing under its common seal, empower any person, either generally or in respect of any specified matters, as its attorney, to execute deeds on its behalf in any place not situate in Uganda.
- (2) A deed signed by such an attorney on behalf of the company and under his or her seal shall bind the company and have the same effect as if it were under its common seal.

36. Power for a company to have official seal for use abroad

- (1) A company whose objects require or comprise the transaction of business beyond the limits of Uganda may, if authorised by its articles, have for use in any place not situate in Uganda an official seal which shall take the form of an embossed metal die, which shall be a facsimile of the common seal of the company, with the addition on its face of the name of every place where it is to be used.
- (2) A deed or other document to which an official seal is duly affixed shall bind the company as if it had been sealed with the common seal of the company.
- (3) A company having an official seal for use in any such place may, by writing under its common seal, authorise any person appointed for the purpose in that place, to affix the official seal to any deed or other document to which the company is party in that place.
- (4) The authority of any such agent shall, as between the company and any person dealing with the agent, continue during the period, if any, mentioned in the instrument conferring the authority, or if no period is there mentioned, then until notice of the revocation or determination of the agent's authority has been given to the person dealing with him or her.
- (5) The person affixing any such official seal shall, by writing under his or her hand, certify on the deed or other instrument to which the seal is affixed, the date on which and the place at which it is affixed.

37. Authentication of documents

A document or proceeding requiring authentication by a company may be signed by a director, secretary or other authorised officer of the company and need not be under its common seal.

Part III – Share capital and debentures***Prospectus*****38. Dating of a prospectus**

A prospectus issued by or on behalf of a company or in relation to an intended company shall be dated, and that date shall, unless the contrary is proved, be taken as the date of publication of the prospectus.

39. Matters to be stated and reports to be set out in a prospectus

- (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, must state the matters specified in Part I of the Third Schedule to this Act and set out the reports specified in Part II of that Schedule, and Parts I and II shall have effect subject to the provisions contained in Part III of that Schedule.
- (2) A condition requiring or binding an applicant for shares in or debentures of a company to waive compliance with any requirement of this section, or purporting to affect him or her with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void.
- (3) Subject to [section 40](#), it shall not be lawful to issue any form of application for shares in or debentures of a company unless the form is issued with a prospectus which complies with the requirements of this section; except that this subsection shall not apply if it is shown that the form of application was issued either—
 - (a) in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or
 - (b) in relation to shares or debentures which were not offered to the public.

- (4) If any person acts in contravention of subsection (3), he or she is liable to a fine not exceeding ten thousand shillings.
- (5) In the event of noncompliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the noncompliance or contravention, if—
 - (a) as regards any matter not disclosed, he or she proves that he or she was not cognisant thereof;
 - (b) he or she proves that the noncompliance or contravention arose from an honest mistake of fact on his or her part; or
 - (c) the noncompliance or contravention was in respect of matters which in the opinion of the court dealing with the case were immaterial or was otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused,

but in the event of failure to include in a prospectus a statement with respect to the matters specified in paragraph 16 of the Third Schedule to this Act, no director or other person shall incur any liability in respect of the failure unless it is proved that he or she had knowledge of the matters not disclosed.
- (6) This section shall not apply—
 - (a) to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favour of other persons; or
 - (b) to the issue of a prospectus or form of application relating to shares or debentures which are or are to be in all respects uniform with shares or debentures previously issued,

but, subject as aforesaid, this section shall apply to a prospectus or a form of application whether issued on or with reference to the formation of a company or subsequently.

40. Provisions of [section 39](#) not to limit any other liability

Nothing in [section 39](#) shall limit or diminish any liability which any person may incur under the general law or this Act apart from this section.

41. Expert's consent to issue of a prospectus containing statement by him or her

- (1) A prospectus inviting persons to subscribe for shares in or debentures of a company and including a statement purporting to be made by an expert shall not be issued unless—
 - (a) he or she has given and has not, before delivery of a copy of the prospectus for registration, withdrawn his or her written consent to the issue thereof with the statement included in the form and context in which it is included; and
 - (b) a statement that he or she has given and has not withdrawn his or her consent as aforesaid appears in the prospectus.
- (2) If, after delivery of the prospectus for registration but prior to its registration, the expert withdraws his or her consent, the person who has delivered the prospectus for registration shall immediately notify the registrar.
- (3) If any prospectus is issued in contravention of this section, the company and every person who is knowingly a party to the issue of the prospectus are liable to a fine not exceeding ten thousand shillings.
- (4) In this section, “expert” includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him or her.

42. Registration of a prospectus

- (1) No prospectus shall be issued by or on behalf of a company or in relation to an intended company unless, on or before the date of its publication, there has been delivered to the registrar for registration a copy of the prospectus signed by every person who is named in it as a director or proposed director of the company, or by his or her agent authorised in writing, and having endorsed on it or attached to it—
 - (a) any consent to the issue of the prospectus required by [section 41](#) from any person as an expert; and
 - (b) in the case of a prospectus issued generally, also—
 - (i) a copy of any contract required by paragraph 14 of the Third Schedule to this Act to be stated in the prospectus, or in the case of a contract not reduced into writing, a memorandum giving full particulars of the contract; and
 - (ii) where the persons making any report required by Part II of that Schedule have made in it, or have, without giving the reasons, indicated in it, any such adjustments as are mentioned in paragraph 29 of that Schedule, a written statement signed by those persons setting out the adjustments and giving the reasons for the adjustments and the prospectus has been registered by the registrar.
- (2) The references in subsection (1)(b)(i) to the copy of a contract required thereby to be endorsed on or attached to a copy of the prospectus shall, in the case of a contract wholly or partly in a language other than English, be taken as references to a copy of a translation of the contract in English or a copy embodying a translation in English of the parts in a language other than English, as the case may be, being a translation certified in the prescribed manner to be a correct translation.
- (3) Every prospectus shall, on the face of it—
 - (a) state that a copy has been delivered for registration as required by this section;
 - (b) specify, or refer to statements included in the prospectus which specify, any documents required by this section to be endorsed on or attached to the copy so delivered; and
 - (c) state that the prospectus has been registered by the registrar and the date of registration.
- (4) The registrar may for the purpose of reaching an opinion on whether a prospectus—
 - (a) does not comply with the provisions of this Act;
 - (b) contains any untrue statement;
 - (c) omits to state any material fact; or
 - (d) is otherwise incomplete or misleading, refer the prospectus to the Capital Markets Authority established by the Capital Markets Authority Act, for its opinion, and the authority shall give its opinion accordingly within a period of twenty-one days in relation to the prospectus.
- (5) The registrar shall not register a prospectus unless—
 - (a) it is dated and the copy of it signed in a manner required by this section;
 - (b) it has endorsed on it or attached to it the documents, if any, specified as mentioned before; and
 - (c) where the registrar has, under subsection (4) referred the prospectus to the Capital Markets Authority for its opinion, the authority has approved the prospectus.
- (6) If a prospectus is issued without a copy of it being delivered under this section to the registrar or without the copy so delivered having endorsed on it or attached to it the required documents, the company, and every person who is knowingly a party to the issue of the prospectus, are liable to a

fine not exceeding one hundred shillings for every day from the date of the issue of the prospectus until a copy of it is so delivered with the required documents endorsed on it or attached to it.

43. Prospectus for shares or debentures quoted on approved stock exchange

- (1) Where a prospectus for registration relates to shares or debentures dealt in on an approved stock exchange or states that application has been or will be made to an approved stock exchange for permission to deal in the shares or debentures to which it relates, there shall be delivered to the registrar with the prospectus a certificate signed by or on behalf of that approved stock exchange that the prospectus has been scrutinised by the stock exchange and that its requirements relating to its contents have been satisfied, and the registrar shall, thereupon, register the prospectus forty-eight hours after the delivery of the prospectus to him or her, unless it is incomplete or irregular on its face or unless, prior to registration, any consent of an expert required by [section 41](#) has been withdrawn.
- (2) In any case not falling within subsection (1), the registrar shall register the prospectus and any documents required to be endorsed on it or attached to it at the expiration of twenty-one days from the delivery to him or her in accordance with [section 42](#), or such shorter time as he or she may allow in any particular case, unless any consent of an expert required by [section 41](#) has been withdrawn or unless, in the opinion of the registrar, the prospectus does not comply with this Act or contains any untrue statement or omits to state any material fact or is otherwise incomplete or misleading, in which case he or she shall refuse to register it until any necessary consents are given or the prospectus is amended to the registrar's satisfaction.
- (3) In the case of a refusal by the registrar to register a prospectus, the company or any other person who has delivered the prospectus for registration may apply to the court which, after hearing the applicant and the registrar, and such evidence as they may call, may either order the registrar to register the prospectus or may dismiss the application and prohibit any person before the court from publishing the prospectus until it has been amended to the satisfaction of the registrar.
- (4) If the court orders the prospectus to be registered, it shall be registered by the registrar upon delivery to him or her of an office copy of the order.
- (5) Every copy of a prospectus which has been delivered for registration in accordance with [section 42](#) or [382](#) shall state at its head:

“A copy of this prospectus has been delivered to the registrar of companies, Uganda, for registration. The registrar has not checked and will not check the accuracy of any statements made and accepts no responsibility for it or for the financial soundness of the company or the value of the securities concerned”.
- (6) In this section, “approved stock exchange” has the meaning assigned to it in the Capital Markets Authority Act.

44. Restriction on alteration of terms mentioned in the prospectus or statement in lieu of prospectus

- (1) A company limited by shares or a company limited by guarantee and having a share capital shall not previously to the statutory meeting vary the terms of a contract referred to in the prospectus, or statement in lieu of prospectus, except subject to the approval of the statutory meeting.
- (2) This section shall not apply to a private company but shall apply to a company which was a private company before becoming a public company.

45. Civil liability for misstatements in a prospectus

- (1) Subject to this section, where a prospectus invites persons to subscribe for shares in or debentures of a company, the following persons are liable to pay compensation to all persons who subscribe

for any shares or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement included in the prospectus—

- (a) every person who is a director of the company at the time of the issue of the prospectus;
- (b) every person who has authorised himself or herself to be named and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time;
- (c) every person being a promoter of the company; and
- (d) every person who has authorised the issue of the prospectus,

except that where, under [section 41](#), the consent of a person is required to the issue of a prospectus and he or she has given that consent, he or she shall not by reason of his or her having given it be liable under this subsection as a person who has authorised the issue of the prospectus except in respect of an untrue statement purporting to be made by him or her as an expert.

(2) No person is liable under subsection (1) if he or she proves—

- (a) that having consented to become a director of the company, he or she withdrew his or her consent before the issue of the prospectus and that it was issued without his or her authority or consent;
- (b) that the prospectus was issued without his or her knowledge or consent and that on becoming aware of its issue he or she immediately gave reasonable public notice that it was issued without his or her knowledge or consent;
- (c) that after the issue of the prospectus and before allotment under it, he or she, on becoming aware of any untrue statement in it, withdrew his or her consent to it and gave reasonable public notice of the withdrawal and of the reason for the withdrawal; or
- (d) that—
 - (i) as regards every untrue statement not purporting to be made on the authority of an expert or of a public official document or statement, he or she had reasonable ground to believe, and did up to the time of the allotment of the shares or debentures, believe that the statement was true;
 - (ii) as regards every untrue statement purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation of an expert, it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation, and he or she had reasonable ground to believe and did up to the time of the issue of the prospectus believe that the person making the statement was competent to make it and that person had given the consent required by [section 41](#) to the issue of the prospectus and had not withdrawn that consent before delivery of a copy of the prospectus for registration or, to the defendant's knowledge, before allotment under the prospectus; and
 - (iii) as regards every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document,

except that this subsection shall not apply in the case of a person liable, by reason of his or her having given a consent required of him or her by [section 41](#), as a person who has authorised the issue of the prospectus in respect of an untrue statement purporting to be made by him or her as an expert.

(3) A person who, apart from this subsection would under subsection (1) be liable, by reason of his or her having given a consent required of him or her by [section 41](#), as a person who has authorised the

issue of a prospectus in respect of an untrue statement purporting to be made by him or her as an expert shall not be so liable if he or she proves—

- (a) that, having given his or her consent under [section 41](#) to the issue of the prospectus, he or she withdrew it in writing before delivery of a copy of the prospectus for registration;
 - (b) that, after delivery of a copy of the prospectus for registration and before allotment under it, he or she, on becoming aware of the untrue statement, withdrew his or her consent in writing and gave reasonable public notice of the withdrawal and of the reason for the withdrawal; or
 - (c) that he or she was competent to make the statement and that he or she had reasonable ground to believe and did up to the time of the allotment of the shares or debentures believe that the statement was true.
- (4) Where—
- (a) the prospectus contains the name of a person as a director of the company, or as having agreed to become a director of the company, and he or she has not consented to become a director, or has withdrawn his or her consent before the issue of the prospectus, and has not authorised or consented to the issue of the prospectus; or
 - (b) the consent of a person is required under [section 41](#) to the issue of the prospectus and he or she either has not given that consent or has withdrawn it before the issue of the prospectus,
- the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorised the issue of the prospectus are liable to indemnify the person named as aforesaid or whose consent was required as aforesaid against all damages, costs and expenses to which he or she may be made liable by reason of his or her name having been inserted in the prospectus or of the inclusion in the prospectus of a statement purporting to be made by him or her as an expert, as the case may be, or in defending himself or herself against any action or legal proceeding brought against him or her in respect of the prospectus.
- (5) A person shall not be deemed for the purposes of subsection (4) to have authorised the issue of a prospectus by reason only of his or her having given the consent required by [section 41](#) to the inclusion in the prospectus of a statement purporting to be made by him or her as an expert.
- (6) For the purposes of this section—
- (a) “promoter” means a promoter who was a party to the preparation of the prospectus, or of the portion of it containing the untrue statement, but does not include any person by reason of his or her acting in a professional capacity for persons engaged in procuring the formation of the company; and
 - (b) “expert” has the same meaning as in [section 41](#).

46. Criminal liability for misstatements in a prospectus

- (1) Where a prospectus issued after the commencement of this Act includes any untrue statement, any person who authorised the issue of the prospectus is liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings or to both, unless he or she proves either that the statement was immaterial or that he or she had reasonable ground to believe and did, up to the time of the issue of the prospectus, believe that the statement was true.
- (2) A person shall not be deemed for the purpose of this section to have authorised the issue of a prospectus by reason only of his or her having given the consent required by [section 41](#) to the inclusion in it of a statement purporting to be made by him or her as an expert.

47. Document containing an offer of shares or debentures for sale to be deemed a prospectus

- (1) Where a company allots or agrees to allot any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, any document by which the offer for sale to the public is made shall for all purposes be deemed to be a prospectus issued by the company, and all enactments and rules of law as to the contents of prospectuses and to liability in respect of statements in and omissions from prospectuses, or otherwise relating to prospectuses, shall apply and have effect accordingly, as if the shares or debentures had been offered to the public for subscription and as if persons accepting the offer in respect of any shares or debentures were subscribers for those shares or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made, in respect of misstatements contained in the document or otherwise in respect thereof.
- (2) For the purposes of this Act, it shall, unless the contrary is proved, be evidence that an allotment of, or an agreement to allot, shares or debentures was made with a view to the shares or debentures being offered for sale to the public if it is shown—
 - (a) that an offer of the shares or debentures or of any of them for sale to the public was made within six months after the allotment or agreement to allot; or
 - (b) that at the date when the offer was made the whole consideration to be received by the company in respect of the shares or debentures had not been so received.
- (3) [Section 39](#) as applied by this section shall have effect as if it required a prospectus to state in addition to the matters required by that section to be stated in a prospectus—
 - (a) the net amount of the consideration received or to be received by the company in respect of the shares or debentures to which the offer relates; and
 - (b) the place and time at which the contract under which those shares or debentures have been or are to be allotted may be inspected,and [section 42](#) as applied by this section shall have effect as though the persons making the offer were persons named in a prospectus as directors of a company.
- (4) Where a person making an offer to which this section relates is a company or a firm, it shall be sufficient if the document aforesaid is signed on behalf of the company or firm by two directors of the company or not less than half of the partners, as the case may be, and any such director or partner may sign by his or her agent authorised in writing.

48. Interpretation of provisions relating to prospectuses

For the purpose of the foregoing provisions of this Part of this Act—

- (a) a statement included in a prospectus shall be deemed to be untrue if it is misleading in the form and context in which it is included; and
- (b) a statement shall be deemed to be included in a prospectus if it is contained therein or in any report or memorandum appearing on the face thereof or by reference incorporated therein or issued therewith.

Allotment

49. Prohibition of allotment unless minimum subscription received

- (1) No allotment shall be made of any share capital of a company offered to the public for subscription unless the amount stated in the prospectus as the minimum amount which, in the opinion of the directors, must be raised by the issue of share capital in order to provide for the matters specified

in paragraph 4 of the Third Schedule to this Act has been subscribed and the sum payable on application for the amount so stated has been paid to and received by the company.

- (2) For the purposes of subsection (1), a sum shall be deemed to have been paid to and received by the company if a cheque for that sum has been received in good faith by the company and the directors of the company have no reason for suspecting that the cheque will not be paid.
- (3) The amount so stated in the prospectus shall be reckoned exclusively of any amount payable otherwise than in cash and is in this Act referred to as the “minimum subscription”.
- (4) The amount payable on application on each share shall not be less than 5 percent of the nominal amount of the share.
- (5) If the conditions aforesaid have not been complied with on the expiration of sixty days after the first issue of the prospectus, all money received from applicants for shares shall be forthwith repaid to them without interest, and, if any such money is not so repaid within seventy-five days after the issue of the prospectus, the directors of the company are jointly and severally liable to repay that money with interest at the rate of 5 percent per year from the expiration of the seventy-fifth day; but a director is not liable if he or she proves that the default in the repayment of the money was not due to any misconduct or negligence on his or her part.
- (6) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section shall be void.
- (7) This section, except subsection (4), shall not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

50. Prohibition of allotment in certain cases unless a statement in lieu of a prospectus is delivered to the registrar

- (1) A company having a share capital which does not issue a prospectus on or with reference to its formation, or which has issued such a prospectus but has not proceeded to allot any of the shares offered to the public for subscription, shall not allot any of its shares or debentures unless at least three days before the first allotment of either shares or debentures there has been delivered to the registrar for registration a statement in lieu of prospectus signed by every person who is named in it as a director or a proposed director of the company or by his or her agent authorised in writing, in the form and containing the particulars set out in Part I of the Fourth Schedule to this Act and, in the cases mentioned in Part II of that Schedule, setting out the reports specified in that Part, and Parts I and II shall have effect subject to Part III of that Schedule.
- (2) Every statement in lieu of prospectus delivered under subsection (1) shall, where the persons making any such report as aforesaid have made in it or have, without giving the reasons, indicated in it any such adjustments as are mentioned in paragraph 5 of the Fourth Schedule, have endorsed thereon or attached to it a written statement signed by those persons setting out the adjustments and giving the reasons therefor.
- (3) This section shall not apply to a private company.
- (4) If a company acts in contravention of subsection (1) or (2), the company and every director of the company who knowingly and wilfully authorises or permits the contravention are liable to a fine not exceeding two thousand shillings.
- (5) Where a statement in lieu of prospectus delivered to the registrar under subsection (1) includes any untrue statement, any person who authorised the delivery of the statement in lieu of prospectus for registration is liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings or to both, unless he or she proves either that the untrue statement was immaterial or that he or she had reasonable ground to believe and did up to the time of delivery for registration of the statement in lieu of prospectus believe that the untrue statement was true.

- (6) For the purposes of this section—
 - (a) a statement included in a statement in lieu of prospectus shall be deemed to be untrue if it is misleading in the form and context in which it is included; and
 - (b) a statement shall be deemed to be included in a statement in lieu of prospectus if it is contained therein or in any report or memorandum appearing on the face thereof or by reference incorporated therein.

51. Effect of an irregular allotment

- (1) An allotment made by a company to an applicant in contravention of the provisions of sections [49](#) and [50](#) shall be voidable at the instance of the applicant within one month after the holding of the statutory meeting of the company and not later, or in any case where the company is not required to hold a statutory meeting, or where the allotment is made after the holding of the statutory meeting, within one month after the date of the allotment, and not later, and shall be so voidable notwithstanding that the company is in course of being wound up.
- (2) If any director of a company knowingly contravenes, or permits or authorises the contravention of, any of the provisions of sections [49](#) and [50](#) with respect to allotment, he or she is liable to compensate the company and the allottee respectively for any loss, damages or costs which the company or the allottee may have sustained or incurred thereby; but proceedings to recover any such loss, damages or costs shall not be commenced after the expiration of two years from the date of the allotment.

52. Applications for, and allotment of, shares and debentures

- (1) No allotment shall be made of any shares in or debentures of a company in pursuance of a prospectus issued generally and no proceedings shall be taken on applications made in pursuance of a prospectus so issued until the beginning of the third day after that on which the prospectus is first so issued or such later time, if any, as may be specified in the prospectus.
- (2) The beginning of the said third day or such later time as aforesaid is hereafter in this Act referred to as “the time of the opening of the subscription lists”.
- (3) In subsection (1), the reference to the day on which the prospectus is first issued generally shall be construed as referring to the day on which it is first so issued as a newspaper advertisement; but if it is not so issued as a newspaper advertisement before the third day after that on which it is first so issued in any other manner, the reference shall be construed as referring to the day on which it is first so issued in any manner.
- (4) The validity of an allotment shall not be affected by any contravention of subsections (1) to (3) but, in the event of any such contravention, the company and every officer of the company who is in default is liable to a fine not exceeding ten thousand shillings.
- (5) In the application of this section to a prospectus offering shares or debentures for sale, subsections (1) to (4) shall have effect with the substitution of references to sale for references to allotment, and with the substitution for the reference to the company and every officer of the company who is in default of a reference to any person by or through whom the offer is made and who knowingly and wilfully authorises or permits the contravention.
- (6) An application for shares in or debentures of a company which is made in pursuance of a prospectus issued generally shall not be revocable until after the expiration of the third day after the time of the opening of the subscription lists, or the giving before the expiration of the said third day, by some person responsible under [section 45](#) for the prospectus, of a public notice having the effect under that section of excluding or limiting the responsibility of the person giving it.
- (7) In reckoning for the purposes of this and [section 53](#) the third day after another day, any intervening day which is a Saturday or Sunday or which is a public holiday shall be disregarded; and if the third

day (as so reckoned) is itself a Saturday or Sunday or a public holiday, there shall for those purposes be substituted the first day thereafter which is none of them.

53. Allotment of shares and debentures to be dealt in on a stock exchange

- (1) Where a prospectus, whether issued generally or not, states that application has been or will be made for permission for the shares or debentures offered by the prospectus to be dealt in on any stock exchange, any allotment made on an application in pursuance of the prospectus shall, whenever made, be void if the permission has not been applied for before the third day after the first issue of the prospectus or if the permission has been refused before the expiration of three weeks from the date of the closing of the subscription lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to the applicant for permission by or on behalf of the stock exchange.
- (2) Where the permission has not been applied for as aforesaid, or has been refused as aforesaid, the company shall forthwith repay without interest all money received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the directors of the company are jointly and severally liable to repay that money with interest at the rate of 5 percent per year from the expiration of the eighth day; except that a director is not liable if he or she proves that the default in the repayment of the money was not due to any misconduct or negligence on his or her part.
- (3) All money received as aforesaid shall be kept in a separate bank account so long as the company may become liable to repay it under subsection (2); and, if default is made in complying with this subsection, the company and every officer of the company who is in default are liable to a fine not exceeding ten thousand shillings.
- (4) Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section shall be void.
- (5) For the purposes of this section, permission shall not be deemed to be refused if it is intimated that the application for it, though not at present granted, will be given further consideration.
- (6) This section shall have effect—
 - (a) in relation to any shares or debentures agreed to be taken by a person underwriting an offer thereof by a prospectus as if he or she had applied therefor in pursuance of the prospectus; and
 - (b) in relation to a prospectus offering shares for sale with the following modifications—
 - (i) references to sale shall be substituted for references to allotment;
 - (ii) the persons by whom the offer is made, and not the company, shall be liable under subsection (2) to repay money received from applicants, and references to the company's liability under that subsection shall be construed accordingly; and
 - (iii) for the reference in subsection (3) to the company and every officer of the company who is in default, there shall be substituted a reference to any person by or through whom the offer is made and who knowingly and wilfully authorises or permits the default.

54. Return as to allotments

- (1) Whenever a company limited by shares or a company limited by guarantee and having a share capital makes any allotment of its shares, the company shall within sixty days thereafter deliver to the registrar for registration—
 - (a) a return of the allotments, stating the number and nominal amount of the shares comprised in the allotment, the names, addresses and descriptions of the allottees and the amount, if any, paid or due and payable on each share; and

- (b) in the case of shares allotted as fully or partly paid up otherwise than in cash, a contract in writing constituting the title of the allottee to the allotment together with any contract of sale, or for services or other consideration in respect of which that allotment was made, such contracts being duly stamped, and a return stating the number and nominal amount of shares so allotted, the extent to which they are to be treated as paid up and the consideration for which they have been allotted.
- (2) Where such a contract as above-mentioned is not reduced to writing, the company shall within sixty days after the allotment deliver to the registrar for registration the prescribed particulars of the contract stamped with the same stamp duty as would have been payable if the contract had been reduced to writing, and those particulars shall be deemed to be an instrument within the meaning of the Stamps Act, and the registrar may as a condition of filing the particulars, require that the duty payable thereon be adjudicated under section 38 of that Act.
- (3) If default is made in complying with this section, every officer of the company who is in default is liable to a fine not exceeding one hundred shillings for every day during which the default continues.

Commissions and discounts, etc.

55. Power to pay certain commissions; prohibition of payment of all other commissions, discounts, etc.

- (1) A company may pay a commission to any person in consideration of his or her subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company if—
 - (a) the payment of the commission is authorised by the articles;
 - (b) the commission paid or agreed to be paid does not exceed 10 percent of the price at which the shares are issued or the amount or rate authorised by the articles, whichever is the less;
 - (c) the amount or rate percent of the commission paid or agreed to be paid is—
 - (i) in the case of shares offered to the public for subscription, disclosed in the prospectus; or
 - (ii) in the case of shares not offered to the public for subscription, disclosed in the statement in lieu of prospectus, or in a statement in the prescribed form signed in like manner as a statement in lieu of prospectus and delivered before the payment of the commission to the registrar for registration, and, where a circular or notice, not being a prospectus, inviting subscription for the shares is issued, also disclosed in that circular or notice; and
 - (d) the number of shares which persons have agreed for a commission to subscribe absolutely is disclosed in the manner aforesaid.
- (2) Except as aforesaid, no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance, to any person in consideration of his or her subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, whether the shares or money be so applied by being added to the purchase money of any property acquired by the company or to the contract price of any work to be executed for the company, or the money be paid out of the nominal purchase money or contract price, or otherwise.
- (3) Nothing in this section shall affect the power of any company to pay such brokerage as it has heretofore been lawful for a company to pay.

- (4) A vendor to, promoter of, or other person who receives payment in money or shares from, a company shall have and shall be deemed always to have had power to apply any part of the money or shares so received in payment of any commission, the payment of which, if made directly by the company, would have been legal under this section.
- (5) If default is made in complying with the provisions of this section relating to the delivery to the registrar of the statement in the prescribed form, the company and every officer of the company who is in default are liable to a fine not exceeding five hundred shillings.

56. Prohibition of provision of financial assistance by a company for purchase of or subscription for its own or its holding company's shares

- (1) Subject as provided in this section, it shall not be lawful for a company to give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company, or, where the company is a subsidiary company, in its holding company.
- (2) Nothing in this section shall be taken to prohibit—
 - (a) where the lending of money is part of the ordinary business of a company, the lending of money by the company in the ordinary course of its business;
 - (b) the provision by a company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for, fully-paid shares in the company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the company, including any director holding a salaried employment or office in the company;
 - (c) the making by a company of loans to persons, other than directors, bona fide in the employment of the company with a view to enabling those persons to purchase or subscribe for fully-paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.
- (3) If a company acts in contravention of this section, the company and every officer of the company who is in default are liable to a fine not exceeding twenty thousand shillings.

Construction of references to offering shares or debentures to the public

57. Construction of references to offering shares or debentures to the public

- (1) Any reference in this Act to offering shares or debentures to the public shall, subject to any provision to the contrary contained therein, be construed as including a reference to offering them to any section of the public, whether selected as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner; and references in this Act or in a company's articles to invitations to the public to subscribe for shares or debentures shall, subject as aforesaid, be similarly construed.
- (2) Subsection (1) shall not be taken as requiring any offer or invitation to be treated as made to the public if it can properly be regarded, in all the circumstances, as not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation, or otherwise as being a domestic concern of the persons making and receiving it, and, in particular—
 - (a) a provision in a company's articles prohibiting invitations to the public to subscribe for shares or debentures shall not be taken as prohibiting the making to members or debenture holders of an invitation which can properly be regarded as aforesaid; and
 - (b) the provisions of this Act relating to private companies shall be construed accordingly.

Issue of shares at premium and discount and redeemable preference shares

58. Application of premiums received on issue of shares

- (1) Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called “the share premium account”, and the provisions of this Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the share premium account were paid-up share capital of the company.
- (2) The share premium account may, notwithstanding anything in subsection (1), be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares, in writing off—
 - (a) the preliminary expenses of the company; or
 - (b) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company,or in providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the company.
- (3) Where a company has before the commencement of this Act issued any shares at a premium, this section shall apply as if the shares had been issued after the commencement of this Act; but any part of the premium which has been so applied that it does not at the commencement of this Act form an identifiable part of the company’s reserves within the meaning of the Sixth Schedule to this Act shall be disregarded in determining the sum to be included in the share premium account.

59. Power to issue shares at a discount

- (1) Subject as provided in this section, a company may issue at a discount shares in the company of a class already issued; except that—
 - (a) the issue of the shares at a discount must be authorised by resolution passed in general meeting of the company and must be sanctioned by the court;
 - (b) the resolution must specify the maximum rate of discount at which the shares are to be issued;
 - (c) not less than one year must at the date of the issue have elapsed since the date on which the company was entitled to commence business;
 - (d) the shares to be issued at a discount must be issued within one month after the date on which the issue is sanctioned by the court or within such extended time as the court may allow.
- (2) Where a company has passed a resolution authorising the issue of shares at a discount, it may apply to the court for an order sanctioning the issue, and on any such application the court, if, having regard to all the circumstances of the case, it thinks proper so to do, may make an order sanctioning the issue on such terms and conditions as it thinks fit.
- (3) Every prospectus relating to the issue of the shares must contain particulars of the discount allowed on the issue of the shares or of so much of that discount as has not been written off at the date of the issue of the prospectus.
- (4) If default is made in complying with subsection (3), the company and every officer of the company who is in default are liable to a default fine.

60. Power to issue redeemable preference shares

- (1) Subject to this section, a company limited by shares may, if so authorised by its articles, issue preference shares which are, or at the option of the company are to be liable, to be redeemed; except that—
 - (a) no such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;
 - (b) no such shares shall be redeemed unless they are fully paid;
 - (c) the premium, if any, payable on redemption, must have been provided for out of the profits of the company or out of the company's share premium account before the shares are redeemed;
 - (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the capital redemption reserve fund", a sum equal to the nominal amount of the shares redeemed, and the provisions of this Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve fund were paid-up share capital of the company.
- (2) Subject to this section, the redemption of preference shares thereunder may be effected on such terms and in such manner as may be provided by the articles of the company.
- (3) The redemption of preference shares under this section by a company shall not be taken as reducing the amount of the company's authorised share capital.
- (4) Where in pursuance of this section a company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and, accordingly, the share capital of the company shall not for the purpose of any enactments relating to stamp duty be deemed to be increased by the issue of shares in pursuance of this subsection; but where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this subsection unless the old shares are redeemed within one month after the issue of the new shares.
- (5) The capital redemption reserve fund may, notwithstanding anything in this section, be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

Miscellaneous provisions as to share capital**61. Power of a company to arrange for different amounts being paid on shares**

A company, if so authorised by its articles, may do any one or more of the following things—

- (a) make arrangements on the issue of shares for a difference between the shareholders in the amounts and times of payment of calls on their shares;
- (b) accept from any member the whole or a part of the amount remaining unpaid on any shares held by him or her, although no part of that amount has been called up;
- (c) pay dividend in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

62. Reserve liability of a limited company

A limited company may by special resolution determine that any portion of its share capital which has not been already called up shall not be capable of being called up except in the event and for the purposes of the company being wound up, and thereupon that portion of its share capital shall not be capable of being called up except in the event and for the purposes aforesaid.

63. Power of a company to alter its share capital

- (1) A company limited by shares or a company limited by guarantee and having a share capital, if so authorised by its articles, may alter the conditions of its memorandum as follows; that is to say, it may—
 - (a) increase its share capital by new shares of such amount as it thinks expedient;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) convert all or any of its paid-up shares into stock, and reconvert that stock into paid-up shares of any denomination;
 - (d) subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
 - (e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
- (2) The powers conferred by this section must be exercised by the company in general meeting.
- (3) A cancellation of shares in pursuance of this section shall not be deemed to be a reduction of share capital within the meaning of this Act.

64. Notice to registrar of consolidation of share capital, conversion of shares into stock, etc.

- (1) If a company having a share capital has—
 - (a) consolidated and divided its share capital into shares of larger amount than its existing shares;
 - (b) converted any shares into stock;
 - (c) reconverted stock into shares;
 - (d) subdivided its shares or any of them;
 - (e) redeemed any redeemable preference shares; or
 - (f) cancelled any shares, otherwise than in connection with a reduction of a share capital under [section 68](#),it shall within thirty days after so doing give notice thereof to the registrar specifying, as the case may be, the shares consolidated, divided, converted, subdivided, redeemed or cancelled, or the stock reconverted.
- (2) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.

65. Notice of increase of share capital

- (1) Where a company having a share capital, whether its shares have or have not been converted into stock, has increased its share capital beyond the registered capital, it shall, within thirty days after the passing of the resolution authorising the increase, give to the registrar notice of the increase, and the registrar shall record the increase.
- (2) The notice to be given as aforesaid shall include such particulars as may be prescribed with respect to the classes of shares affected and the conditions subject to which the new shares have been or are to be issued, and there shall be forwarded to the registrar of companies together with the notice a printed copy of the resolution authorising the increase.
- (3) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.

66. Power of unlimited company to provide for reserve share capital on re-registration

An unlimited company having a share capital may, by its resolution for registration as a limited company in pursuance of this Act, do either or both of the following things—

- (a) increase the nominal amount of its share capital by increasing the nominal amount of each of its shares, but subject to the condition that no part of the increased capital shall be capable of being called up except in the event and for the purposes of the company being wound up;
- (b) provide that a specified portion of its uncalled share capital shall not be capable of being called up except in the event and for the purposes of the company being wound up.

67. Power of a company to pay interest out of capital in certain cases

Where any shares of a company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the company may pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions in this section mentioned, and may charge the sum so paid by way of interest to capital, as part of the cost of construction of the work or building or the provision of plant; but—

- (a) no such payment shall be made unless it is authorised by the articles or by special resolution;
- (b) no such payment, whether authorised by the articles or by special resolution, shall be made without the previous sanction of the registrar;
- (c) before sanctioning any such payment the registrar may, at the expense of the company, appoint a person to inquire and report to him or her as to the circumstances of the case, and may, before making the appointment, require the company to give security for the payment of the costs of the inquiry;
- (d) the payment shall be made only for such period as may be determined by the registrar, and that period shall in no case extend beyond the close of the half-year next after the half-year during which the works or buildings have been actually completed or the plant provided;
- (e) the rate of interest shall in no case exceed 5 percent per year or such other rate as the Minister may for the time being by statutory instrument prescribe;
- (f) the payment of the interest shall not operate as a reduction of the amount paid up on the shares in respect of which it is paid.

Reduction of share capital

68. Special resolution for reduction of share capital

- (1) Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles, by special resolution reduce its share capital in any way, and, in particular, without prejudice to the generality of the foregoing power, may—
 - (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up;
 - (b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or
 - (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the company,and may, if and so far as is necessary, alter its memorandum by reducing the amount of its share capital and of its shares accordingly.
- (2) A special resolution under this section is in this Act referred to as a “resolution for reducing share capital”.

69. Application to the court for a confirming order; objections by creditors and settlement of the list of objecting creditors

- (1) Where a company has passed a resolution for reducing share capital, it shall apply by petition to the court for an order confirming the reduction.
- (2) Where the proposed reduction of share capital involves either diminution of liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, and in any other case if the court so directs, the following provisions shall have effect, subject, nevertheless, to subsection (3)—
 - (a) every creditor of the company who at the date fixed by the court is entitled to any debt or claim which, if that date were the commencement of the winding up of the company, would be admissible in proof against the company, shall be entitled to object to the reduction;
 - (b) the court shall settle a list of creditors so entitled to object, and for that purpose shall ascertain, as far as possible without requiring an application from any creditor, the names of those creditors and the nature and amount of their debts or claims, and may publish notices fixing a day or days within which creditors not entered on the list are to claim to be so entered or are to be excluded from the right of objecting to the reduction;
 - (c) where a creditor entered on the list whose debt or claim is not discharged or has not determined does not consent to the reduction, the court may, if it thinks fit, dispense with the consent of that creditor, on the company securing payment of his or her debt or claim by appropriating, as the court may direct, the following amount—
 - (i) if the company admits the full amount of the debt or claim, or though not admitting it, is willing to provide for it, then the full amount of the debt or claim;
 - (ii) if the company does not admit and is not willing to provide for the full amount of the debt or claim, or if the amount is contingent or not ascertained, then an amount fixed by the court after the like inquiry and adjudication as if the company were being wound up by the court.
- (3) Where a proposed reduction of share capital involves either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, the court may, if having regard to any special circumstances of the case it thinks proper so to do, direct that subsection (2) shall not apply as regards any class or classes of creditors.

70. Order confirming the reduction and powers of the court on making such order

- (1) The court, if satisfied, with respect to every creditor of the company who under [section 69](#) is entitled to object to the reduction, that either his or her consent to the reduction has been obtained or his or her debt or claim has been discharged or has determined, or has been secured, may make an order confirming the reduction on such terms and conditions as it thinks fit.
- (2) Where the court makes any such order, it may—
 - (a) if for any special reason it thinks proper so to do, make an order directing that the company shall, during such period, commencing on or at any time after the date of the order, as is specified in the order, add to its name as the last words thereof the words “and reduced”; and
 - (b) make an order requiring the company to publish as the court directs the reason for reduction or such other information in regard thereto as the court may think expedient with a view to giving proper information to the public and, if the court thinks fit, the causes which led to the reduction.
- (3) Where a company is ordered to add to its name the words “and reduced”, those words shall, until the expiration of the period specified in the order, be deemed to be part of the name of the company.

71. Registration of order and minute of reduction

- (1) The registrar, on production to him or her of an order of the court confirming the reduction of the share capital of a company, and the delivery to him or her of a copy of the order and of a minute approved by the court, showing with respect to the share capital of the company, as altered by the order, the amount of the share capital, the number of shares into which it is to be divided, and the amount of each share, and the amount, if any, at the date of the registration deemed to be paid up on each share, shall register the order and minute.
- (2) On the registration of the order and minute, and not before, the resolution for reducing share capital as confirmed by the order so registered shall take effect.
- (3) Notice of the registration shall be published in such manner as the court may direct.
- (4) The registrar shall certify under his or her hand the registration of the order and minute, and his or her certificate shall be conclusive evidence that all the requirements of this Act with respect to reduction of share capital have been complied with and that the share capital of the company is such as is stated in the minute.
- (5) The minute when registered shall be deemed to be substituted for the corresponding part of the memorandum and shall be valid and may be altered as if it had been originally contained therein.
- (6) The substitution of any such minute as aforesaid for part of the memorandum of the company shall be deemed to be an alteration of the memorandum within the meaning of [section 26](#).

72. Liability of members in respect of reduced shares

- (1) In the case of a reduction of share capital, a member of the company, past or present, is not liable in respect of any share to any call or contribution exceeding in amount the difference, if any, between the amount of the share as fixed by the minute and the amount paid, or the reduced amount, if any, which is to be deemed to have been paid, on the share, as the case may be; except that if any creditor, entitled in respect of any debt or claim to object to the reduction of share capital, is, by reason of his or her ignorance of the proceedings for reduction, or of their nature and effect with respect to his or her claim, not entered on the list of creditors, and, after the reduction, the

company is unable, within the meaning of the provisions of this Act with respect to winding up by the court, to pay the amount of his or her debt or claim, then—

- (a) every person who was a member of the company at the date of the registration of the order for reduction and minute is liable to contribute for the payment of that debt or claim an amount not exceeding the amount which he or she would have been liable to contribute if the company had commenced to be wound up on the day before the said date; and
 - (b) if the company is wound up, the court, on the application of any such creditor and proof of his or her ignorance as aforesaid, may, if it thinks fit, settle accordingly a list of persons so liable to contribute, and make and enforce calls and orders on the contributories settled on the list, as if they were ordinary contributories in a winding up.
- (2) Nothing in this section shall affect the rights of the contributories among themselves.

73. Penalty for concealing the name of a creditor, etc.

If any officer of the company—

- (a) wilfully conceals the name of any creditor entitled to object to the reduction;
- (b) willfully misrepresents the nature or amount of the debt or claim of any creditor; or
- (c) aids, abets or is privy to any such concealment or misrepresentation as aforesaid,

he or she commits an offence and is liable on conviction to imprisonment for a term not exceeding one year or to a fine not exceeding two thousand shillings or to both.

Variation of shareholders' rights

74. Rights of holders of special classes of shares

- (1) If in the case of a company the share capital of which is divided into different classes of shares, provision is made by the memorandum or articles for authorising the variation of the rights attached to any class of shares in the company, subject to the consent of any specified proportion of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and in pursuance of the said provision the rights attached to any such class of shares are at any time varied, the holders of not less in the aggregate than 15 percent of the issued shares of that class, being persons who did not consent to or vote in favour of the resolution for the variation, may apply to the court to have the variation cancelled, and, where any such application is made, the variation shall not have effect until it is confirmed by the court.
- (2) An application under this section shall be made by petition within thirty days after the date on which the consent was given or the resolution was passed and may be made on behalf of the shareholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.
- (3) On any such application, the court, after hearing the applicant and any other persons who apply to the court to be heard and appear to the court to be interested in the application, may, if it is satisfied, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation, and shall, if not so satisfied, confirm the variation.
- (4) The decision of the court on any such application shall be final.
- (5) The company shall within thirty days after the making of an order by the court on any such application forward a certified copy of the order to the registrar, and, if default is made in complying with this provision, the company and every officer of the company who is in default are liable to a default fine.
- (6) In this section, “variation” includes abrogation, and “varied” shall be construed accordingly.

Transfer of shares and debentures, evidence of title, etc.

75. Nature of shares

The shares or other interest of any member in a company shall be movable property transferable in a manner provided by the articles of the company.

76. Numbering of shares

Each share in a company having a share capital shall be distinguished by its appropriate number; except that if at any time all the issued shares in a company, or all the issued shares in a company of a particular class, are fully paid up and rank *pari passu* for all purposes, none of those shares need thereafter have a distinguishing number so long as it remains fully paid up and ranks *pari passu* for all purposes with all shares of the same class for the time being issued and fully paid up.

77. Transfer not to be registered except on production of an instrument of transfer

- (1) Notwithstanding anything in the articles of a company, it shall not be lawful for the company to register a transfer of shares in or debentures of the company unless a proper instrument of transfer has been delivered to the company.
- (2) Nothing in this section shall prejudice any power of the company to register as shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.

78. Transfer by personal representative

A transfer of the share or other interest of a deceased member of a company made by his or her personal representative shall, although the personal representative is not himself or herself a member of the company, be as valid as if he or she had been such a member at the time of the execution of the instrument of transfer.

79. Registration of a transfer at request of the transferor

On the application of the transferor of any share or interest in a company, the company shall enter in its register of members the name of the transferee in the same manner and subject to the same conditions as if the application for the entry were made by the transferee.

80. Notice of refusal to register a transfer

- (1) If a company refuses to register a transfer of any shares or debentures, the company shall, within sixty days after the date on which the transfer was lodged with the company, send to the transferee notice of the refusal.
- (2) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.

81. Certification of a transfer

- (1) The certification by a company of any instrument of transfer of shares in or debentures of the company shall be taken as a representation by the company to any person acting on the faith of the certification that there have been produced to the company such documents as on the face of them show a *prima facie* title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.

- (2) Where any person acts on the faith of a false certification by a company made negligently, the company shall be under the same liability to him or her as if the certification had been made fraudulently.
- (3) For the purposes of this section—
 - (a) an instrument of transfer shall be deemed to be certificated if it bears the words “certificate lodged” or words to the like effect;
 - (b) the certification of an instrument of transfer shall be deemed to be made by a company if—
 - (i) the person issuing the instrument is a person authorised to issue certificated instruments of transfer on the company’s behalf; and
 - (ii) the certification is signed by a person authorised to certify transfers on the company’s behalf or by any officer or servant either of the company or of a body corporate so authorised;
 - (c) a certification shall be deemed to be signed by any person if—
 - (i) it purports to be authenticated by his or her signature or initials (whether handwritten or not); and
 - (ii) it is not shown that the signature or initials was or were placed there neither by himself or herself nor by any person authorised to use the signature or initials for the purpose of certifying transfers on the company’s behalf.

82. Duties of a company with respect to issue of certificates

- (1) Every company shall, within sixty days after the allotment of any of its shares, debentures or debenture stock and within two months after the date on which a transfer of any such shares, debentures or debenture stock is lodged with the company, complete and have ready for delivery the certificates of all shares, the debentures and the certificates of all debenture stock allotted or transferred, unless the conditions of issue of the shares, debentures or debenture stock otherwise provide.
- (2) For the purposes of subsection (1), “transfer” means a transfer duly stamped and otherwise valid, and does not include such a transfer as the company is for any reason entitled to refuse to register and does not register.
- (3) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.
- (4) If any company on whom a notice has been served requiring the company to make good any default in complying with the provisions of subsection (1) fails to make good the default within ten days after the service of the notice, the court may, on the application of the person entitled to have the certificates or the debentures delivered to him or her, make an order directing the company and any officer of the company to make good the default within such time as may be specified in the order, and any such order may provide that all costs of and incidental to the application shall be borne by the company or by any officer of the company responsible for the default.

83. Certificate to be evidence of title

A certificate, under the common seal of the company, specifying any shares held by any member, shall be *prima facie* evidence of the title of the member to the shares.

84. Evidence of grant of probate

The production to a company of any document which is by law sufficient evidence of—

- (a) probate of the will, or letters or certificate of administration of the estate, of a deceased person having been granted to some person; or
- (b) the Administrator General having undertaken administration of an estate under the Administrator General's Act,

shall be accepted by the company, notwithstanding anything in its articles, as sufficient evidence of such grant or undertaking.

85. Issue and effect of share warrants to bearer

- (1) A company limited by shares, if so authorised by its articles, may, with respect to any fully paid up shares, issue under its common seal a warrant stating that the bearer of the warrant is entitled to the shares specified in it and may provide, by coupons or otherwise, for the payment of the future dividends on the shares included in the warrant.
- (2) Such a warrant as aforesaid is in this Act termed a “share warrant”.
- (3) A share warrant shall entitle its bearer to the shares specified in it, and the shares may be transferred by delivery of the warrant.

86. Penalty for personation of shareholder

If any person falsely and deceitfully personates any owner of any share or interest in any company, or of any share warrant or coupon, issued in pursuance of this Act, and thereby obtains or endeavours to obtain any such share or interest or share warrant or coupon, or receives or endeavours to receive any money due to any such owner, as if the offender were the true and lawful owner, he or she commits an offence and is liable on conviction to imprisonment for any term not exceeding seven years.

87. Offences in connection with share warrants

- (1) If any person—
 - (a) with intent to defraud, forges or alters, or offers, utters, disposes of or puts off, knowing the same to be forged or altered, any share warrant or coupon, or any document purporting to be a share warrant or coupon, issued in pursuance of this Act; or by
 - (b) means of any such forged or altered share warrant, coupon or document, purporting as aforesaid, demands or endeavours to obtain or receive any share or interest in any company under this Act, or to receive any dividend or money payable in respect thereof, knowing the warrant, coupon or document to be forged or altered,he or she commits an offence and is liable on conviction to imprisonment for life.
- (2) If any person without lawful authority or excuse, proof whereof shall lie on him or her—
 - (a) engraves or makes on any plate, wood, stone or other material any share warrant or coupon purporting to be—
 - (i) a share warrant or coupon issued or made by any particular company in pursuance of this Act;
 - (ii) a blank share warrant or coupon so issued or made; or
 - (iii) a part of such a share warrant or coupon;

- (b) uses any such plate, wood, stone or other material for the making or printing of any such share warrant or coupon, or of any such blank share warrant or coupon, or any part thereof respectively; or
- (c) knowingly has in his or her custody or possession any such plate, wood, stone or other material, he or she commits an offence and is liable on conviction to imprisonment for any term not exceeding fourteen years.

Special provisions as to debentures

88. Provisions as to registers of debenture holders

- (1) Every company which, after the 1st January, 1961, issues a series of debentures shall keep at the registered office of the company a register of holders of such debentures; except that—
 - (a) where the work of making up such register or duplicate as aforesaid is done at some office of the company other than the registered office, such register or duplicate may be kept at such office;
 - (b) where the work of making up such register or duplicate is by arrangement by the company undertaken by some person on behalf of the company, such register or duplicate may be kept at the office of that person at which the work is done; and
 - (c) where the company keeps in Uganda both such a register and duplicate as aforesaid, it shall keep them at the same place.
- (2) Every company shall give notice to the registrar of the place where the register and any duplicate is kept and of any change in that place; except that a company shall not be bound to give notice under this subsection if the register or duplicate has, at all times since it came into existence after the commencement of this Act, at all times since then, been kept at the registered office of the company.

89. Rights of debenture holders and shareholders to inspect the register of debenture holders and to have copies of a trust deed

- (1) Every register of holders of debentures of a company shall, except when duly closed (but subject to such reasonable restrictions as the company may in general meeting impose so that not less than two hours in each day shall be allowed for inspection), be open to the inspection of the registered holder of any such debentures or any holder of shares in the company without fee, and of any other person on payment of a fee of two shillings or such lesser sum as may be prescribed by the company.
- (2) Every registered holder of debentures and every holder of shares in a company may require a copy of the register of the holders of debentures of the company or any part thereof on payment of one shilling for every hundred words required to be copied.
- (3) A copy of any trust deed for securing any issue of debentures shall be forwarded to every holder of any such debentures at his or her request on payment in the case of a printed trust deed of the sum of one shilling or such lesser sum as may be prescribed by the company, or, where the trust deed has not been printed, on payment of one shilling for every hundred words required to be copied.
- (4) If inspection is refused, or a copy is refused or not forwarded, the company and every officer of the company who is in default are liable to a fine not exceeding one hundred shillings, and further are liable to a default fine of forty shillings.
- (5) Where a company is in default as aforesaid, the court may by order compel an immediate inspection of the register or direct that the copies required shall be sent to the person requiring them.
- (6) For the purposes of this section, a register shall be deemed to be duly closed if closed in accordance with provisions contained in the articles or in the debentures or, in the case of debenture stock, in

the stock certificates, or in the trust deed or other document securing the debentures or debenture stock, during such period or periods, not exceeding in the whole thirty days in any year, as may be therein specified.

90. Liability of trustees for debenture holders

- (1) Subject to the following provisions of this section, any provision contained in a trust deed for securing an issue of debentures, or in any contract with the holders of debentures secured by a trust deed, shall be void insofar as it would have the effect of exempting a trustee thereof from or indemnifying him or her against liability for breach of trust where he or she fails to show the degree of care and diligence required of him or her as trustee, having regard to the provisions of the trust deed conferring on him or her any powers, authorities or discretions.
- (2) Subsection (1) shall not invalidate—
 - (a) any release otherwise validly given in respect of anything done or omitted to be done by a trustee before the giving of the release; or
 - (b) any provision enabling such a release to be given—
 - (i) on the agreement thereto of a majority of not less than three-fourths in value of the debenture holders present and voting in person or, where proxies are permitted, by proxy at a meeting summoned for the purpose; and
 - (ii) either with respect to specific acts or omissions or on the trustee dying or ceasing to act.
- (3) Subsection (1) shall not operate—
 - (a) to invalidate any provision in force at the commencement of this Act so long as any person then entitled to the benefit of that provision or afterwards given the benefit thereof under subsection (4) remains a trustee of the deed in question; or
 - (b) to deprive any person of any exemption or right to be indemnified in respect of anything done or omitted to be done by him or her while any such provision was in force.
- (4) While any trustee of a trust deed remains entitled to the benefit of a provision saved by subsection (3), the benefit of that provision may be given either—
 - (a) to all trustees of the deed, present and future; or
 - (b) to any named trustees or proposed trustees of the deed, by a resolution passed by a majority of not less than three-fourths in value of the debenture holders present in person or, where proxies are permitted, by proxy at a meeting summoned for the purpose in accordance with the provisions of the deed or, if the deed makes no provision for summoning meetings, a meeting summoned for the purpose in any manner approved by the court.

91. Perpetual debentures

A condition contained in any debentures or in any deed for securing any debentures, whether issued or executed before or after the commencement of this Act, shall not be invalid by reason only that the debentures are thereby made irredeemable or redeemable only on the happening of a contingency, however remote, or on the expiration of a period, however long, any rule of equity to the contrary notwithstanding.

92. Power to reissue redeemed debentures in certain cases

- (1) Where either before or after the commencement of this Act a company has redeemed any debentures previously issued, then—
 - (a) unless any provision to the contrary, whether express or implied, is contained in the articles or in any contract entered into by the company; or

- (b) unless the company has, by passing a resolution to that effect or by some other act, manifested its intention that the debentures shall be cancelled,
- the company shall have, and shall be deemed always to have had, power to reissue the debentures, either by reissuing the same debentures or by issuing other debentures in their place.
- (2) Subject to [section 93](#), on a reissue of redeemed debentures the person entitled to the debentures shall have, and shall be deemed always to have had, the same priorities as if the debentures had never been redeemed.
- (3) Where a company has either before or after the commencement of this Act deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures shall not be deemed to have been redeemed by reason only of the account of the company having ceased to be in debit while the debentures remained so deposited.
- (4) The reissue of a debenture or the issue of another debenture in its place under the power by this section given to, or deemed to have been possessed by, a company, whether the reissue or issue was made before or after the commencement of this Act, shall be treated as the issue of a new debenture for the purposes of stamp duty, but it shall not be so treated for the purposes of any provision limiting the amount or number of debentures to be issued.
- (5) Any person lending money on the security of a debenture reissued under this section which appears to be duly stamped may give the debenture in evidence in any proceedings for enforcing his or her security without payment of the stamp duty or any penalty in respect of stamp duty, unless he or she had notice or, but for his or her negligence, might have discovered, that the debenture was not duly stamped, but in any such case the company shall be liable to pay the proper stamp duty and penalty.

93. Saving, in case of reissued debentures, of rights of certain mortgagees

Where any debentures which were redeemable before the 12th October, 1935, have been reissued after that day and before the commencement of this Act or are reissued after the commencement of this Act, the reissue of the debentures shall not prejudice and shall be deemed never to have prejudiced any right or priority which any person would have had under or by virtue of any mortgage or charge created before that date.

94. Specific performance of contracts to subscribe for debentures

A contract with a company to take up and pay for any debentures of the company may be enforced by an order for specific performance.

95. Payment of certain debts out of assets subject to floating charge in priority to claims under the charge

- (1) Where either a receiver is appointed on behalf of the holders of any debentures of a company secured by a floating charge, or possession is taken by or on behalf of those debenture holders of any property comprised in or subject to the charge, then, if the company is not at the time in the course of being wound up, the debts which in every winding up are under the provisions of Part VI of this Act relating to preferential payments to be paid in priority to all other debts shall be paid out of any assets coming to the hands of the receiver or other person taking possession as aforesaid in priority to any claim for principal or interest in respect of the debentures.
- (2) The periods of time mentioned in those provisions of Part VI of this Act shall be reckoned from the date of the appointment of the receiver or of possession being taken as aforesaid, as the case may be.
- (3) Where the date referred to in subsection (2) occurred before the commencement of this Act, subsections (1) and (2) shall have effect with the substitution, for references to those provisions of

Part VI of this Act, of references to those provisions which by virtue of [section 315\(9\)](#) are deemed to remain in force in the case therein mentioned.

- (4) Any payments made under this section shall be recouped as far as may be out of the assets of the company available for payment of general creditors.

Part IV – Registration of charges

Registration of charges with the registrar

96. Registration of charges

- (1) Subject to this Part of this Act, every charge created after the fixed date by a company registered in Uganda and being a charge to which this section applies shall, so far as any security on the company's property or undertaking is conferred thereby, be void against the liquidator and any creditor of the company, unless the prescribed particulars of the charge, together with the instrument, if any, by which the charge is created or evidenced are delivered to or received by the registrar for registration in manner required by this Act within forty-two days after the date of its creation, but without prejudice to any contract or obligation for repayment of the money thereby secured, and when a charge becomes void under this section the money secured thereby shall immediately become payable.
- (2) This section applies to the following charges—
- (a) a charge for the purpose of securing any issue of debentures;
 - (b) a charge on uncalled share capital of the company;
 - (c) a charge created or evidenced by an instrument which, if executed by an individual, would require registration as a bill of sale;
 - (d) a charge on immovable property, wherever situate, or any interest therein;
 - (e) a charge on book debts of the company;
 - (f) a floating charge on the undertaking or property of the company;
 - (g) a charge on calls made but not paid;
 - (h) a charge on a ship or any share in a ship;
 - (i) a charge on goodwill, on a patent or a licence under a patent, on a trademark or on a copyright or a licence under a copyright.
- (3) In the case of a charge created out of Uganda comprising property situate outside Uganda, the delivery to and the receipt by the registrar of a copy verified in the prescribed manner of the instrument by which the charge is created or evidenced shall have the same effect for the purposes of this section as the delivery and receipt of the instrument itself, and forty-two days after the date on which the instrument or copy could, in due course of post, and if dispatched with due diligence, have been received in Uganda, shall be substituted for forty-two days after the date of the creation of the charge, as the time within which the particulars and instrument or copy are to be delivered to the registrar.
- (4) The instrument creating or purporting to create the charge may be sent for registration under this section notwithstanding that further proceedings may be necessary to make the charge valid or effectual.
- (5) Where a negotiable instrument has been given to secure the payment of any book debts of a company, the deposit of the instrument for the purpose of securing an advance to the company shall not for the purposes of this section be treated as a charge on those book debts.

- (6) The holding of debentures entitling the holder to a charge on immovable property shall not for the purposes of this section be deemed to be an interest in immovable property.
- (7) Where a series of debentures containing, or giving by reference to any other instrument, any charge to the benefit of which the debenture holders of that series are entitled *pari passu* is created by a company, it shall for the purposes of this section be sufficient if there are delivered to or received by the registrar within forty-two days after the execution of the deed containing the charge or, if there is no such deed, after the execution of any debentures of the series, the following particulars—
 - (a) the total amount secured by the whole series;
 - (b) the dates of the resolutions authorising the issue of the series and the date of the covering deed, if any, by which the security is created or defined;
 - (c) a general description of the property charged; and
 - (d) the names of the trustees, if any, for the debenture holders,
 together with the deed containing the charge or a copy of the deed verified in the prescribed manner, or, if there is no such deed, one of the debentures of the series; except that where more than one issue is made of debentures in the series, there shall be sent to the registrar for entry in the register particulars of the date and amount of each issue, but an omission to do this shall not affect the validity of the debentures issued.
- (8) Where any commission, allowance or discount has been paid or made either directly or indirectly by a company to any person in consideration of his or her subscribing or agreeing to subscribe, whether absolutely or conditionally, for any debentures of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such debentures, the particulars required to be sent for registration under this section shall include particulars as to the amount or rate percent of the commission, discount or allowance so paid or made, but omission to do this shall not affect the validity of the debentures issued.
- (9) The deposit of any debentures as security for any debt of the company shall not for the purposes of subsection (8) be treated as the issue of the debentures at a discount.
- (10) In this Part of this Act—
 - (a) “charge” includes mortgage;
 - (b) “the fixed date” means in relation to the charges specified in subsection (2)(a) to (f), the 3rd April, 1923, and in relation to the charges specified in subsection (2)(g) to (i), the 31st December, 1935;
 - (c) a charge shall be deemed to be created in the case of an instrument creating a charge on the date of the execution thereof by or on behalf of the company, and in the case of a charge created by deposit of title deeds on the date of the deposit thereof.

97. Duty of a company to register charges created by the company

- (1) It shall be the duty of a company to send to the registrar for registration the particulars of every charge created by the company and of the issues of debentures of a series, requiring registration under [section 96](#), but registration of any such charge may be effected on the application of any person interested therein.
- (2) Where registration is effected on the application of some person other than the company, that person shall be entitled to recover from the company the amount of any fees properly paid by him or her to the registrar on registration.
- (3) If any company fails for a period of forty-two days or such extended period as the court may have ordered to send to the registrar for registration the particulars of any charge created by the company, or of the issues of debentures of a series, requiring registration as aforesaid, then, unless the registration has been effected on the application of some other person, the company and every

officer or other person who is a party to the default are liable to a default fine of one thousand shillings.

98. Duty of a company to register charges existing on property acquired

- (1) Where after the commencement of this Act a company acquires any property which is subject to a charge of any such kind as would, if it had been created by the company after the acquisition of the property, have been required to be registered under this Part of this Act, the company shall cause the prescribed particulars of the charge, together with a copy (certified in the prescribed manner to be a correct copy) of the instrument, if any, by which the charge was created or is evidenced, to be delivered to the registrar for registration in the manner required by this Act within forty-two days after the date on which the acquisition is completed; except that if the property is situate and the charge was created outside Uganda, thirty days after the date on which the copy of the instrument could in due course of post, and if dispatched with due diligence, have been received in Uganda, shall be substituted for forty-two days after the completion of the acquisition as the time within which the particulars and the copy of the instrument are to be delivered to the registrar.
- (2) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine of one thousand shillings.

99. Certificate of registration of a charge

The registrar shall give a certificate under his or her hand of the registration of any charge registered in pursuance of and within any period allowed under this Part of this Act, stating the amount thereby secured, and the certificate shall be conclusive evidence that the requirements of this Part of this Act as to registration have been complied with.

100. Endorsement of certificate of registration on debentures

- (1) The company shall cause a copy of every certificate of registration given under [section 99](#) to be endorsed on every debenture or certificate of debenture stock which is issued by the company, and the payment of which is secured by the charge so registered.
- (2) Nothing in subsection (1) shall be construed as requiring a company to cause a certificate of registration of any charge so given to be endorsed on any debenture or certificate of debenture stock issued by the company before the charge was created.
- (3) If any person knowingly and wilfully authorises or permits the delivery of any debenture or certificate of debenture stock which under the provisions of this section is required to have endorsed on it a copy of a certificate of registration without the copy being so endorsed upon it, he or she, without prejudice to any other liability, is liable to a fine not exceeding two thousand shillings.

101. Entries of satisfaction and release of property from charge

The registrar on evidence being given to his or her satisfaction with respect to any registered charge—

- (a) that the debt for which the charge was given has been paid or satisfied in whole or in part; or
- (b) that part of the property or undertaking charged has been released from the charge or has ceased to form part of the company's property or undertaking,

may enter on the register a memorandum of satisfaction in whole or in part, or of the fact that part of the property or undertaking has been released from the charge or has ceased to form part of the company's property or undertaking, as the case may be; and where he or she enters a memorandum of satisfaction in whole, he or she shall, if required, furnish the company with a copy of the memorandum of satisfaction.

102. Extension of time to register charges

The court, on being satisfied that the omission to register a charge within the time required by this Act or that the omission or misstatement of any particular with respect to any such charge or in a memorandum of satisfaction was accidental, or due to inadvertence or to some other sufficient cause, or is not of a nature to prejudice the position of creditors or shareholders of the company, or that on other grounds it is just and equitable to grant relief, may, on the application of the company or any person interested, and on such terms and conditions as seem to the court just and expedient, order that the time for registration shall be extended, or, as the case may be, that the omission or misstatement shall be rectified.

103. Registration of enforcement of security

- (1) If any person obtains an order for the appointment of a receiver or manager of the property of a company, or appoints such a receiver or manager under any powers contained in any instrument, he or she shall, within seven days from the date of the order or of the appointment under the said powers, give notice of the fact to the registrar.
- (2) Where any person appointed receiver or manager of the property of a company under the powers contained in any instrument ceases to act as such receiver or manager, he or she shall, within seven days of so ceasing, give the registrar notice to that effect.
- (3) If any person makes default in complying with the requirements of this section, he or she is liable to a fine not exceeding one hundred shillings for every day during which the default continues.

Provisions as to a company's register of charges and as to copies of instruments creating charges**104. Copies of instruments creating charges to be kept by the company**

Every company shall cause a copy of every instrument creating any charge requiring registration under this Part of this Act to be kept at the registered office of the company; except that in the case of a series of uniform debentures, a copy of one debenture of the series shall be sufficient.

105. Company's register of charges

- (1) Every limited company shall keep at the registered office of the company a register of charges and enter in it all charges specifically affecting property of the company and all floating charges on the undertaking or any property of the company, giving in each case a short description of the property charged, the amount of the charge and, except in the case of securities to bearer, the names of the persons entitled thereto.
- (2) If any director, manager or other officer of the company knowingly and willfully authorises or permits the omission of any entry required to be made in pursuance of this section, he or she is liable to a fine not exceeding one thousand shillings.

106. Right to inspect copies of instruments creating mortgages and charges and company's register of charges

- (1) The copies of instruments creating any charge requiring registration under this Part of this Act with the registrar, and the register of charges kept under [section 105](#), shall be open during business hours (but subject to such reasonable restrictions as the company in general meeting may impose, so that not less than two hours in each day shall be allowed for inspection) to the inspection of any creditor or member of the company without fee, and the register of charges shall also be open to the inspection of any other person on payment of such fee, not exceeding one shilling for each inspection, as the company may prescribe.
- (2) If inspection of the copies or register is refused, any officer of the company refusing inspection, and every director and manager of the company authorising or knowingly and wilfully permitting the

refusal, is liable to a fine not exceeding one hundred shillings, and a further fine not exceeding forty shillings for every day during which the refusal continues; and the court may by order compel an immediate inspection of the copies or register.

Part V – Management and administration

Registered office and name

107. Registered office of a company

- (1) A company shall, as from the day on which it begins to carry on business or as from the fourteenth day after the date of its incorporation, whichever is the earlier, have a registered office and a registered postal address to which all communications and notices may be addressed.
- (2) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.

108. Notification of the situation of the registered office and the registered postal address and of change in them

- (1) Notice of the situation of the registered office and the registered postal address, and of any change in them, shall be given within fourteen days after the date of incorporation of the company or of the change, as the case may be, to the registrar, who shall record them.
- (2) The inclusion in the annual return of a company of a statement as to the situation of its registered office or as to its registered postal address shall not be taken to satisfy the obligations imposed by this section.
- (3) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.

109. Publication of name by company

- (1) Every company—
 - (a) shall paint or affix, and keep painted or affixed, its name on the outside of every office or place in which its business is carried on, in a conspicuous position, in easily legible Roman letters;
 - (b) shall have its name engraven in legible Roman letters on its seal which shall take the form of an embossed metal die;
 - (c) shall have its name mentioned in legible Roman letters in all business letters of the company and in all notices and other official publications of the company, and in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the company, and in all bills of parcels, invoices, receipts and letters of credit of the company.
- (2) If a company does not paint or affix its name in the manner directed by this Act, the company and every officer of the company who is in default are liable to a fine not exceeding one hundred shillings, and if a company does not keep its name painted or affixed in the manner so directed, the company and every officer of the company who is in default are liable to a default fine.
- (3) If a company fails to comply with subsection (1)(b) or (c), the company is liable to a fine not exceeding one thousand shillings.
- (4) If an officer of a company or any person on its behalf—
 - (a) uses or authorises the use of any seal purporting to be a seal of the company on which its name is not so engraven as aforesaid or which is not in the form of an embossed metal die;

- (b) issues or authorises the issue of any business letter of the company or any notice or other official publication of the company, or signs or authorises to be signed on behalf of the company any bill of exchange, promissory note, endorsement, cheque or order for money or goods in which its name is not mentioned in the manner aforesaid; or
- (c) issues or authorises the issue of any bill of parcels, invoice, receipt or letter of credit of the company in which its name is not mentioned in the manner aforesaid, he or she is liable to a fine not exceeding one thousand shillings, and further is personally liable to the holder of the bill of exchange, promissory note, cheque or order for money or goods for the amount thereof unless it is duly paid by the company.

Statement of amount of paid-up capital

110. Statement of amount of capital subscribed and amount paid up

- (1) Where any notice, advertisement or other official publication of a company contains a statement of the amount of the authorised capital of the company, the notice, advertisement or other official publication shall also contain a statement in an equally prominent position and in equally conspicuous characters of the amount of the capital which has been subscribed and the amount paid up.
- (2) Any company which makes default in complying with the requirements of this section and every officer who is in default are liable to a fine not exceeding one thousand shillings.

Restrictions on commencement of business

111. Restrictions on commencement of business

- (1) Where a company having a share capital has issued a prospectus inviting the public to subscribe for its shares, the company shall not commence any business or exercise any borrowing powers unless —
 - (a) shares held subject to the payment of the whole amount thereof in cash have been allotted to an amount not less in the whole than the minimum subscription;
 - (b) every director of the company has paid to the company, on each of the shares taken or contracted to be taken by him or her and for which he or she is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares offered for public subscription;
 - (c) no money is or may become liable to be repaid to applicants for any shares or debentures which have been offered for public subscription by reason of any failure to apply for or to obtain permission for the shares or debentures to be dealt in on any stock exchange; and
 - (d) there has been delivered to the registrar for registration a statutory declaration by the secretary or one of the directors, in the prescribed form, that the aforesaid conditions have been complied with.
- (2) Where a company having a share capital has not issued a prospectus inviting the public to subscribe for its shares, or has issued a prospectus but has failed to raise the minimum subscription, the company shall not commence any business or exercise any borrowing powers unless—
 - (a) there has been delivered to the registrar for registration a statement in lieu of prospectus;
 - (b) every director of the company has paid to the company, on each of the shares taken or contracted to be taken by him or her and for which he or she is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares payable in cash; and

- (c) there has been delivered to the registrar for registration a statutory declaration by the secretary or one of the directors, in the prescribed form, that paragraph (b) of this subsection has been complied with.
- (3) The registrar shall, on the delivery to him or her of the statutory declaration, and, in the case of a company which is required by this section to deliver a statement in lieu of prospectus, of such a statement, certify that the company is entitled to commence business, and that certificate shall be conclusive evidence that the company is so entitled.
- (4) Any contract made by a company before the date at which it is entitled to commence business shall be provisional only, and shall not be binding on the company until that date, and on that date it shall become binding.
- (5) Nothing in this section shall prevent the simultaneous offer for subscription or allotment of any shares and debentures or the receipt of any money payable on application for debentures.
- (6) If any company commences business or exercises borrowing powers in contravention of this section, every person who is responsible for the contravention is, without prejudice to any other liability, liable to a fine not exceeding one thousand shillings for every day during which the contravention continues.
- (7) This section shall not apply—
 - (a) to a private company but shall apply to a company which was a private company before becoming a public company;
 - (b) to a company registered before the 15th January, 1906, which has not issued a prospectus inviting the public to subscribe for its shares.

Register of members

112. Register of members

- (1) Every company shall keep a register of its members and enter in that register the following particulars—
 - (a) the names and postal addresses of the members, and in the case of a company having a share capital, a statement of the shares held by each member, distinguishing each share by its number so long as the share has a number, and of the amount paid or agreed to be considered as paid on the shares of each member;
 - (b) the date at which each person was entered in the register as a member;
 - (c) the date at which any person ceased to be a member,
 except that where the company has converted any of its shares into stock, the register shall show the amount of stock held by each member instead of the amount of shares and the particulars relating to shares specified in paragraph (a) of this subsection.
- (2) The register of members shall be kept at the registered office of the company; except that—
 - (a) if the work of making it up is done at another office of the company, it may be kept at that other office; and
 - (b) if the company arranges with some other person for the making up of the register to be undertaken on behalf of the company by that other person,
 it may be kept at the office of that other person at which the work is done; so, however, that it shall not be kept at a place outside Uganda.
- (3) Every company shall send notice to the registrar of the place where its register of members is kept and of any change in that place; except that a company shall be bound to send notice under

this subsection where the register has, at all times since it came into existence or, in the case of a register in existence at the commencement of this Act, at all times since then been kept at the registered office of the company.

- (4) Where a company makes default in complying with subsection (1) or makes default for fourteen days in complying with subsection (3), the company and every officer of the company who is in default are liable to a default fine.

113. Index of members

- (1) Every company having more than fifty members shall, unless the register of members is in such a form as to constitute in itself an index, keep an index of the names of the members of the company and shall, within fourteen days after the date on which any alteration is made in the register of members, make any necessary alteration in the index.
- (2) The index, which may be in the form of a card index, shall in respect of each member contain a sufficient indication to enable the account of that member in the register to be readily found.
- (3) The index shall be at all times kept at the same place as the register of members.
- (4) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.

114. Provisions as to entries in the register in relation to share warrants

- (1) On the issue of a share warrant the company shall strike out of its register of members the name of the member then entered therein as holding the shares specified in the warrant as if he or she had ceased to be a member, and shall enter in the register the following particulars—
 - (a) the fact of the issue of the warrant;
 - (b) a statement of the shares included in the warrant, distinguishing each share by its number; and
 - (c) the date of the issue of the warrant.
- (2) The bearer of a share warrant shall, subject to the articles of the company be entitled, on surrendering it for cancellation, to have his or her name entered as a member in the register of members.
- (3) The company shall be responsible for any loss incurred by any person by reason of the company entering in the register the name of a bearer of a share warrant in respect of the shares therein specified without the warrant being surrendered and cancelled.
- (4) Until the warrant is surrendered, the particulars specified in subsection (1) shall be deemed to be the particulars required by this Act to be entered in the register of members, and, on the surrender, the date of the surrender must be entered.
- (5) Subject to this Act, the bearer of a share warrant may, if the articles of the company so provide, be deemed to be a member of the company within the meaning of this Act, either to the full extent or for any purposes defined in the articles.

115. Inspection of the register and index

- (1) Except when the register of members is closed under the provisions of this Act, the register, and index of the names, of the members of a company shall during business hours (subject to such reasonable restrictions as the company in general meeting may impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member without charge and of any other person on payment of two shillings, or such lesser sum as the company may prescribe, for each inspection.

- (2) Any member or other person may require a copy of the register, or of any part of it, on payment of one shilling or such lesser sum as the company may prescribe, for every hundred words or fractional part thereof required to be copied.
- (3) The company shall cause any copy so required by any person to be sent to that person within a period of fourteen days commencing on the day next after the day on which the requirement is received by the company.
- (4) If any inspection required under this section is refused or if any copy required under this section is not sent within the proper period, the company and every officer of the company who is in default are liable in respect of each offence to a fine not exceeding forty shillings and further to a default fine of forty shillings.
- (5) In the case of any such refusal or default, the court may by order compel an immediate inspection of the register and index or direct that the copies required shall be sent to the person requiring them.

116. Consequences of failure to comply with requirements as to register owing to agent's default

Where by virtue of [section 112\(2\)\(b\)](#), the register of members is kept at the office of some person other than the company, and by reason of any default of his or hers the company fails to comply with [section 112\(3\)](#), [113\(3\)](#) or [115](#) or with any requirements of this Act as to the production of the register, that other person is liable to the same penalties as if he or she were an officer of the company who was in default, and the power of the court under [section 115\(4\)](#) shall extend to the making of orders against that other person and his or her officers and servants.

117. Power to close the register

A company may, on giving notice by advertisement in some newspaper circulating in Uganda or in that district or area of Uganda in which the registered office of the company is situate, close the register of members for any time or times not exceeding in the whole thirty days in each year.

118. Power of the court to rectify the register

- (1) If—
 - (a) the name of any person is, without sufficient cause, entered in or omitted from the register of members of a company; or
 - (b) default is made or unnecessary delay takes place in entering on the register the fact of any person having ceased to be a member,the person aggrieved, or any member of the company, or the company, may apply to the court for rectification of the register.
- (2) Where an application is made under this section, the court may either refuse the application or may order rectification of the register and payment by the company of any damages sustained by any party aggrieved.
- (3) On an application under this section, the court may decide any question relating to the title of any person who is a party to the application to have his or her name entered in or omitted from the register, whether the question arises between members or alleged members, or between members or alleged members on the one hand and the company on the other hand, and generally may decide any question necessary or expedient to be decided for rectification of the register.
- (4) In the case of a company required by this Act to send a list of its members to the registrar, the court, when making an order for rectification of the register, shall by its order direct notice of the rectification to be given to the registrar.

119. Trusts not to be entered on the register

No notice of any trust, expressed, implied or constructive, shall be entered on the register or be receivable by the registrar.

120. Register to be evidence

The register of members shall be *prima facie* evidence of any matters by this Act directed or authorised to be inserted in it.

Branch register**121. Power for a company to keep a branch register**

- (1) A company having a share capital may, if so authorised by its articles, cause to be kept in any part of the Commonwealth outside Uganda a branch register of members resident in that part of the Commonwealth (in this Act called a “branch register”).
- (2) The company shall give to the registrar notice of the situation of the office where any branch register is kept, and of any change in its situation, and if it is discontinued, of its discontinuance, and any such notice shall be given within one month of the opening of the office or of the change or discontinuance, as the case may be.
- (3) If default is made in complying with subsection (2), the company and every officer of the company who is in default are liable to a default fine.

122. Regulations as to a branch register

- (1) A branch register shall be deemed to be part of the company’s register of members (in this section called “the principal register”).
- (2) The branch register shall be kept in the same manner in which the principal register is by this Act required to be kept, except that the advertisement before closing the register shall be inserted in some newspaper circulating in the district or area where the branch register is kept.
- (3) The company shall—
 - (a) transmit to its registered office a copy of every entry in its branch register as soon as may be after the entry is made; and
 - (b) cause to be kept at the place where the company’s principal register is kept a duplicate of its branch register duly entered up from time to time.
- (4) Every duplicate branch register shall for all the purposes of this Act be deemed to be part of the principal register.
- (5) Subject to the provisions of this section with respect to the duplicate register, the shares registered in a branch register shall be distinguished from the shares registered in the principal register, and no transaction with respect to any shares registered in a branch register shall, during the continuance of that registration, be registered in any other register.
- (6) A company may discontinue to keep a branch register, and thereupon all entries in that register shall be transferred to the principal register.
- (7) Subject to this Act, any company may, by its articles, make such provisions as it may think fit respecting the keeping of branch registers.
- (8) If default is made in complying with subsection (3), the company and every officer of the company who is in default are liable to a default fine; and where, by virtue of [section 112](#) (2)(b), the principal register is kept at the office of some person other than the company and by reason of any default of

that other person the company fails to comply with subsection (3)(b), that other person is liable to the same penalty as if he or she were an officer of the company who was in default.

123. Stamp duties in cases of shares registered in branch registers

An instrument of transfer of a share registered in a branch register shall be deemed to be a transfer of property situate out of Uganda and, unless executed in any part of Uganda, shall be exempt from stamp duty chargeable in Uganda.

124. Provisions as to branch registers of Commonwealth companies kept in Uganda

If by virtue of the law in force in any part of the Commonwealth, companies incorporated under that law have power to keep in Uganda branch registers of their members resident in Uganda, the Minister may by statutory instrument direct that [section 112\(2\)](#) except for its exceptions and [sections 115](#) and [118](#) shall, subject to any modifications and adaptations specified in the instrument, apply to and in relation to any such branch registers kept in Uganda as they apply to and in relation to the registers of companies within the meaning of this Act.

Annual return

125. Annual return to be made by a company having a share capital

- (1) Every company having a share capital shall, once at least in every year, make a return containing with respect to the registered office of the company, registers of members and debenture holders, shares and debentures, indebtedness, past and present members and directors and secretary and the matters specified in Part I of the Fifth Schedule to this Act, and the return shall be in the form and shall be made up to the date set out in Part II of that Schedule or as near to that date as circumstances admit; except that—
 - (a) a company need not make a return under this subsection either in the year of its incorporation or, if it is not required by [section 131](#) to hold an annual general meeting during the following year, in that year;
 - (b) where the company has converted any of its shares into stock, the list referred to in paragraph 5 of Part I of the Fifth Schedule must state the amount of stock held by each of the existing members instead of the amount of shares and the particulars relating to shares required by that paragraph;
 - (c) the return may, in any year, if the return for either of the two immediately preceding years has given as at the date of that return the full particulars required by paragraph 5 of Part I of the Fifth Schedule, give only such of the particulars required by that paragraph as relate to persons ceasing to be or becoming members since the date of the last return and to shares transferred since that date or to changes as compared with that date in the amount of stock held by a member.
- (2) In the case of a company keeping a branch register—
 - (a) references subsection (1)(c) to the particulars required by paragraph 5 of Part I of the Fifth Schedule shall be taken as not including any such particulars contained in the branch register, insofar as copies of the entries containing those particulars are not received at the registered office of the company before the date when the return in question is made; and
 - (b) where an annual return is made between the date when any entries are made in the branch register and the date when copies of those entries are received at the registered office of the company, the particulars contained in those entries, so far as relevant to an annual return, shall be included in the next or a subsequent annual return as may be appropriate having regard to the particulars included in that return with respect to the company's register of members.

- (3) If a company fails to comply with this section, the company and every officer of the company who is in default are liable to a default fine.
- (4) For the purposes of this section and of Part I of the Fifth Schedule to this Act, “director” and “officer” include any person in accordance with whose directions or instructions the directors of the company are accustomed to act.

126. Annual return to be made by a company not having a share capital

- (1) Every company not having a share capital shall once at least in every calendar year make a return stating—
 - (a) the situation of the registered office of the company and the registered postal address of that office;
 - (b) in a case in which the register of members is, under the provisions of this Act, kept elsewhere than at the registered office, the address of the place where it is kept;
 - (c) in a case in which any register of holders of debentures of a company or any duplicate of any such register or part of any such register is, under this Act, kept, in Uganda, elsewhere than at the registered office of the company, the address of the place where it is kept;
 - (d) all such particulars with respect to the persons who at the date of the return are the directors of the company and any person who at that date is secretary of the company as are by this Act required to be contained with respect to directors and the secretary respectively in the register of directors and secretaries of a company,except that a company need not make a return under this subsection either in the year of its incorporation or, if it is not required by [section 131](#) to hold an annual general meeting during the following year, in that year.
- (2) There shall be annexed to the return a statement containing particulars of the total amount of the indebtedness of the company in respect of all mortgages and charges which are required to be registered with the registrar under this Act, or which would have been required so to be registered if created after the 3rd April, 1923.
- (3) If a company fails to comply with this section, the company and every officer of the company who is in default are liable to a default fine.
- (4) For the purposes of this section, “officer” and “director” include any person in accordance with whose directions or instructions the directors of the company are accustomed to act.

127. Time for completion of the annual return

- (1) The annual return shall be completed within forty-two days after the annual general meeting for the year, whether or not that meeting is the first or only ordinary general meeting, or the first or only general meeting of the company in the year, and the company shall within such period forward to the registrar a copy signed both by a director and by the secretary of the company.
- (2) If a company fails to comply with this section, the company and every officer of the company who is in default are liable to a default fine.
- (3) For the purposes of subsection (2), “officer” includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act.

128. Documents to be annexed to the annual return

- (1) There shall be annexed to the annual return—
 - (a) a copy, certified both by a director and by the secretary of the company to be a true copy, of every balance sheet laid before the company in general meeting during the period to which

the return relates (including every document required by law to be annexed to the balance sheet); and

- (b) a copy, certified as aforesaid, of the report of the auditors on, and of the report of the directors accompanying, each such balance sheet,

and where any such balance sheet or document required by law to be annexed to it is in a foreign language, there shall be annexed to that balance sheet a translation in the English language of the balance sheet or document certified in the prescribed manner to be a correct translation.

- (2) If any such balance sheet as aforesaid or document required by law to be annexed to it did not comply with the requirements of the law as in force at the date of the audit with respect to the form of balance sheets or those documents, as the case may be, there shall be made such additions to and corrections in the copy as would have been required to be made in the balance sheet or document in order to make it comply with those requirements, and the fact that the copy has been so amended shall be stated on it.
- (3) If a company fails to comply with this section, the company and every officer of the company who is in default are liable to a default fine.
- (4) For the purposes of subsection (3), “officer” includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act.
- (5) Subsection (1) shall not apply to a private company unless at least one shareholder is a company which is not a private company.

129. Certificates to be sent by a private company with the annual return

The annual return required by [section 125](#) shall in the case of a private company be endorsed with or accompanied by a certificate signed both by a director and by the secretary of the company that the company has not, since the date of the incorporation of the company, issued any invitation to the public to subscribe for any shares or debentures of the company, and, where the annual return discloses the fact that the number of members of the company exceeds fifty, also a certificate so signed that the excess consists wholly of persons who under [section 29\(1\)\(b\)](#) are not to be included in reckoning the number of fifty.

Meetings and proceedings

130. Statutory meeting and statutory report

- (1) Every company limited by shares and every company limited by guarantee and having a share capital shall, within not less than one month nor more than three months from the date at which the company is entitled to commence business, hold a general meeting of the members of the company, which shall be called “the statutory meeting”.
- (2) The directors shall, at least fourteen days before the day on which the meeting is held, forward a report (in this Act referred to as “the statutory report”) to every member of the company; but if the statutory report is forwarded later than is required by this subsection, it shall, notwithstanding that fact, be deemed to have been duly forwarded if it is so agreed by all the members entitled to attend and vote at the meeting.
- (3) The statutory report shall be certified by not less than two directors of the company and shall state—
 - (a) the total number of shares allotted, distinguishing shares allotted as fully or partly paid up otherwise than in cash, and stating in the case of shares partly paid up the extent to which they are so paid up, and in either case the consideration for which they have been allotted;
 - (b) the total amount of cash received by the company in respect of all the shares allotted, distinguished as aforesaid;

- (c) an abstract of the receipts of the company and of the payments made thereout, up to a date within seven days of the date of the report, exhibiting under distinctive headings the receipts of the company from shares and debentures and other sources, the payments made thereout, and particulars concerning the balance remaining in hand, and an account or estimate of the preliminary expenses of the company;
 - (d) the names, postal addresses and descriptions of the directors, auditors, if any, managers, if any, and secretary of the company; and
 - (e) the particulars of any contract the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification.
- (4) The statutory report shall, so far as it relates to the shares allotted by the company, and to the cash received in respect of such shares, and to the receipts and payments of the company on capital account, be certified as correct by the auditors, if any, of the company.
 - (5) The directors shall cause a copy of the statutory report, certified as required by this section, to be delivered to the registrar for registration forthwith after the sending thereof to the members of the company.
 - (6) The directors shall cause a list showing the names and postal addresses of the members of the company, and the number of shares held by them respectively, to be produced at the commencement of the meeting and to remain open and accessible to any member of the company during the continuance of the meeting.
 - (7) The members of the company present at the meeting shall be at liberty to discuss any matter relating to the formation of the company, or arising out of the statutory report, whether previous notice has been given or not, but no resolution of which notice has not been given in accordance with the articles may be passed.
 - (8) The meeting may adjourn from time to time, and at any adjourned meeting any resolution of which notice has been given in accordance with the articles, either before or subsequently to the former meeting, may be passed, and the adjourned meeting shall have the same powers as an original meeting.
 - (9) In the event of any default in complying with this section, every director of the company who is knowingly and wilfully guilty of the default, or, in the case of default by the company, every officer of the company who is in default, is liable to a fine not exceeding one thousand shillings.
 - (10) This section shall not apply to a private company but shall apply to a company which was a private company before becoming a public company.

131. Annual general meeting

- (1) Every company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next; except that so long as a company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year.
- (2) If default is made in holding a meeting of the company in accordance with subsection (1), the registrar may, on the application of any member of the company, call or direct the calling of a general meeting of the company and give such ancillary or consequential directions as the registrar thinks expedient, including directions modifying or supplementing, in relation to the calling, holding and conducting of the meeting, the operation of the company's articles; and it is declared that the directions that may be given under this subsection include a direction that one member of the company present in person or by proxy shall be deemed to constitute a meeting.
- (3) A general meeting held under subsection (2) shall, subject to any directions of the registrar, be deemed to be an annual general meeting of the company; but, where a meeting so held is not held

in the year in which the default in holding the company's annual general meeting occurred, the meeting so held shall not be treated as the annual general meeting for the year in which it is held unless at that meeting the company resolves that it shall be so treated.

- (4) Where a company resolves that a meeting shall be so treated, a copy of the resolution shall, within fourteen days after the passing thereof, be forwarded to the registrar and recorded by him or her.
- (5) If default is made in holding a meeting of the company in accordance with subsection (1) or in complying with any directions of the registrar under subsection (2), the company and every officer of the company who is in default are liable to a fine not exceeding two thousand shillings, and if default is made in complying with subsection (4), the company and every officer of the company who is in default are liable to a default fine of forty shillings.

132. Convening of an extraordinary general meeting on requisition

- (1) The directors of a company, notwithstanding anything in its articles, shall, on the requisition of members of the company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the company as at the date of the deposit carries the right of voting at general meetings of the company, or, in the case of a company not having a share capital, members of the company representing not less than one-tenth of the total voting rights of all the members having at that date a right to vote at general meetings of the company, forthwith proceed duly to convene an extraordinary general meeting of the company.
- (2) The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form each signed by one or more requisitionists.
- (3) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.
- (4) A meeting convened under this section by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.
- (5) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the company, and any sum so repaid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration in respect of their services to such of the directors as were in default.
- (6) For the purposes of this section, the directors shall, in the case of a meeting at which a resolution is to be proposed as a special resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by [section 141](#).

133. Length of notice for calling meetings

- (1) Any provision of a company's articles shall be void insofar as it provides for the calling of a meeting of the company (other than an adjourned meeting) by a shorter notice than twenty-one days.
- (2) Every such notice under subsection (1) shall be in writing.
- (3) Except insofar as the articles of a company make other provision in that behalf (not being a provision avoided by subsection (1)), a meeting of the company (other than an adjourned meeting) may be called by twenty-one days' notice in writing.

- (4) A meeting of a company shall, notwithstanding that it is called by shorter notice than that specified in subsection (3) or in the company's articles, as the case may be, be deemed to have been duly called if it is so agreed—
- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote at that meeting; and
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving a right to attend and vote at the meeting, or, in the case of a company not having a share capital, together representing not less than 95 percent of the total voting rights at that meeting of all the members.

134. General provisions as to meetings and votes

The following provisions shall have effect insofar as the articles of the company do not make other provision in that behalf—

- (a) notice of the meeting of a company shall be served on every member of the company in the manner in which notices are required to be served by Table A, and for the purpose of this paragraph, the expression "Table A" means that Table as for the time being in force;
- (b) two or more members holding not less than one-tenth of the issued share capital or, if the company has not a share capital, not less than 5 percent in number of the members of the company may call a meeting;
- (c) in the case of a private company two members, and in the case of any other company three members, personally present shall be a quorum;
- (d) any member elected by the members present at a meeting may be chairperson thereof;
- (e) in the case of a company originally having a share capital, every member shall have one vote in respect of each share or each two hundred shillings of stock held by him or her, and in any other case every member shall have one vote.

135. Power of the court to order a meeting

- (1) If for any reason it is impracticable to call a meeting of a company in any manner in which meetings of that company may be called, or to conduct the meeting of the company in the manner prescribed by the articles or this Act, the court may, either of its own motion or on the application of any director of the company or of any member of the company who would be entitled to vote at the meeting, order a meeting of the company to be called, held and conducted in such manner as the court thinks fit, and where any such order is made may give such ancillary or consequential directions as it thinks expedient; and it is declared that the directions that may be given under this subsection include a direction that one member of the company present in person or by proxy shall be deemed to constitute a meeting.
- (2) Any meeting called, held and conducted in accordance with an order under subsection (1) shall for all purposes be deemed to be a meeting of the company duly called, held and conducted.

136. Proxies

- (1) Any member of a company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person (whether a member or not) as his or her proxy to attend and vote instead of him or her, and a proxy appointed to attend and vote instead of a member of a private company shall also have the same right as the member to speak at the meeting; except that unless the articles otherwise provide—
 - (a) this subsection shall not apply in the case of a company not having a share capital;

- (b) a member of a private company shall not be entitled to appoint more than one proxy to attend on the same occasion; and
 - (c) a proxy shall not be entitled to vote except on a poll.
- (2) In every notice calling a meeting of a company having a share capital, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or, where that is allowed, one or more proxies to attend and vote instead of him or her, and that a proxy need not also be a member; and if default is made in complying with this subsection as respects any meeting, every officer of the company who is in default is liable to a fine not exceeding one thousand shillings.
- (3) Any provision contained in a company's articles shall be void insofar as it would have the effect of requiring the instrument appointing a proxy, or any other document necessary to show the validity of or otherwise relating to the appointment of a proxy, to be received by the company or any other person more than forty-eight hours before a meeting or adjourned meeting in order that the appointment may be effective thereat.
- (4) If for the purpose of any meeting of a company invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the company's expense to some only of the members entitled to be sent a notice of the meeting and to vote at the meeting by proxy, every officer of the company who knowingly and wilfully authorises or permits their issue as aforesaid is liable to a fine not exceeding two thousand shillings.
- (5) An officer is not liable under subsection (4) by reason only of the issue to a member at his or her request in writing of a form of appointment naming the proxy or of a list of persons willing to act as proxy if the form or list is available on request in writing to every member entitled to vote at the meeting by proxy.
- (6) This section shall apply to meetings of any class of members of a company as it applies to general meetings of the company.

137. Right to demand a poll

- (1) Any provision contained in a company's articles shall be void insofar as it would have the effect either—
 - (a) of excluding the right to demand a poll at a general meeting on any question other than the election of the chairperson of the meeting or the adjournment of the meeting; or
 - (b) of making ineffective a demand for a poll on any such question which is made either—
 - (i) by not less than five members having the right to vote at the meeting;
 - (ii) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (iii) by a member or members holding shares in the company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.
- (2) The instrument appointing a proxy to vote at a meeting of a company shall be deemed also to confer authority to demand or join in demanding a poll, and for the purposes of subsection (1) a demand by a person as proxy for a member shall be the same as a demand by the member.

138. Voting on a poll

On a poll taken at a meeting of a company or a meeting of any class of members of a company, a member entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all the votes he or she uses in the same way.

139. Representation of corporations at meetings of companies and of creditors

- (1) A corporation, whether a company within the meaning of this Act or not, may—
 - (a) if it is a member of another corporation, being a company within the meaning of this Act, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company;
 - (b) if it is a creditor (including a holder of debentures) of another corporation, being a company within the meaning of this Act, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the company held in pursuance of this Act or of any rules made thereunder, or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.
- (2) A person authorised as provided in subsection (1) shall be entitled to exercise the same powers on behalf of the corporation which he or she represents as that corporation could exercise if it were an individual shareholder, creditor or holder of debentures of that other company.

140. Circulation of members' resolutions, etc.

- (1) Subject to the following provisions of this section, it shall be the duty of a company, on the requisition in writing of such number of members as is hereafter specified and (unless the company otherwise resolves) at the expense of the requisitionists—
 - (a) to give to members of the company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;
 - (b) to circulate to members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- (2) The number of members necessary for a requisition under subsection (1) shall be—
 - (a) any number of members representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
 - (b) not less than one hundred members holding shares in the company on which there has been paid up an average sum, per member, of not less than two thousand shillings.
- (3) Notice of any such resolution shall be given, and any such statement shall be circulated, to members of the company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such member in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other member of the company by giving notice of the general effect of the resolution in any manner permitted for giving him or her notice of meetings of the company; and the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.
- (4) A company shall not be bound under this section to give notice of any resolution or to circulate any statement unless—
 - (a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signatures of all the requisitionists) is deposited at the registered office of the company—
 - (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

- (ii) in the case of any other requisition, not less than one week before the meeting; and
- (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the company's expenses in giving effect to it,

except that if, after a copy of a requisition requiring notice of a resolution has been deposited at the registered office of the company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by this subsection shall be deemed to have been properly deposited for the purposes thereof.

- (5) The company shall also not be bound under this section to circulate any statement if, on the application either of the company or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter; and the court may order the company's costs on an application under this section to be paid in whole or in part by the requisitionists, notwithstanding that they are not parties to the application.
- (6) Notwithstanding anything in the company's articles, the business which may be dealt with at an annual general meeting shall include any resolution of which notice is given in accordance with this section, and for the purposes of this subsection notice shall be deemed to have been so given notwithstanding the accidental omission, in giving it, of one or more members.
- (7) In the event of any default in complying with the provisions of this section, every officer of the company who is in default is liable to a fine not exceeding ten thousand shillings.

141. Special resolutions

- (1) A resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or, where proxies are allowed, by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given; except that if it is so agreed by a majority in number of the members having the right to attend and vote at any such meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right, or, in the case of a company not having a share capital, together representing not less than 95 percent of the total voting rights at that meeting of all the members, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days' notice has been given.
- (2) At any meeting at which a special resolution is submitted to be passed, a declaration of the chairperson that the resolution is carried shall, unless a poll is demanded, be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (3) In computing the majority on a poll demanded on the question that a special resolution be passed, reference shall be had to the number of votes cast for and against the resolution.
- (4) For the purposes of this section, notice of a meeting shall be deemed to be duly given and the meeting to be duly held when the notice is given and the meeting held in the manner provided by this Act or the articles.

142. Resolutions requiring special notice

Where by any provision hereafter contained in this Act special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the company not less than twenty-eight days before the meeting at which it is moved, and the company shall give its members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice of the resolution, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by the articles, not less than twenty-one days before the meeting; but if, after notice of the intention to move such a resolution has been given to the company, a meeting is called for a date twenty-eight days or less after the notice has

been given, the notice though not given within the time required by this section shall be deemed to have been properly given for the purposes thereof.

143. Registration and copies of certain resolutions and agreements

- (1) A printed copy of every resolution or agreement to which this section applies shall, within thirty days after the passing or making of the resolution or agreement, be delivered to the registrar for registration.
- (2) Where articles have been registered, a printed copy of every such resolution or agreement for the time being in force shall be embodied in or annexed to every copy of the articles issued after the passing of the resolution or the making of the agreement.
- (3) Where articles have not been registered, a printed copy of every such resolution or agreement shall be forwarded to any member at his or her request on payment of one shilling or such lesser sum as the company may direct.
- (4) This section shall apply to—
 - (a) special resolutions;
 - (b) resolutions which have been agreed to by all the members of a company, but which, if not so agreed to, would not have been effective for their purpose unless, as the case may be, they had been passed as special resolutions;
 - (c) resolutions or agreements which have been agreed to by all the members of some class of shareholders but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by some particular majority or otherwise in some particular manner, and all resolutions or agreements which effectively bind all the members of any class of shareholders though not agreed to by all those members;
 - (d) resolutions requiring a company to be wound up voluntarily, passed under [section 276\(1\)\(a\)](#).
- (5) If a company fails to comply with subsection (1), the company and every officer of the company who is in default are liable to a default fine of forty shillings.
- (6) If a company fails to comply with subsection (2) or (3), the company and every officer of the company who is in default are liable to a fine not exceeding twenty shillings for each copy in respect of which default is made.
- (7) For the purposes of subsections (5) and (6), a liquidator of the company shall be deemed to be an officer of the company.

144. Resolutions passed at adjourned meetings

Where a resolution is passed at an adjourned meeting of—

- (a) a company;
- (b) the holders of any class of shares in a company;
- (c) the directors of a company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed, and shall not be deemed to have been passed on any earlier date.

145. Minutes of general meetings and meetings of directors

- (1) Every company shall cause minutes of all proceedings of general meetings, and of all proceedings at meetings of its directors, to be entered in books kept for that purpose.

- (2) Any such minute if purporting to be signed by the chairperson of the meeting at which the proceedings were had, or by the chairperson of the next succeeding general meeting or meeting of directors, as the case may be, shall be evidence of the proceedings.
- (3) Where minutes have been made in accordance with the provisions of this section of the proceedings at any general meeting of the company or meeting of directors, then, until the contrary is proved, the meeting shall be deemed to have been duly held and convened, and all proceedings had thereat to have been duly had, and all appointments of directors or liquidators shall be deemed to be valid.
- (4) If a company fails to comply with subsection (1), the company and every officer of the company who is in default are liable to a default fine.

146. Inspection of minute books

- (1) The books containing the minutes of proceedings of any general meeting of a company shall be kept at the registered office of the company, and shall during business hours (subject to such reasonable restrictions as the company may by its articles or in general meeting impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member without charge.
- (2) Any member shall be entitled to be furnished within fourteen days after he or she has made a request in that behalf to the company with a copy of any such minutes as aforesaid at a charge not exceeding one shilling for every hundred words.
- (3) If any inspection required under this section is refused or if any copy required under this section is not sent within the proper time, the company and every officer of the company who is in default are liable in respect of each offence to a fine not exceeding forty shillings and further to a default fine of forty shillings.
- (4) In the case of any such refusal or default, the court may by order compel an immediate inspection of the books in respect of all proceedings of general meetings or direct that the copies required shall be sent to the persons requiring them.

Accounts and audit

147. Keeping of books of account

- (1) Every company shall cause to be kept in the English language proper books of account with respect to—
 - (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
 - (b) all sales and purchases of goods by the company;
 - (c) the assets and liabilities of the company.
- (2) For the purposes of this section, proper books of account shall be deemed not to have been kept with respect to the matters aforesaid if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.
- (3) The books of account shall be kept at the registered office of the company or at such other place in Uganda as the directors think fit and shall at all times be open to inspection by the directors.
- (4) If any person being a director of a company fails to take all reasonable steps to secure compliance by the company with the requirements of this section, or has by his or her own wilful act been the cause of any default by the company thereunder, he or she is, in respect of each offence, liable on

conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding ten thousand shillings or to both such imprisonment and fine; but—

- (a) in any proceedings against a person in respect of an offence under this section consisting of a failure to take reasonable steps to secure compliance by the company with the requirements of this section, it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that those requirements were complied with and was in a position to discharge that duty; and
- (b) a person shall not be sentenced to imprisonment for such an offence unless, in the opinion of the court, the offence was committed wilfully.

148. Profit and loss account and balance sheet

- (1) The directors of every company shall at some date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year lay before the company in general meeting a profit and loss account or, in the case of a company not trading for profit, an income and expenditure account for the period, in the case of the first account, since the incorporation of the company, and in any other case, since the preceding account, made up to a date not earlier than the date of the meeting by more than nine months or, in the case of a company carrying on business or having interests abroad, by more than twelve months; but the registrar if for any special reason he or she thinks fit to do so may, in the case of any company, extend the period of eighteen months aforesaid, and in the case of any company and with respect to any year extend the periods of nine and twelve months aforesaid.
- (2) The directors shall cause to be made out in every calendar year, and to be laid before the company in general meeting, a balance sheet as at the date to which the profit and loss account or the income and expenditure account, as the case may be, is made up.
- (3) If any person being a director of a company fails to take all reasonable steps to comply with this section, he or she is, in respect of each offence, liable on conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding ten thousand shillings; but—
 - (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the provisions of this section were complied with and was in a position to discharge that duty; and
 - (b) a person shall not be sentenced to imprisonment for such an offence unless, in the opinion of the court dealing with the case, the offence was committed wilfully.

149. General provisions as to contents and form of accounts

- (1) Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of its financial year, and every profit and loss account of a company shall give a true and fair view of the profit or loss of the company for the financial year.
- (2) A company's balance sheet and profit and loss account shall comply with the requirements of the Sixth Schedule to this Act, so far as applicable to them.
- (3) Except as expressly provided in the following provisions of this section or in Part III of the Sixth Schedule to this Act, the requirements of subsection (2) and the Sixth Schedule shall be without prejudice either to the general requirements of subsection (1) or to any other requirements of this Act.
- (4) The registrar may, on the application or with the consent of a company's directors, modify in relation to that company any of the requirements of this Act as to the matters to be stated in a company's balance sheet or profit and loss account (except the requirements of subsection (1)) for the purpose of adapting them to the circumstances of the company.

- (5) Subsections (1) and (2) shall not apply to a company's profit and loss account if-
 - (a) the company has subsidiaries; and
 - (b) the profit and loss account is framed as a consolidated profit and loss account dealing with all or any of the company's subsidiaries as well as the company and—
 - (i) complies with the requirements of this Act relating to consolidated profit and loss accounts; and
 - (ii) shows how much of the consolidated profit or loss for the financial year is dealt with in the accounts of the company.
- (6) If any person being a director of a company fails to take all reasonable steps to secure compliance as respects any accounts laid before the company in general meeting with the provisions of this section and with the other requirements of this Act as to the matters to be stated in the accounts, he or she is, in respect of each offence, liable on conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding ten thousand shillings; but—
 - (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that those provisions or those other requirements, as the case may be, were complied with and was in a position to discharge that duty; and
 - (b) a person shall not be sentenced to imprisonment for any such offence unless, in the opinion of the court dealing with the case, the offence was committed wilfully.
- (7) For the purposes of this section and the following provisions of this Act, except where the context otherwise requires—
 - (a) any reference to a balance sheet or profit and loss account shall include any notes thereon or document annexed thereto giving information which is required by this Act and is thereby allowed to be so given; and
 - (b) any reference to a profit and loss account shall be taken, in the case of a company not trading for profit, as referring to its income and expenditure account, and references to profit or to loss and, if the company has subsidiaries, references to a consolidated profit and loss account shall be construed accordingly.

150. Obligation to lay group accounts before the holding company

- (1) Where at the end of its financial year a company has subsidiaries, accounts or statements (in this Act referred to as "group accounts") dealing as hereafter mentioned with the state of affairs and profit or loss of the company and the subsidiaries shall, subject to subsection (2), be laid before the company in general meeting when the company's own balance sheet and profit and loss account are so laid.
- (2) Notwithstanding anything in subsection (1)—
 - (a) group accounts shall not be required where the company is at the end of its financial year the wholly owned subsidiary of another body corporate incorporated in Uganda; and
 - (b) group accounts need not deal with a subsidiary of the company if the company's directors are of opinion that—
 - (i) it is impracticable, or would be of no real value to members of the company, in view of the insignificant amounts involved, or would involve expense or delay out of proportion to the value to members of the company;
 - (ii) the result would be misleading, or harmful to the business of the company or any of its subsidiaries; or

- (iii) the business of the holding company and that of the subsidiary are so different that they cannot reasonably be treated as a single undertaking, and, if the directors are of such an opinion about each of the company's subsidiaries, group accounts shall not be required; except that the approval of the registrar shall be required for not dealing in group accounts with a subsidiary on the ground that the result would be harmful or on the ground of the difference between the business of the holding company and that of the subsidiary.
- (3) If any person being a director of a company fails to take all reasonable steps to secure compliance as respects the company with this section, he or she is, in respect of each offence, liable on conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding ten thousand shillings; but—
 - (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the requirements of this section were complied with and was in a position to discharge that duty; and
 - (b) a person shall not be sentenced to imprisonment for an offence under this section unless, in the opinion of the court dealing with the case, the offence was committed wilfully.
- (4) For the purposes of this section, a body corporate shall be deemed to be the wholly owned subsidiary of another if it has no members except that other and that other's wholly owned subsidiaries and its or their nominees.

151. Form of group accounts

- (1) Subject to subsection (2), the group accounts laid before a holding company shall be consolidated accounts comprising—
 - (a) a consolidated balance sheet dealing with the state of affairs of the company and all the subsidiaries to be dealt with in group accounts;
 - (b) a consolidated profit and loss account dealing with the profit or loss of the company and those subsidiaries.
- (2) If the company's directors are of opinion that it is better for the purpose—
 - (a) of presenting the same or equivalent information about the state of affairs and profit and loss of the company and those subsidiaries; and
 - (b) of so presenting it that it may be readily appreciated by the company's members,the group accounts may be prepared in a form other than that required by subsection (1) and, in particular, may consist of more than one set of consolidated accounts dealing respectively with the company and one group of subsidiaries and with other groups of subsidiaries or of separate accounts dealing with each of the subsidiaries, or of statements expanding the information about the subsidiaries in the company's own accounts, or any combination of those forms.
- (3) The group accounts may be wholly or partly incorporated in the company's own balance sheet and profit and loss account.

152. Contents of group accounts

- (1) The group accounts laid before a company shall give a true and fair view of the state of affairs and profit or loss of the company and the subsidiaries dealt with thereby as a whole, so far as concerns members of the company.
- (2) Where the financial year of a subsidiary does not coincide with that of the holding company, the group accounts shall, unless the registrar on the application or with the consent of the holding company's directors otherwise directs, deal with the subsidiary's state of affairs as at the end of

its financial year ending with or last before that of the holding company, and with the subsidiary's profit or loss for that financial year.

- (3) Without prejudice to subsection (1), the group accounts, if prepared as consolidated accounts, shall comply with the requirements of the Sixth Schedule to this Act, so far as applicable to those accounts, and if not so prepared shall give the same or equivalent information; except that the registrar may, on the application or with the consent of a company's directors, modify those requirements in relation to that company for the purpose of adapting them to the circumstances of the company.

153. Financial year of the holding company and subsidiary

- (1) A holding company's directors shall ensure that except where in their opinion there are good reasons against it the financial year of each of its subsidiaries shall coincide with the company's own financial year.
- (2) Where it appears to the registrar desirable for a holding company or a holding company's subsidiary to extend its financial year so that the subsidiary's financial year may end with that of the holding company, and for that purpose to postpone the submission of the relevant accounts to a general meeting from one calendar year to the next, the registrar may on the application or with the consent of the directors of the company whose financial year is to be extended direct that, in the case of that company, the submission of accounts to a general meeting, the holding of an annual general meeting or the making of an annual return shall not be required in the earlier of those calendar years.

154. Meaning of "holding company" and "subsidiary"

- (1) For the purposes of this Act, a company shall, subject to the provisions of subsection (3), be deemed to be a subsidiary of another if, but only if—
 - (a) that other either—
 - (i) is a member of it and controls the composition of its board of directors; or
 - (ii) holds more than half in nominal value of its equity share capital; or
 - (b) the first-mentioned company is a subsidiary of any company which is that other's subsidiary.
- (2) For the purposes of subsection (1), the composition of a company's board of directors shall be deemed to be controlled by another company if, but only if, that other company by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint or remove the holders of all or a majority of the directorships; but for the purposes of this provision, that other company shall be deemed to have power to appoint to a directorship with respect to which any of the following conditions is satisfied—
 - (a) that a person cannot be appointed thereto without the exercise in his or her favour by that other company of such a power as aforesaid;
 - (b) that a person's appointment thereto follows necessarily from his or her appointment as director of that other company; or
 - (c) that the directorship is held by that other company itself or by a subsidiary of it.
- (3) In determining whether one company is a subsidiary of another—
 - (a) any shares held or power exercisable by that other in a fiduciary capacity shall be treated as not held or exercisable by it;
 - (b) subject to paragraphs (c) and (d), any shares held or power exercisable—
 - (i) by any person as a nominee for that other (except where that other is concerned only in fiduciary capacity); or

- (ii) by, or by a nominee for, a subsidiary of that other, not being a subsidiary which is concerned only in a fiduciary capacity, shall be treated as held or exercisable by that other;
 - (c) any shares held or power exercisable by any person by virtue of the provisions of any debentures of the first-mentioned company or of a trust deed for securing any issue of such debentures shall be disregarded;
 - (d) any shares held or power exercisable by, or by a nominee for, that other or its subsidiary (not being held or exercisable as mentioned in paragraph (c)) shall be treated as not held or exercisable by that other if the ordinary business of that other or its subsidiary, as the case may be, includes the lending of money and the shares are held or power is exercisable as aforesaid by way of security only for the purposes of a transaction entered into in the ordinary course of that business.
- (4) For the purposes of this Act, a company shall be deemed to be another's holding company if, but only if, that other is its subsidiary.
- (5) In this section, "company" includes any body corporate, and "equity share capital" means, in relation to a company, its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

155. Signing of a balance sheet

- (1) Every balance sheet of a company shall be signed on behalf of the board by two of the directors of the company, or, if there is only one director, by that director.
- (2) In the case of a banking company the balance sheet must be signed by the secretary or manager, if any, and where there are more than three directors of the company by at least three of those directors, and where there are not more than three directors by all the directors.
- (3) When the total number of the directors of the company for the time being in Uganda is less than the number of directors whose signatures are required by this section, the balance sheet shall be signed by all the directors for the time being in Uganda, or if there is only one director for the time being in Uganda, by that director, but in any such case there shall be subjoined to the balance sheet a statement signed by such directors or director explaining the reason for noncompliance with the provisions of this section.
- (4) If any copy of a balance sheet which has not been signed as required by this section is issued, circulated or published, the company and every officer of the company who is in default are liable to a fine not exceeding one thousand shillings.

156. Accounts and auditors' report to be annexed to the balance sheet

- (1) The profit and loss account, and so far as not incorporated in the balance sheet or profit and loss account, any group accounts laid before the company in general meeting, shall be annexed to the balance sheet, and the auditors' report shall be attached to the balance sheet.
- (2) Any accounts so annexed shall be approved by the board of directors before the balance sheet is signed on their behalf.
- (3) If any copy of a balance sheet is issued, circulated or published without having annexed to it a copy of the profit and loss account or any group accounts required by this section to be so annexed, or without having attached to it a copy of the auditors' report, the company and every officer of the company who is in default are liable to a fine not exceeding one thousand shillings.

157. Directors' report to be attached to the balance sheet

- (1) There shall be attached to every balance sheet laid before a company in general meeting a report by the directors with respect to the state of the company's affairs, the amount, if any, which they recommend should be paid by way of dividend, and the amount, if any, which they propose to carry to reserves within the meaning of the Sixth Schedule of this Act.
- (2) The report shall deal, so far as is material for the appreciation of the state of the company's affairs by its members and will not in the directors' opinion be harmful to the business of the company or of any of its subsidiaries, with any change during the financial year in the nature of the company's business, or in the company's subsidiaries, or in the classes of business in which the company has an interest whether as member of another company or otherwise.
- (3) If any person being a director of a company fails to take all reasonable steps to comply with subsection (1), he or she is, in respect of each offence, liable on conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding ten thousand shillings; but—
 - (a) in any proceedings against a person in respect of an offence under subsection (1), it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the provisions of that subsection were complied with and was in a position to discharge that duty; and
 - (b) a person is not liable to be sentenced to imprisonment for such an offence unless, in the opinion of the court dealing with the case, the offence was committed wilfully.

158. Right to receive copies of the balance sheet and auditors' report

- (1) A copy of every balance sheet, including every document required by law to be annexed to it, which is to be laid before a company in general meeting, together with a copy of the auditors' report, shall, not less than twenty-one days before the date of the meeting, be sent to every member of the company (whether he or she is or is not entitled to receive notices of general meetings of the company), every holder of debentures of the company (whether he or she is or is not so entitled) and all persons other than members or holders of debentures of the company, being persons so entitled; except that—
 - (a) in the case of a company not having a share capital, this subsection shall not require the sending of a copy of those documents to a member of the company who is not entitled to receive notices of general meetings of the company or to a holder of debentures of the company who is not so entitled;
 - (b) this subsection shall not require a copy of those documents to be sent—
 - (i) to a member of the company or a holder of debentures of the company, being in either case a person who is not entitled to receive notices of general meetings of the company and of whose address the company is unaware;
 - (ii) to more than one of the joint holders of any shares or debentures none of whom are entitled to receive such notices; or
 - (iii) in the case of joint holders of any shares or debentures some of whom are and some of whom are not entitled to receive such notices, to those who are not so entitled; and
 - (c) if the copies of those documents are sent less than twenty-one days before the date of the meeting, they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the meeting.
- (2) Any member of a company, whether he or she is or is not entitled to have sent to him or her copies of the company's balance sheets, and any holder of debentures of the company, whether he or she is or is not so entitled, shall be entitled to be furnished on demand without charge with a copy of the

last balance sheet of the company, including every document required by law to be annexed to it, together with a copy of the auditors' report on the balance sheet.

- (3) If default is made in complying with subsection (1), the company and every officer of the company who is in default are liable to a fine not exceeding four hundred shillings, and if, when any person makes a demand for any document with which he or she is by virtue of subsection (2) entitled to be furnished, default is made in complying with the demand within seven days after the making of the demand, the company and every officer of the company who is in default are liable to a default fine unless it is proved that that person has already made a demand for and been furnished with a copy of the document.
- (4) Subsection (1) to (3) shall not have effect in relation to a balance sheet of a private company laid before it before the commencement of this Act, and the right of any person to be furnished with a copy of any such balance sheet and the liability of the company in respect of a failure to satisfy that right shall be the same as they would have been if this Act had not passed.

159. Appointment and remuneration of auditors

- (1) Every company shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that, until the conclusion of the next, annual general meeting.
- (2) Notwithstanding subsection (1), at any annual general meeting a retiring auditor, however appointed, shall be deemed to be reappointed without any resolution being passed unless—
 - (a) he or she is not qualified for reappointment;
 - (b) a resolution has been passed at that meeting appointing somebody instead of him or her or providing expressly that he or she shall not be reappointed; or
 - (c) he or she has given the company notice in writing of his or her unwillingness to be reappointed,

except that where notice is given of an intended resolution to appoint some person or persons in place of a retiring auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, the resolution cannot be proceeded with, the retiring auditor shall not be deemed to be automatically reappointed by virtue of this subsection.

- (3) Where at an annual general meeting no auditors are appointed or reappointed, the registrar may appoint a person to fill the vacancy.
- (4) The company shall, within one week of the registrar's power under subsection (3) becoming exercisable, give him or her notice of that fact; and if a company fails to give notice as required by this subsection, the company and every officer of the company who is in default are liable to a default fine.
- (5) Subject as hereafter provided, the first auditors of a company may be appointed by the directors at any time before the first annual general meeting, and auditors so appointed shall hold office until the conclusion of that meeting; except that—
 - (a) the company may at a general meeting remove any such auditors and appoint in their place any other persons who have been nominated for appointment by any member of the company and of whose nomination notice has been given to the members of the company not less than fourteen days before the date of the meeting; and
 - (b) if the directors fail to exercise their powers under this subsection, the company in general meeting may appoint the first auditors, and thereupon those powers of the directors shall cease.
- (6) The directors may fill any casual vacancy in the office of auditor, but while any such vacancy continues, the surviving or continuing auditor or auditors, if any, may act.

- (7) The remuneration of the auditors of a company—
 - (a) in the case of an auditor appointed by the directors or by the registrar may be fixed by the directors or by the registrar, as the case may be;
 - (b) subject to paragraph (a) of this subsection, shall be fixed by the company in general meeting or in such manner as the company in general meeting may determine.
- (8) For the purposes of subsection (7), any sums paid by the company in respect of the auditors' expenses shall be deemed to be included in the expression "remuneration".

160. Provisions as to resolutions relating to appointment and removal of auditors

- (1) Special notice shall be required for a resolution at a company's annual general meeting appointing as auditor a person other than a retiring auditor or providing expressly that a retiring auditor shall not be reappointed.
- (2) On receipt of notice of such an intended resolution as aforesaid, the company shall forthwith send a copy thereof to the retiring auditor, if any.
- (3) Where notice is given of such an intended resolution as aforesaid and the retiring auditor makes with respect to the intended resolution representations in writing to the company (not exceeding a reasonable length) and requests their notification to members of the company, the company shall, unless the representations are received by it too late for it to do so—
 - (a) in any notice of the resolution given to members of the company, state the fact of the representations having been made; and
 - (b) send a copy of the representations to every member of the company to whom notice of the meeting is sent (whether before or after receipt of the representations by the company),and if a copy of the representations is not sent as aforesaid because received too late or because of the company's default, the auditor may, without prejudice to his or her right to be heard orally, require that the representations shall be read out at the meeting; except that copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter; and the court may order the company's costs on an application under this section to be paid in whole or in part by the auditor, notwithstanding that he or she is not a party to the application.
- (4) Subsection (3) shall apply to a resolution to remove the first auditors by virtue of [section 159\(5\)](#) as it applies in relation to a resolution that a retiring auditor shall not be reappointed.

161. Disqualifications for appointment as auditor

- (1) A person or firm shall not be qualified for appointment as an auditor of a company unless he or she, or in the case of a firm, every partner in the firm is a member of the Institute of Certified Public Accountants of Uganda established under the Accountants Act, or is a person registered as an associate accountant under section 23 of that Act.
- (2) None of the following persons shall be qualified for appointment as auditor of a company—
 - (a) an officer or servant of the company;
 - (b) a person who is a partner of or in the employment of an officer or servant of the company;
 - (c) a body corporate,except that paragraph (b) of this subsection shall not apply in the case of a private company.

- (3) References in subsection (2) to an officer or servant shall be construed as not including references to an auditor.
- (4) A person shall also not be qualified for appointment as auditor of a company if he or she is, by virtue of subsection (2), disqualified for appointment as auditor of any other body corporate which is that company's subsidiary or holding company or a subsidiary of that company's holding company, or would be so disqualified if the body corporate were a company.
- (5) If any person who is not qualified so to act is appointed as auditor of a company, that person and the company and every officer in default are liable to a fine not exceeding four thousand shillings.

162. Auditors' report and right of access to books and to attend and be heard at general meetings

- (1) The auditors shall make a report to the members on the accounts examined by them, and on every balance sheet, every profit and loss account and all group accounts laid before the company in general meeting during their tenure of office, and the report shall contain statements as to the matters mentioned in the Seventh Schedule to this Act.
- (2) The auditors' report shall be read before the company in general meeting and shall be open to inspection by any member.
- (3) Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company and shall be entitled to require from the officers of the company such information and explanation as he or she thinks necessary for the performance of the duties of the auditors.
- (4) The auditors of a company shall be entitled to attend any general meeting of the company and to receive all notices of and other communications relating to any general meeting which any member of the company is entitled to receive and to be heard at any general meeting which they attend on any part of the business of the meeting which concerns them as auditors.

163. Construction of references to documents annexed to accounts

References in this Act to a document annexed or required to be annexed to a company's accounts or any of them shall not include the directors' report or the auditors' report; except that any information which is required by this Act to be given in accounts, and is thereby allowed to be given in a statement annexed, may be given in the directors' report instead of in the accounts and, if any such information is so given, the report shall be annexed to the accounts and this Act shall apply in relation thereto accordingly, except that the auditors shall report thereon only so far as it gives the said information.

Investigation by the registrar

164. Investigation by the registrar

- (1) Where the registrar has reasonable cause to believe that the provisions of this Act are not being complied with, or where, on perusal of any document which a company is required to submit to him or her under this Act, he or she is of opinion that the document does not disclose a full and fair statement of the matters to which it purports to relate, he or she may, by a written order, call on the company concerned to produce all or any of the books of the company or to furnish in writing such information or explanation as he or she may specify in this order. Those books shall be produced and that information or explanation shall be furnished within such time as may be specified in the order.
- (2) On receipt of an order under subsection (1), it shall be the duty of all persons who are or have been officers of the company to produce such books or to furnish such information or explanation so far as lies within their power.

- (3) If any such person refuses or neglects to produce such books or to furnish any such information or explanation, he or she is liable to a fine not exceeding two hundred shillings in respect of each offence.
- (4) If after examination of such books or consideration of such information or explanation the registrar is of the opinion that an unsatisfactory state of affairs is disclosed or that a full and fair statement has not been disclosed, the registrar shall report the circumstances of the case in writing to the court.

Inspection

165. Investigation of a company's affairs on application of members

- (1) The court may appoint one or more competent inspectors to investigate the affairs of a company and to report thereon in such manner as the court directs—
 - (a) in the case of a company having a share capital, on the application either of not less than two hundred members or of members holding not less than one-tenth of the shares issued;
 - (b) in the case of a company not having a share capital, on the application of not less than one-fifth in number of the persons on the company's register of members.
- (2) The application shall be supported by such evidence as the court may require for the purpose of showing that the applicants have good reason for requiring the investigation, and the court may, before appointing an inspector, require the applicants to give security, to an amount not exceeding ten thousand shillings, for payment of the cost of the investigation.

166. Investigation of a company's affairs in other cases

Without prejudice to its powers under [section 165](#), the court—

- (a) shall appoint one or more competent inspectors to investigate the affairs of a company and to report thereon in such manner as the court directs, if the company by special resolution declares that its affairs ought to be investigated by an inspector appointed by the court; and
- (b) may do so, if it appears to the court upon a report from the registrar that there are circumstances suggesting—
 - (i) that the company's business is being conducted with intent to defraud its creditors or the creditors of any other person or otherwise for a fraudulent or unlawful purpose or in a manner oppressive of any part of its members or that it was formed for any fraudulent or unlawful purpose;
 - (ii) that persons concerned with its formation or the management of its affairs have in connection therewith been guilty of fraud, misfeasance or other misconduct toward its members;
 - (iii) that its members have not been given all the information with respect to its affairs which they might reasonably expect; or
 - (iv) that it is desirable to do so.

167. Power of inspectors to carry an investigation into the affairs of related companies

If an inspector appointed under [section 165](#) or [166](#) to investigate the affairs of a company thinks it necessary for the purposes of his or her investigation to investigate also the affairs of any other body corporate which is or has at any relevant time been the company's subsidiary or holding company or a subsidiary of its holding company or a holding company of its subsidiary, he or she shall have power to do so, and shall report on the affairs of the other body corporate so far as he or she thinks the results of

his or her investigation of that body corporate are relevant to the investigation of the affairs of the first-mentioned company.

168. Production of documents, and evidence, on investigation

- (1) It shall be the duty of all officers and agents of the company and of all officers and agents of any other body corporate whose affairs are investigated by virtue of [section 167](#) to produce to any inspector all books and documents of or relating to the company or, as the case may be, the other body corporate which are in their custody or power and otherwise to give to the inspectors all assistance in connection with the investigation which they are reasonably able to give.
- (2) An inspector may examine on oath the officers and agents of the company or other body corporate in relation to its business and may administer an oath accordingly.
- (3) If any officer or agent of the company or other body corporate refuses to produce to any inspector any book or document which it is his or her duty under this section so to produce, or refuses to answer any question which is put to him or her by an inspector with respect to the affairs of the company or other body corporate, as the case may be, the inspector may certify the refusal under his or her hand to the court, and the court may thereupon inquire into the case, and after hearing any witnesses who may be produced against or on behalf of the alleged offender and after hearing any statement which may be offered in defence, punish the offender in like manner as if he or she had been guilty of contempt of the court.
- (4) If an inspector thinks it necessary for the purpose of his or her investigation that a person whom he or she has no power to examine on oath should be so examined, he or she may apply to the court and the court may if it sees fit order that person to attend and be examined on oath before it on any matter relevant to the investigation; and on any such examination—
 - (a) the inspector may take part in the examination either personally or by advocate;
 - (b) the court may put such questions to the person examined as the court thinks fit;
 - (c) the person examined shall answer all such questions as the court may put or allow to be put to him or her, but may at his or her own cost employ an advocate, who shall be at liberty to put to him or her such questions as the court may deem just for the purpose of enabling him or her to explain or qualify any answers given by him or her,and notes of the examination shall be taken down in writing and shall be read over to or by, and signed by, the person examined and may thereafter be used in evidence against him or her.
- (5) Notwithstanding anything in subsection (4)(c), the court may allow the person examined such costs as in its discretion it may think fit, and any costs so allowed shall be paid as part of the expenses of the investigation.
- (6) In this section, any reference to officers or to agents shall include past, as well as present, officers or agents, as the case may be, and for the purposes of this section, “agents”, in relation to a company or other body corporate includes the bankers and advocates of the company or other body corporate and any persons employed by the company or other body corporate as auditors, whether those persons are or are not officers of the company or other body corporate.

169. Inspector’s report

- (1) An inspector may, and, if so directed by the court, shall, make interim reports to the court, and on the conclusion of the investigation shall make a final report to the court. Any such report shall be written or, if the court so directs, printed.
- (2) The court shall—
 - (a) forward a copy of any report made by an inspector to the company and to the registrar;
 - (b) if the court thinks fit, forward a copy thereof on request and on payment of the prescribed fee to any other person who is a member of the company or of any other body corporate dealt

with in the report by virtue of [section 167](#) or whose interests as a creditor of the company or any such other body corporate as aforesaid appear to the court to be affected;

- (c) where any inspector is appointed under [section 165](#), furnish, at the request of the applicants for the investigation, a copy to them, and may also cause the report to be printed and published.

170. Proceedings on an inspector's report

- (1) If from any report made under [section 169](#) it appears to the court that any person has, in relation to the company or to any other body corporate whose affairs have been investigated by virtue of [section 167](#), been guilty of any offence for which he or she is criminally liable, the court shall forward copies of the report to the Attorney General and to the Director of Public Prosecutions, and if the Director of Public Prosecutions considers that the case is one in which the prosecution ought to be instituted, he or she shall institute proceedings accordingly, and all officers and agents of the company, past and present (other than the defendant in the proceedings), shall give to him or her all assistance in connection with the prosecution which they are reasonably able to give.

[Section 168\(5\)](#) shall apply for the purposes of this subsection as it applies for the purposes of that section.

- (2) If, in the case of any body corporate liable to be wound up under this Act, it appears to the Attorney General from any such report as aforesaid that it is expedient so to do by reason of any such circumstances as are referred to in [section 166\(b\)\(i\)](#) or (ii), the Attorney General may, unless the body corporate is already being wound up by the court, present a petition for it to be so wound up if the court thinks it just and equitable that it should be wound up or a petition for an order under [section 211](#) or both.
- (3) If from any such report as aforesaid it appears to the Attorney General that proceedings ought in the public interest to be brought by any body corporate dealt with by the report for the recovery of damages in respect of any fraud, misfeasance or other misconduct in connection with the promotion or formation of that body corporate or the management of its affairs, or for the recovery of any property of the body corporate which has been misapplied or wrongfully retained, he or she may himself or herself bring proceedings for that purpose in the name of the body corporate.
- (4) The registrar shall indemnify the body corporate against any costs or expenses incurred by it in or in connection with any proceedings brought by virtue of subsection (3).

171. Expenses of investigation of a company's affairs

- (1) The expenses of and incidental to an investigation by an inspector appointed by the court under the foregoing provisions of this Act shall be defrayed in the first instance by the registrar, but the following persons are, to the extent mentioned, liable to repay the registrar—
 - (a) any person who is convicted on a prosecution instituted by the Director of Public Prosecutions as a result of the investigation or who is ordered to pay damages or restore any property in proceedings brought by virtue of [section 170\(3\)](#) may in the same proceedings be ordered to pay those expenses to such extent as may be specified in the order;
 - (b) any body corporate in whose name proceedings are brought as aforesaid is liable to the amount or value of any sums or property recovered by it as a result of those proceedings;
 - (c) unless as a result of the investigation a prosecution is instituted by the Director of Public Prosecutions—
 - (i) any body corporate dealt with by the report, where the inspector was appointed otherwise than under [section 166\(b\)](#), is liable, except so far as the court otherwise directs; and
 - (ii) the applicants for the investigation, where the inspector was appointed under [section 165](#), are liable to such extent, if any, as the court directs, and any amount for which

a body corporate is liable by virtue of paragraph (b) of this subsection shall be a first charge on the sums or property mentioned in that paragraph.

- (2) The report of an inspector appointed otherwise than under [section 166\(b\)](#) may, if he or she thinks fit, and shall, if the court so directs, include a recommendation as to the directions, if any, which he or she thinks appropriate, in the light of his or her investigation, to be given under subsection (1) (c).
- (3) For the purposes of this section, any costs or expenses incurred by the registrar in or in connection with proceedings brought by virtue of [section 170\(4\)](#) shall be treated as expenses of the investigation giving rise to the proceedings.
- (4) Any liability to repay the registrar imposed by subsection (1)(a) and (b) shall, subject to satisfaction of the registrar's right to repayment, be a liability also to indemnify all persons against liability under subsection (1)(c), and any such liability imposed by subsection (1)(a) shall, subject as aforesaid, be a liability also to indemnify all persons against liability under subsection (1)(b); and any person liable under paragraph (a) or (b) of subsection (1) or subparagraph (c)(i) or (c) (ii) of subsection (1) shall be entitled to contribution from any other person liable under the same paragraph or subparagraph, as the case may be, according to the amount of their respective liabilities thereunder.

172. Inspector's report to be evidence

A copy of any report of any inspector appointed under the foregoing provisions of this Act, authenticated by the seal of the company whose affairs he or she has investigated, shall be admissible in any legal proceedings as evidence of the opinion of the inspector in relation to any matter contained in the report.

173. Appointment and powers of inspectors to investigate ownership of a company

- (1) Where it appears to the registrar that there is good reason so to do, he or she may appoint one or more competent inspectors to investigate and report on the membership of any company and otherwise with respect to the company for the purpose of determining the true persons who are or have been financially interested in the success or failure (real or apparent) of the company or able to control or materially to influence the policy of the company.
- (2) The appointment of an inspector under this section may define the scope of his or her investigation, whether as respects the matter or the period to which it is to extend or otherwise, and, in particular, may limit the investigation to matters connected with particular shares or debentures.
- (3) Where an application for an investigation under this section with respect to particular shares or debentures of a company is made to the registrar by members of the company, and the number of applicants or the amount of the shares held by them is not less than that required for an application for the appointment of an inspector under [section 165](#), the registrar shall appoint an inspector to conduct the investigation unless he or she is satisfied that the application is vexatious, and the inspector's appointment shall not exclude from the scope of his or her investigation any matter which the application seeks to have included in the investigation, except insofar as the registrar is satisfied that it is unreasonable for that matter to be investigated; except that the registrar may refuse to appoint an inspector under this subsection unless in any case in which he or she considers it reasonable so to require the applicants give sufficient security for the payment of the costs of the investigation.
- (4) Subject to the terms of an inspector's appointment, his or her powers shall extend to the investigation of any circumstances suggesting the existence of an arrangement or understanding which, though not legally binding, is or was observed or likely to be observed in practice and which is relevant to the purposes of his or her investigation.

- (5) For the purposes of any investigation under this section, [sections 167 to 169](#) shall apply with the necessary modifications of references to the affairs of the company or to those of any other body corporate, so, however, that—
- (a) [sections 167 to 169](#) shall apply in relation to all persons who are or have been, or whom the inspector has reasonable cause to believe to be or have been, financially interested in the success or failure or the apparent success or failure of the company or any other body corporate whose membership is investigated with that of the company, or able to control or materially to influence the policy thereof, including persons concerned only on behalf of others, as they apply in relation to officers and agents of the company or of the other body corporate, as the case may be; and
 - (b) the registrar shall not be bound to furnish the company or any other person with a copy of any report by an inspector appointed under this section or with a complete copy of it if he or she is of opinion that there is good reason for not divulging the contents of the report or of parts of it, but shall keep a copy of any such report or, as the case may be, the parts of any such report, as respects which he or she is not of that opinion.
- (6) The expenses of any investigation under subsection (1) shall be defrayed by the registrar. The expenses of any investigation under subsection (3) shall be defrayed by the applicants unless the registrar certifies that it is a case in which he or she might properly have acted under subsection (1).

174. Power to require information as to persons interested in shares or debentures

- (1) Where it appears to the registrar that there is good reason to investigate the ownership of any shares in or debentures of a company and that it is unnecessary to appoint an inspector for the purpose, he or she may require any person whom he or she has reasonable cause to believe—
- (a) to be or to have been interested in those shares or debentures; or
 - (b) to act or to have acted in relation to those shares or debentures as the advocate or agent of someone interested in them,
- to give him or her any information which he or she has or can reasonably be expected to obtain as to the present and past interests in those shares or debentures and the names and addresses of the persons interested and of any persons who act or have acted on their behalf in relation to the shares or debentures.
- (2) For the purposes of this section, a person shall be deemed to have an interest in a share or debenture if he or she has any right to acquire or dispose of the share or debenture or any interest in it or to vote in respect of it, or if his or her consent is necessary for the exercise of any of the rights of other persons interested in it, or if other persons interested in it can be required or are accustomed to exercise their rights in accordance with his or her instructions.
- (3) Any person who fails to give any information required of him or her under this section, or who in giving that information makes any statement which he or she knows to be false in a material particular, is liable to imprisonment for a term not exceeding six months or to a fine not exceeding ten thousand shillings or to both.

175. Power to impose restrictions on shares or debentures

- (1) Where in connection with an investigation under [section 173](#) or [174](#), it appears to the registrar that there is difficulty in finding out the relevant facts about any shares (whether issued or to be issued), and that the difficulty is due wholly or mainly to the unwillingness of the persons concerned or any of them to assist the investigation as required by this Act, the registrar may by order direct that the shares shall until further order be subject to the restrictions imposed by this section.

- (2) So long as any shares are directed to be subject to the restrictions imposed by this section—
- (a) any transfer of those shares, or in the case of unissued shares any transfer of the right to be issued therewith and any issue thereof, shall be void;
 - (b) no voting rights shall be exercisable in respect of those shares;
 - (c) no further shares shall be issued in right of those shares or in pursuance of any offer made to the holder thereof;
 - (d) except in a liquidation no payment shall be made of any sums due from the company on those shares, whether in respect of capital or otherwise.
- (3) Where the registrar makes an order directing that shares shall be subject to the restrictions imposed by this section, or refuses to make an order directing that shares shall cease to be subject to them, any person aggrieved by the order may apply to the court, and the court may, if it sees fit, direct that the shares shall cease to be subject to those restrictions.
- (4) Any order (whether of the registrar or of the court) directing that shares shall cease to be subject to the restrictions imposed by this section which is expressed to be made with a view to permitting a transfer of those shares may continue the restrictions mentioned in subsection (2)(c) and (d), either in whole or in part, so far as they relate to any right acquired or offer made before the transfer.
- (5) Any person who—
- (a) exercises or purports to exercise any right to dispose of any shares which, to his or her knowledge are for the time being subject to the restrictions imposed by this section or of any right to be issued with any such shares;
 - (b) votes in respect of any such shares, whether as holder or proxy, or appoints a proxy to vote in respect of those shares; or
 - (c) being the holder of any such shares, fails to notify of their being subject to the restrictions imposed by this section any person whom he or she does not know to be aware of that fact but does know to be entitled, apart from those restrictions, to vote in respect of those shares whether as holder or proxy,
- is liable to imprisonment for a term not exceeding six months or to a fine not exceeding ten thousand shillings or to both.
- (6) Where shares in any company are issued in contravention of the restrictions imposed by this section, the company and every officer of the company who is in default are liable to a fine not exceeding ten thousand shillings.
- (7) A prosecution shall not be instituted under this section except by or with the consent of the Director of Public Prosecutions.
- (8) This section shall apply in relation to debentures as it applies in relation to shares.

176. Saving for advocates and bankers

Nothing in the foregoing provisions of this Part of this Act shall require disclosure to the court or to the registrar or to an inspector appointed by the court or the registrar—

- (a) by an advocate of any privileged communication made to him or her in that capacity, except as respects the name and address of his or her client; or
- (b) by a company's bankers as such of any information as to the affairs of any of their customers other than the company.

Directors and other officers

177. Number of directors

Every company (other than a private company) registered after the commencement of this Act shall have at least two directors, and every company registered before such commencement (other than a private company) and every private company shall have at least one director.

178. Secretary

- (1) Every company shall have a secretary, and a sole director shall not also be secretary.
- (2) Anything required or authorised to be done by or to the secretary may, if the office is vacant or there is for any other reason no secretary capable of acting, be done by or to any assistant or deputy secretary or, if there is no assistant or deputy secretary capable of acting, by or to any officer of the company authorised generally or specially in that behalf by a resolution of the board of directors.

179. Prohibition of certain persons being sole director or secretary

No company shall—

- (a) have as secretary to the company a corporation the sole director of which is a sole director of the company; or
- (b) have as sole director of the company a corporation the sole director of which is secretary to the company.

180. Avoidance of acts done by a person in dual capacity as director and secretary

A provision requiring or authorising a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

181. Validity of acts of directors and managers

The acts of a director or manager shall be valid notwithstanding any defect that may afterwards be discovered in his or her appointment or qualification.

182. Restrictions on appointment or advertisement of directors

- (1) A person shall not be capable of being appointed director of a company by the articles, and shall not be named as a director or proposed director of a company in a prospectus issued by or on behalf of the company, or as proposed director of an intended company in a prospectus issued in relation to that intended company, or in a statement in lieu of prospectus delivered to the registrar by or on behalf of a company, unless, before the registration of the articles or the publication of the prospectus or the delivery of the statement in lieu of prospectus, as the case may be, he or she has by himself or herself or by his or her agent authorised in writing—
 - (a) signed and delivered to the registrar for registration a consent in writing to act as such director; and
 - (b) either—
 - (i) signed the memorandum for a number of shares not less than his or her qualification, if any;
 - (ii) taken from the company and paid or agreed to pay for his or her qualification shares, if any;
 - (iii) signed and delivered to the registrar for registration an undertaking in writing to take from the company and pay for his or her qualification shares, if any; or

- (iv) made and delivered to the registrar for registration a statutory declaration to the effect that a number of shares, not less than his or her qualification, if any, are registered in his or her name.
- (2) Where a person has signed and delivered as aforesaid an undertaking to take and pay for his or her qualification shares, he or she shall, as regards those shares, be in the same position as if he or she had signed the memorandum for that number of shares.
- (3) References in this section to the share qualification of a director or proposed director shall be construed as including only a share qualification required on appointment, or within a period determined by reference to the time of appointment, and references in this section to qualification shares shall be construed accordingly.
- (4) On the application for registration of the memorandum and articles of a company, the applicant shall deliver to the registrar a list of the persons who have consented to be directors of the company, and, if this list contains the name of any person who has not so consented, the applicant is liable to a fine not exceeding one thousand shillings.
- (5) This section shall not apply to—
 - (a) a company not having a share capital;
 - (b) a private company;
 - (c) a company which was a private company before becoming a public company; or
 - (d) a prospectus issued by or on behalf of a company after the expiration of one year from the date on which the company was entitled to commence business.

183. Share qualifications of directors

- (1) Without prejudice to the restrictions imposed by [section 182](#), it shall be the duty of every director who is by the articles of the company required to hold a specified share qualification, and who is not already qualified, to obtain his or her qualification within two months after his or her appointment, or such shorter time as may be fixed by the articles.
- (2) For the purpose of any provision in the articles requiring a director or manager to hold a specified share qualification, the bearer of a share warrant shall not be deemed to be the holder of the shares specified in the warrant.
- (3) The office of director of a company shall be vacated if the director does not within two months from the date of his or her appointment, or within such shorter time as may be fixed by the articles, obtain his or her qualification, or if after the expiration of the said period or shorter time he or she ceases at any time to hold his or her qualification.
- (4) A person vacating office under this section shall be incapable of being reappointed director of the company until he or she has obtained his or her qualification.
- (5) If after the expiration of the said period or shorter time any unqualified person acts as a director of the company, he or she is liable to a fine not exceeding one hundred shillings for every day between the expiration of the said period or shorter time or the day on which he or she ceased to be qualified, as the case may be, and the last day on which it is proved that he or she acted as a director.

184. Appointment of directors to be voted on individually

- (1) At a general meeting of a company other than a private company, a motion for the appointment of two or more persons as directors of the company by a single resolution shall not be made, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.

- (2) A resolution moved in contravention of this section shall be void, whether or not its being so moved was objected to at the time; but—
 - (a) this subsection shall not be taken as excluding the operation of [section 181](#); and
 - (b) where a resolution so moved is passed, no provision for the automatic reappointment of retiring directors in default of another appointment shall apply.
- (3) For the purposes of this section, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his or her appointment.
- (4) Nothing in this section shall apply to a resolution altering the company's articles.

185. Removal of directors

- (1) A company may by ordinary resolution remove a director before the expiration of his or her period of office, notwithstanding anything in its articles or in any agreement between it and him or her; but this subsection shall not in the case of a private company authorise the removal of a director holding office for life at the commencement of this Act, whether or not subject to retirement under an age limit by virtue of the articles or otherwise.
- (2) Special notice shall be required of any resolution to remove a director under this section or to appoint somebody instead of a director so removed at the meeting at which he or she is removed, and on receipt of notice of an intended resolution to remove a director under this section the company shall forthwith send a copy thereof to the director concerned, and the director (whether or not he or she is a member of the company) shall be entitled to be heard on the resolution at the meeting.
- (3) Where notice is given of an intended resolution to remove a director under this section and the director concerned makes with respect thereto representations in writing to the company (not exceeding a reasonable length) and requests their notification to members of the company, the company shall, unless the representations are received by it too late for it to do so—
 - (a) in any notice of the resolution given to members of the company state the fact of the representations having been made; and
 - (b) send a copy of the representations to every member of the company to whom notice of the meeting is sent (whether before or after receipt of the representations by the company), and if a copy of the representations is not sent as aforesaid because received too late or because of the company's default, the director may (without prejudice to his or her right to be heard orally), require that the representations shall be read out at the meeting,

except that copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter; and the court may order the company's costs on an application under this section to be paid in whole or in part by the director, notwithstanding that he or she is not a party to the application.
- (4) A vacancy created by the removal of a director under this section, if not filled at the meeting at which he or she is removed, may be filled as a casual vacancy.
- (5) A person appointed director in place of a person removed under this section shall be treated, for the purpose of determining the time at which he or she or any other director is to retire, as if he or she had become director on the day on which the person in whose place he or she is appointed was last appointed a director.
- (6) Nothing in this section shall be taken as depriving a person removed thereunder of compensation or damages payable to him or her in respect of the termination of his or her appointment as director or of any appointment terminating with that as director or as derogating from any power to remove a director which may exist apart from this section.

186. Minimum age for appointment of directors and retirement of directors over the age limit

- (1) Subject to this section, no person shall be capable of being appointed a director of a company which is subject to this section if at the time of his or her appointment he or she has not attained the age of twenty-one, or he or she has attained the age of seventy.
- (2) Subject as aforesaid, a director of a company which is subject to this section shall vacate his or her office at the conclusion of the annual general meeting commencing next after he or she attains the age of seventy; but acts done by a person as director shall be valid notwithstanding that it is afterwards discovered that his or her appointment had terminated by virtue of this subsection.
- (3) Where a person retires by virtue of subsection (2), no provision for the automatic reappointment of retiring directors in default of another appointment shall apply; and if at the meeting at which he or she retires the vacancy is not filled, it may be filled as a casual vacancy.
- (4) Nothing in subsections (1) to (3) shall prevent the appointment of a director at any age, or require a director to retire at any time, if his or her appointment is or was made or approved by the company in general meeting, but special notice shall be required of any resolution appointing or approving the appointment of a director for it to have effect for the purposes of this subsection; and the notice thereof given to the company and by the company to its members must state or must have stated the age of the person to whom it relates.
- (5) A person reappointed director on retiring by virtue of subsection (2), or appointed in place of a director so retiring, shall be treated, for the purpose of determining the time at which he or she or any other director is to retire, as if he or she had become director on the day on which the retiring director was last appointed before his or her retirement; but except as provided by this subsection, the retirement of a director out of turn by virtue of subsection (2) shall be disregarded in determining when any other directors are to retire.
- (6) In the case of a company first registered after the commencement of this Act, this section shall have effect subject to the provisions of the company's articles; and in the case of a company first registered before the commencement of this Act—
 - (a) this section shall have effect subject to any alterations of the company's articles made after the commencement of this Act; and
 - (b) if at the commencement of this Act the company's articles contained provision for retirement of directors under an age limit or for preventing or restricting appointments of directors over a given age, this section shall not apply to directors to whom that provision applies.
- (7) A company shall be subject to this section if it is not a private company or if, being a private company, it is the subsidiary of a body corporate incorporated in Uganda which is not a private company; and for the purposes of any other section of this Act which refers to a company subject to this section, a company shall be deemed to be subject to this section notwithstanding that all or any of the provisions thereof are excluded or modified by the company's articles.

187. Duty of directors to disclose age to the company

- (1) Any person who is appointed or to his or her knowledge proposed to be appointed director of a company subject to [section 186](#) at a time before he or she has attained the age of twenty-one or after he or she has attained any retiring age applicable to him or her as director either under this Act or under the company's articles shall give notice of his or her age to the company; but this subsection shall not apply in relation to a person's reappointment on the termination of a previous appointment as director of the company.
- (2) Any person who—
 - (a) fails to give notice of his or her age as required by this section; or

- (b) acts as director under any appointment which is invalid or has terminated by reason of his or her age,

is liable to a fine not exceeding one hundred shillings for every day during which the failure continues or during which he or she continues to act as aforesaid.
- (3) For the purposes of subsection (2), a person who has acted as director under an appointment which is invalid or has terminated shall be deemed to have continued so to act throughout the period from the invalid appointment or the date on which the appointment terminated, as the case may be, until the last day on which he or she is shown to have acted thereunder.

188. Provisions as to undischarged bankrupts acting as directors

- (1) If any person who has been declared bankrupt or insolvent by a competent court in Uganda or elsewhere and has not received his or her discharge acts as director of, or directly or indirectly takes part in or is concerned in the management of, any company except with the leave of the court, he or she is liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings or to both such imprisonment and fine.
- (2) The leave of the court for the purposes of this section shall not be given unless notice of intention to apply therefor has been served on the official receiver, and it shall be the duty of the official receiver, if he or she is of opinion that it is contrary to the public interest that any such application should be granted, to attend on the hearing of and oppose the granting of the application.
- (3) In this section, “company” includes an unregistered company and a company incorporated outside Uganda which has an established place of business within Uganda, and “official receiver” means the official receiver in bankruptcy.

189. Power to restrain fraudulent persons from managing companies

- (1) Where—
 - (a) a person is convicted of any offence in connection with the promotion, formation or management of a company; or
 - (b) in the course of winding up a company it appears that a person—
 - (i) has been guilty of any offence for which he or she is liable (whether he or she has been convicted or not) under [section 327](#); or
 - (ii) has otherwise been guilty, while an officer of the company, of any fraud in relation to the company or of any breach of his or her duty to the company,

the court may make an order that that person shall not, without the leave of the court, be a director of or in any way, whether directly or indirectly, be concerned or take part in the management of the company for such period not exceeding five years as may be specified in the order.

- (2) In subsection (1), “the court”, in relation to the making of an order against any person by virtue of paragraph (a) of that subsection, includes the court before which he or she is convicted, as well as any court having jurisdiction to wind up the company, and in relation to the granting of leave means any court having jurisdiction to wind up the company as respects which leave is sought.
- (3) A person intending to apply for the making of an order under this section by the court having jurisdiction to wind up a company shall give not less than ten days’ notice of his or her intention to the person against whom the order is sought, and on the hearing of the application the last-mentioned person may appear and himself or herself give evidence or call witnesses.
- (4) An application for the making of an order under this section by the court having jurisdiction to wind up a company may be made by the official receiver, or by the liquidator of the company or by a person who is or has been a member or creditor of the company; and on the hearing of any application for an order under this section by the official receiver or the liquidator, or of any

application for leave under this section by a person against whom an order has been made on the application of the official receiver or the liquidator, the official receiver or liquidator shall appear and call the attention of the court to any matters which seem to him or her to be relevant and may himself or herself give evidence or call witnesses.

- (5) An order may be made by virtue of subsection (1)(b)(ii) notwithstanding that the person concerned may be criminally liable in respect of the matters on the ground of which the order is to be made, and for the purposes of subsection (1)(b)(ii) “officer” includes any person in accordance with whose directions or instructions the directors of the company have been accustomed to act.
- (6) If any person acts in contravention of an order made under this section, he or she is, in respect of each offence, liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings or to both.

190. Prohibition of tax-free payments to directors

- (1) It shall not be lawful for a company to pay a director remuneration (whether as director or otherwise) free of income tax or surtax, or otherwise calculated by reference to or varying with the amount of his or her income tax or surtax, or to or with the rate or standard rate of income tax, except under a contract which was in force two years before the 1st January, 1961, and provides expressly, and not by reference to the articles, for payment of remuneration as aforesaid.
- (2) Any provision contained in a company’s articles, or in any contract other than such a contract as aforesaid, or in any resolution of a company or a company’s directors, for payment to a director of remuneration as aforesaid shall have effect as if it provided for payment, as a gross sum subject to income tax and surtax, of the net sum for which it actually provides.

191. Prohibition of loans to directors

- (1) It shall not be lawful for a company to make a loan to any person who is its director or a director of its holding company, or to enter into any guarantee or provide any security in connection with a loan made to such a person as aforesaid by any other person.
- (2) Notwithstanding subsection (1), nothing in this section shall apply either—
 - (a) to anything done by a company which is for the time being a private company;
 - (b) to anything done by a subsidiary, where the director is its holding company;
 - (c) subject to subsection (3), to anything done to provide any such person as aforesaid with funds to meet expenditure incurred or to be incurred by him or her for the purposes of the company or for the purpose of enabling him or her properly to perform his or her duties as an officer of the company; or
 - (d) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business.
- (3) Subsection (2)(c) shall not authorise the making of any loan, or the entering into any guarantee, or the provision of any security, except either—
 - (a) with the prior approval of the company given at a general meeting at which the purposes of the expenditure and the amount of the loan or the extent of the guarantee or security, as the case may be, are disclosed; or
 - (b) on condition that, if the approval of the company is not given as aforesaid at or before the next following annual general meeting, the loan shall be repaid or the liability under the guarantee or security shall be discharged, as the case may be, within six months from the conclusion of that meeting.
- (4) Where the approval of the company is not given as required by any such condition, the directors authorising the making of the loan, or the entering into the guarantee, or the provision of the

security, shall be jointly and severally liable to indemnify the company against any loss arising therefrom.

192. Approval of the company requisite for payment by it to a director for loss of office, etc.

It shall not be lawful for a company to make to any director of the company any payment by way of compensation for loss of office, or as consideration for or in connection with his or her retirement from office, without particulars with respect to the proposed payment (including the amount thereof) being disclosed to members of the company and the proposal being approved by the company in general meeting.

193. Approval of the company requisite for any payment in connection with transfer of its property to a director for loss of office, etc.

- (1) It shall not be lawful in connection with the transfer of the whole or any part of the undertaking or property of a company for any payment to be made to any director of the company by way of compensation for loss of office, or as consideration for or in connection with his or her retirement from office, unless particulars with respect to the proposed payment (including the amount thereof) have been disclosed to the members of the company and the proposal approved by the company in general meeting.
- (2) Where a payment which is hereby declared to be illegal is made to a director of the company, the amount received shall be deemed to have been received by him or her in trust for the company.

194. Duty of director to disclose payment for loss of office, etc. made in connection with transfer of shares in company

- (1) Where, in connection with the transfer to any persons of all or any of the shares in a company, being a transfer resulting from—
 - (a) an offer made to the general body of shareholders;
 - (b) an offer made by or on behalf of some other body corporate with a view to the company becoming its subsidiary or a subsidiary of its holding company;
 - (c) an offer made by or on behalf of an individual with a view to his or her obtaining the right to exercise or control the exercise of not less than one-third of the voting power at any general meeting of the company; or
 - (d) any other offer which is conditional on acceptance to a given extent,a payment is to be made to a director of the company by way of compensation for loss of office, or as consideration for or in connection with his or her retirement from office, that director shall take all reasonable steps to secure that particulars with respect to the proposed payment (including the amount of the payment) shall be included in or sent with any notice of the offer made for their shares which is given to any shareholders.
- (2) If—
 - (a) any such director fails to take reasonable steps as required by subsection (1); or
 - (b) any person who has been properly required by any such director to include those particulars in or send them with any such notice as aforesaid fails to do so,he or she is liable to a fine not exceeding five hundred shillings.
- (3) If—
 - (a) the requirements of subsection (1) are not complied with in relation to any such payment as is herein mentioned; or

- (b) the making of the proposed payment is not, before the transfer of any shares in pursuance of the offer, approved by a meeting summoned for the purpose of the holders of the shares to which the offer relates and of other holders of shares of the same class as any of those shares,

any sum received by the director on account of the payment shall be deemed to have been received by him or her in trust for any persons who have sold their shares as a result of the offer made, and the expenses incurred by him or her in distributing that sum among those persons shall be borne by him or her and not retained out of that sum.

- (4) Where the shareholders referred to in subsection (3)(b) are not all the members of the company and no provision is made by the articles for summoning or regulating such a meeting as is mentioned in that paragraph, the provisions of this Act and of the company's articles relating to general meetings of the company shall, for that purpose, apply to the meeting either without modification or with such modifications as the registrar on the application of any person concerned may direct for the purpose of adapting them to the circumstances of the meeting.
- (5) If at a meeting summoned for the purpose of approving any payment as required by subsection (3) (b) a quorum is not present and, after the meeting has been adjourned to a later date, a quorum is again not present, the payment shall be deemed for the purposes of that subsection to have been approved.

195. Provisions supplementary to sections 192 to 194

- (1) Where in proceedings for the recovery of any payment as having by virtue of section 193 or 194(1) and (3) been received by any person in trust, it is shown that—
 - (a) the payment was made in pursuance of any arrangement entered into as part of the agreement for the transfer in question, or within one year before or two years after that agreement or the offer leading to the agreement; and
 - (b) the company or any person to whom the transfer was made was privy to the arrangement, the payment shall be deemed, except insofar as the contrary is shown, to be one to which sections 193 and 194(1) and (3) apply.
- (2) If in connection with any such transfer as is mentioned in section 193 or 194—
 - (a) the price to be paid to a director of the company whose office is to be abolished or who is to retire from office for any shares in the company held by him or her is in excess of the price which could at the time have been obtained by other holders of the like shares; or
 - (b) any valuable consideration is given to any such director,

the excess or the money value of the consideration, as the case may be, shall, for the purposes of that section, be deemed to have been a payment made to him or her by way of compensation for loss of office or as consideration for or in connection with his or her retirement from office.
- (3) It is declared that references in sections 192 to 194 to payments made to any director of a company by way of compensation for loss of office, or as consideration for or in connection with his or her retirement from office, do not include any bona fide payment by way of damages for breach of contract or by way of pension in respect of past services, and for the purposes of this subsection, "pension" includes any superannuation allowance, superannuation gratuity or similar payment.
- (4) Nothing in section 193 or 194 shall be taken to prejudice the operation of any rule of law requiring disclosure to be made with respect to any such payments as are therein mentioned or with respect to any other like payments made or to be made to the directors of a company.

196. Register of directors' shareholdings, etc.

- (1) Every company shall keep a register showing as respects each director of the company (not being its holding company) the number, description and amount of any shares in or debentures of

the company or any other body corporate, being the company's subsidiary or holding company, or a subsidiary of the company's holding company, which are held by or in trust for him or her or of which he or she has any right to become the holder (whether on payment or not); but the register need not include shares in any body corporate which is the wholly-owned subsidiary of another body corporate, and for this purpose a body corporate shall be deemed to be the wholly-owned subsidiary of another if it has no members but that other and that other's wholly-owned subsidiaries and its or their nominees.

- (2) Where any shares or debentures fall to be or cease to be recorded in that register in relation to any director by reason of a transaction entered into after the commencement of this Act and while he or she is a director, the registrar shall also show the date of, and price or other consideration for, the transaction; except that where there is an interval between the agreement for any such transaction and the completion of the transaction, the date shall be that of the agreement.
- (3) The nature and extent of a director's interest or right in or over any shares or debentures recorded in relation to him or her in the register shall, if he or she so requires, be indicated in the register.
- (4) The company shall not, by virtue of anything done for the purposes of this section, be affected with notice of, or put upon inquiry as to, the rights of any person in relation to any shares or debentures.
- (5) The register shall, subject to this section, be kept at the company's registered office and shall be open to inspection during business hours (subject to such reasonable restrictions as the company may by its articles or in general meeting impose, so that not less than two hours in each day be allowed for inspection) as follows—
 - (a) during the period beginning fourteen days before the date of the company's annual general meeting and ending three days after the date of its conclusion, it shall be open to the inspection of any member or holder of debentures of the company; and
 - (b) during that or any other period, it shall be open to the inspection of any person acting on behalf of the registrar.
- (6) In computing the fourteen days and the three days mentioned in subsection (5), any day which is a Saturday or Sunday or a public holiday shall be disregarded.
- (7) Without prejudice to the rights conferred by subsection (5), the registrar may at any time require a copy of the register or any part of it.
- (8) The register shall also be produced at the commencement of the company's annual general meeting and remain open and accessible during the continuance of the meeting to any person attending the meeting.
- (9) If default is made in complying with subsection (8), the company and every officer of the company who is in default are liable to a fine not exceeding one thousand shillings; and if default is made in complying with subsection (1) or (2), or if any inspection required under this section is refused or any copy required thereunder is not sent within a reasonable time, the company and every officer of the company who is in default are liable to a fine not exceeding ten thousand shillings and further to a default fine of one hundred shillings.
- (10) In the case of any such refusal, the court may by order compel an immediate inspection of the register.
- (11) For the purposes of this section—
 - (a) any person in accordance with whose directions or instructions the directors of a company are accustomed to act shall be deemed to be a director of the company; and
 - (b) a director of a company shall be deemed to hold, or to have an interest or right in or over, any shares or debentures if a body corporate other than the company holds them or has interest or right in or over them, and either—
 - (i) that body corporate or its directors are accustomed to act in accordance with his or her directions or instructions; or

- (ii) he or she is entitled to exercise or control the exercise of one-third or more of the voting power at any general meeting of that body corporate.

197. Particulars in accounts of directors' salaries, pensions, etc.

- (1) In any accounts of a company laid before it in general meeting, or in a statement annexed to those accounts, there shall, subject to and in accordance with this section, be shown so far as the information is contained in the company's books and papers or the company has the right to obtain it from the persons concerned—
 - (a) the aggregate amount of the directors' emoluments;
 - (b) the aggregate amount of directors' or past directors' pensions; and
 - (c) the aggregate amount of any compensation to directors or past directors in respect of loss of office.

- (2) The amount to be shown under subsection (1)(a)—

- (a) shall include any emoluments paid to or receivable by any person in respect of his or her services as director of the company or in respect of his or her services, while director of the company, as director of any subsidiary of the company or otherwise in connection with the management of the affairs of the company or any subsidiary of the company; and
- (b) shall distinguish between emoluments in respect of services as director, whether of the company or its subsidiary, and other emoluments,

and for the purposes of this section, "emoluments" in relation to a director includes fees and percentages, any sums paid by way of expense allowance insofar as those sums are charged to income tax, any contribution paid in respect of him or her under any pension scheme and the estimated money value of any other benefits received by him or her otherwise than in cash.

- (3) The amount to be shown under subsection (1)(b)—

- (a) shall not include any pension paid or receivable under a pension scheme if the scheme is such that the contributions under it are substantially adequate for the maintenance of the scheme, but except as aforesaid shall include any pension paid or receivable in respect of any such services of a director or past director of the company as are mentioned in subsection (2), whether to or by him or her or, on his or her nomination or by virtue of dependence on or other connection with him or her, to or by any other person; and
- (b) shall distinguish between pensions in respect of services as director, whether of the company or its subsidiary, and other pensions,

and for the purposes of this section, "pension" includes any superannuation allowance, superannuation gratuity or similar payment, "pension scheme" means a scheme for the provision of pensions in respect of services as director or otherwise which is maintained in whole or in part by means of contributions, and "contribution" in relation to a pension scheme means any payment (including an insurance premium) paid for the purposes of the scheme by or in respect of persons rendering services in respect of which pensions will or may become payable under the scheme, except that it does not include any payment in respect of two or more persons if the amount paid in respect of each of them is not ascertainable.

- (4) The amount to be shown under subsection (1)(c)—

- (a) shall include any sums paid to or receivable by a director or past director by way of compensation for the loss of office as director of the company or for the loss, while director of the company or on or in connection with his or her ceasing to be a director of the company, of any other office in connection with the management of the company's affairs or of any office as director or otherwise in connection with the management of the affairs of any subsidiary thereof; and

- (b) shall distinguish between compensation in respect of the office of director, whether of the company or its subsidiary, and compensation in respect of other offices,

and for the purposes of this section, references to compensation for loss of office shall include sums paid as consideration for or in connection with a person's retirement from office.

- (5) The amounts to be shown under each paragraph of subsection

- (a) shall include all relevant sums paid by or receivable from—

- (i) the company;
- (ii) the company's subsidiaries; and
- (iii) any other person,

except sums to be accounted for to the company or any of its subsidiaries or, by virtue of [section 194](#), to past or present members of the company or any of its subsidiaries or any class of those members; and

- (b) shall distinguish, in the case of the amount to be shown under subsection (1)(c), between the sums respectively paid by or receivable from the company, the company's subsidiaries and persons other than the company and its subsidiaries.

- (6) The amounts to be shown under this section for any financial year shall be the sums receivable in respect of that year, whenever paid, or, in the case of sums not receivable in respect of a period, the sums paid during that year, so, however, that where—

- (a) any sums are not shown in the accounts for the relevant financial year on the ground that the person receiving them is liable to account therefor as mentioned in subsection (5)(a), but the liability is thereafter wholly or partly released or is not enforced within a period of two years; or
- (b) any sums paid by way of expense allowance are charged to income tax after the end of the relevant financial year,

those sums shall, to the extent to which the liability is released or not enforced or they are charged as aforesaid, as the case may be, be shown in the first accounts in which it is practicable to show them or in a statement annexed thereto, and shall be distinguished from the amounts to be shown therein apart from this provision.

- (7) Where it is necessary to do so for the purpose of making any distinction required by this section in any amount to be shown thereunder, the directors may apportion any payments between the matters in respect of which they have been paid or are receivable in such manner as they think appropriate.
- (8) If in the case of any accounts the requirements of this section are not complied with, it shall be the duty of the auditors of the company by whom the accounts are examined to include in their report thereon, so far as they are reasonably able to do so, a statement giving the required particulars.
- (9) In this section any reference to a company's subsidiary—
 - (a) in relation to a person who is or was, while a director of the company, a director also, by virtue of the company's nomination, direct or indirect, of any other body corporate, shall, subject to the following paragraph, include that body corporate, whether or not it is or was in fact the company's subsidiary; and
 - (b) shall for the purposes of subsections (2) and (3) be taken as referring to a subsidiary at the time the services were rendered, and for the purposes of subsection (4) be taken as referring to a subsidiary immediately before the loss of office as director of the company.

198. Particulars in accounts of loans to officers, etc.

- (1) The accounts which, in pursuance of this Act, are to be laid before every company in general meeting shall, subject to this section, contain particulars showing—
 - (a) the amount of any loans made during the company's financial year to—
 - (i) any officer of the company; or
 - (ii) any person who, after the making of the loan, became during that year an officer of the company, by the company or a subsidiary of the company or by any other person under a guarantee from or on a security provided by the company or a subsidiary of the company (including any such loans which were repaid during that year); and
 - (b) the amount of any loans made in the manner aforesaid to any such officer or person as aforesaid at any time before the company's financial year and outstanding at the expiration of its financial year.
- (2) Subsection (1) shall not require the inclusion in accounts of particulars of—
 - (a) a loan made in the ordinary course of its business by the company or a subsidiary of the company, where the ordinary business of the company or, as the case may be, the subsidiary, includes the lending of money; or
 - (b) a loan made by the company or a subsidiary thereof to an employee of the company or subsidiary, as the case may be, if the loan does not exceed forty thousand shillings and is certified by the directors of the company or subsidiary, as the case may be, to have been made in accordance with any practice adopted or about to be adopted by the company or subsidiary with respect to loans to its employees,

not being, in either case, a loan made by the company under a guarantee from or on a security provided by a subsidiary of the company or a loan made by a subsidiary of the company under a guarantee from or on a security provided by the company or any other subsidiary of the company.
- (3) If in the case of any such accounts as aforesaid the requirements of this section are not complied with, it shall be the duty of the auditors of the company by whom the accounts are examined to include in their report on the balance sheet of the company, so far as they are reasonably able to do so, a statement giving the required particulars.
- (4) References in this section to a subsidiary shall be taken as referring to a subsidiary at the end of the company's financial year (whether or not a subsidiary at the date of the loan).

199. General duty to make disclosure for purposes of sections 196 to 198

- (1) Any director of a company shall give notice to the company of such matters relating to himself or herself as may be necessary for the purposes of sections 196, 197 and of 198 except so far as it relates to loans made, by the company or by any other person under a guarantee from or on a security provided by the company, to an officer of the company.
- (2) Any such notice given for the purposes of section 196 shall be in writing and, if it is not given at a meeting of the directors, the director giving it shall take reasonable steps to secure that it is brought up and read at the next meeting of directors after it is given.
- (3) Subsection (1) shall apply—
 - (a) for the purposes of section 198, in relation to officers other than directors; and
 - (b) for the purposes of sections 197 and 198, in relation to persons who are or have at any time during the preceding five years been officers, as it applies in relation to directors.
- (4) Any person who makes default in complying with subsections (1) to (3) is liable to a fine not exceeding one thousand shillings.

200. Disclosure by directors of interests in contracts

- (1) Subject to this section, a director of a company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company shall declare the nature of his or her interest at a meeting of the directors of the company.
- (2) In the case of a proposed contract the declaration required by this section to be made by a director shall be made at the meeting of the directors at which the question of entering into the contract is first taken into consideration or if the director was not at the date of that meeting interested in the proposed contract, at the next meeting of the directors held after he or she became so interested, and in a case where the director becomes interested in a contract after it is made, the declaration shall be made at the first meeting of the directors held after the director becomes so interested.
- (3) For the purposes of this section, a general notice given to the directors of a company by a director to the effect that he or she is a member of a specified company or firm or acts for the company in a specified capacity and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm or with himself or herself in such specified capacity shall be deemed to be a sufficient declaration of interest in relation to any contract so made; but no such notice shall be of effect unless either it is given at a meeting of the directors or the director takes reasonable steps to secure that it is brought up and read at the next meeting of the directors after it is given.
- (4) Any director who fails to comply with this section is liable to a fine not exceeding two thousand shillings.
- (5) Nothing in this section shall be taken to prejudice the operation of any rule of law restricting directors of a company from having any interest in contracts with the company.

201. Register of directors and secretaries

- (1) Every company shall keep at its registered office a register of its directors and secretaries.
- (2) The register of directors and secretaries shall contain the following particulars with respect to each director—
 - (a) in the case of an individual, his or her present Christian name and surname, any former Christian name or surname, his or her usual residential and postal address, his or her nationality and, if that nationality is not his or her nationality of origin, his or her nationality of origin, his or her business occupation, if any, particulars of all other directorships held by him or her and, in the case of a company subject to [section 186](#), the date of his or her birth; and
 - (b) in the case of a corporation, its corporate name and registered or principal office and postal address.
- (3) Notwithstanding subsection (2), it shall not be necessary for the register to contain particulars of directorships held by a director in companies of which the company is the wholly-owned subsidiary, or which are the wholly-owned subsidiaries either of the company or of another company of which the company is the wholly-owned subsidiary, and for the purposes of this subsection—
 - (a) “company” includes any body corporate incorporated in Uganda; and
 - (b) a body corporate shall be deemed to be the wholly-owned subsidiary of another if it has no members except that other and that other’s wholly-owned subsidiaries and its or their nominees.
- (4) The register shall contain the following particulars with respect to the secretary or, where there are joint secretaries, with respect to each of them—
 - (a) in the case of an individual, his or her present Christian name and surname, any former Christian name and surname and his or her usual residential and postal address; and

- (b) in the case of a corporation, its corporate name and registered office,
except that where all the partners in a firm are joint secretaries, the name and principal office of the firm may be stated instead of those particulars.
- (5) The company shall, within the periods respectively mentioned in subsection (6), send to the registrar a return in the prescribed form containing the particulars specified in the register and a notification in the prescribed form of any change among its directors or in its secretary or in any of the particulars contained in the register, specifying the date of the change.
- (6) The periods referred to in subsection (5) are the following—
- (a) the period within which the return is to be sent shall be a period of fourteen days from the appointment of the first directors of the company; and
- (b) the period within which the notification of a change is to be sent shall be fourteen days from the happening of the change.
- (7) The register to be kept under this section shall during business hours (subject to such reasonable restrictions as the company may by its articles or in general meeting so impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member of the company without charge and of any other person on payment of two shillings, or such lesser sum as the company may prescribe, for each inspection.
- (8) If any inspection required under this section is refused or if default is made in complying with subsection (1), (2), (3), (4) or (5) the company and every officer of the company who is in default are liable to a default fine.
- (9) In the case of any such refusal, the court may by order compel an immediate inspection of the register.
- (10) For the purposes of this section—
- (a) a person in accordance with whose directions or instructions the directors of a company are accustomed to act shall be deemed to be a director and officer of the company;
- (b) “Christian name” includes a forename;
- (c) in the case of a peer or person usually known by a title different from his or her surname, “surname” means that title;
- (d) references to a former Christian name or surname do not include—
- (i) in the case of a peer or a person usually known by a title different from his or her surname, the name by which he or she was known previous to the adoption of or succession to the title;
- (ii) in the case of any person, a former Christian name or surname where that name or surname was changed or disused before the person bearing the name attained the age of eighteen years or has been changed or disused for a period of not less than twenty years; or
- (iii) in the case of a married woman, the name or surname by which she was known previous to the marriage.

202. Particulars with respect to directors in trade catalogues, circulars, etc.

- (1) Every company shall, in all trade catalogues, trade circulars, showcards and business letters on or in which the company’s name appears and which are issued or sent by the company to any person in any part of the Commonwealth, state in legible Roman letters with respect to every director

being a corporation, the corporate name, and with respect to every director being an individual, the following particulars—

- (a) his or her present Christian name, or the initials of that name, and present surname;
- (b) any former Christian names and surnames;
- (c) his or her nationality,

except that if special circumstances exist which render it in the opinion of the registrar expedient that an exemption should be granted, the registrar may by order grant, subject to such conditions as may be specified in the order, exemption from all or any of the obligations imposed by this subsection.

- (2) If a company makes default in complying with this section, every officer of the company who is in default is liable on conviction for each offence to a fine not exceeding one hundred shillings, and for the purposes of this subsection, where a corporation is an officer of the company, any officer of the corporation shall be deemed to be an officer of the company.
- (3) For the purposes of this section—
 - (a) “director” includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act and “officer” shall be construed accordingly;
 - (b) “initials” includes a recognised abbreviation of a Christian name; and
 - (c) “showcards” means cards containing or exhibiting articles dealt with, or samples or representations thereof,

and [section 201](#)(10)(b), (c) and (d) shall apply as they apply for the purposes of that section.

203. Limited company may have directors with unlimited liability

- (1) In a limited company, the liability of the directors or managers, or of the managing director, may, if so provided by the memorandum, be unlimited.
- (2) In a limited company in which the liability of a director or manager is unlimited, the directors and any managers of the company and the member who proposes a person for election or appointment to the office of director or manager shall add to that proposal a statement that the liability of the person holding that office will be unlimited, and before the person accepts the office or acts in it, notice in writing that his or her liability will be unlimited shall be given to him or her by the following or one of the following persons, namely, the promoters of the company, the directors of the company, any managers of the company and the secretary of the company.
- (3) If any director, manager or proposer makes default in adding such a statement, or if any promoter, director, manager or secretary makes default in giving such a notice, he or she is liable to a fine not exceeding two thousand shillings and is also liable for any damage which the person so elected or appointed may sustain from the default, but the liability of the person elected or appointed shall not be affected by the default.

204. Special resolution of limited company making liability of directors unlimited

- (1) A limited company, if so authorised by its articles, may, by special resolution, alter its memorandum so as to render unlimited the liability of its directors, managers or of any managing director.
- (2) Upon the passing of any such special resolution, the provisions thereof shall be as valid as if they had been originally contained in the memorandum.

205. Provisions as to assignment of office by directors

If in the case of any company provision is made by the articles or by any agreement entered into between any person and the company for empowering a director or manager of the company to assign his or her

office as such to another person, any assignment of office made in pursuance of that provision shall, notwithstanding anything to the contrary contained in that provision, be of no effect until it is approved by a special resolution of the company.

Avoidance of provisions in articles or contracts relieving officers from liability

206. Provisions as to liability of officers and auditors

Subject as hereafter provided, any provision, whether contained in the articles of a company or in any contract with a company or otherwise, for exempting any officer of the company or any person (whether an officer of the company or not) employed by the company as auditor from, or indemnifying him or her against, any liability which by virtue of any rule of law would otherwise attach to him or her in respect of any negligence, default, breach of duty or breach of trust of which he or she may be guilty in relation to the company shall be void; except that—

- (a) nothing in this section shall operate to deprive any person of any exemption or right to be indemnified in respect of anything done or omitted to be done by him or her while any such provision was in force; and
- (b) notwithstanding anything in this section, a company may, in pursuance of any such provision as aforesaid, indemnify any such officer or auditor against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour or in which he or she is acquitted or in connection with any application under [section 405](#) in which relief is granted to him or her by the court.

Arrangements and reconstructions

207. Power to compromise with creditors and members

- (1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them or between the company and its members or any class of them, the court may, on the application of the company or of any creditor or member of the company, or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members of the company or class of members, as the case may be, to be summoned in such manner as the court directs.
- (2) If a majority in number representing three-fourths in value of the creditors or class of creditors or members or class of members, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the court, be binding on all the creditors or the class of creditors, or on the members or class of members, as the case may be, and also on the company or in the case of a company in the course of being wound up, on the liquidator and contributories of the company.
- (3) An order made under subsection (2) shall have no effect until a certified copy of the order has been delivered to the registrar for registration, and a copy of every such order shall be annexed to every copy of the memorandum of the company issued after the order has been made, or, in the case of a company not having a memorandum, of every copy so issued of the instrument constituting or defining the constitution of the company.
- (4) If a company makes default in complying with subsection (3), the company and every officer of the company who is in default are liable to a fine not exceeding one hundred shillings for each copy in respect of which default is made.
- (5) In this and [section 208](#), “company” means any company liable to be wound up under this Act, and “arrangement” includes a reorganisation of the share capital of the company by the consolidation of shares of different classes or by the division of shares into shares of different classes or by both those methods.

208. Information as to compromises with creditors and members

- (1) Where a meeting of creditors or any class of creditors or of members or any class of members is summoned under [section 207](#), there shall—
 - (a) with every notice summoning the meeting which is sent to a creditor or member, be sent also a statement explaining the effect of the compromise or arrangement and, in particular, stating any material interests of the directors of the company, whether as directors or as members or as creditors of the company or otherwise, and the effect on them of the compromise or arrangement, insofar as it is different from the effect on the like interests of other persons; and
 - (b) with every notice summoning the meeting which is given by advertisement, be included either such a statement as aforesaid or a notification of the place at which and the manner in which creditors or members entitled to attend the meeting may obtain copies of such a statement as aforesaid.
- (2) Where the compromise or arrangement affects the rights of debenture holders of the company, the statement shall give the like explanation as respects the trustees of any deed for securing the issue of the debentures as it is required to give as respects the company's directors.
- (3) Where a notice given by advertisement includes a notification that copies of a statement explaining the effect of the compromise or arrangement proposed can be obtained by creditors or members entitled to attend the meeting, every such creditor or member shall, on making application in the manner indicated by the notice, be furnished by the company free of charge with a copy of the statement.
- (4) Where a company makes default in complying with any requirement of this section, the company and every officer of the company who is in default are liable to a fine not exceeding ten thousand shillings, and for the purpose of this subsection, any liquidator of the company and any trustee of a deed for securing the issue of debentures of the company shall be deemed to be an officer of the company.
- (5) A person is not liable under subsection (4) if that person shows that the default was due to the refusal of any other person, being a director or trustee for debenture holders, to supply the necessary particulars as to his or her interests.
- (6) Any director of the company and any trustee for debenture holders of the company shall give notice to the company of such matters relating to himself or herself as may be necessary for the purposes of this section, and any person who makes default in complying with this subsection is liable to a fine not exceeding one thousand shillings.

209. Provisions for facilitating reconstruction and amalgamation of companies

- (1) Where an application is made to the court under [section 207](#) for the sanctioning of a compromise or arrangement proposed between a company and any such persons as are mentioned in that section, and it is shown to the court that the compromise or arrangement has been proposed for the purposes of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (in this section referred to as "a transferor company") is to be transferred to another company (in this section referred to as "the transferee company"), the court may, either by the order sanctioning the compromise or arrangement or by any subsequent order, make provision for all or any of the following matters—
 - (a) the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of any transferor company;

- (b) the allotting or appropriation by the transferee company of any shares, debentures, policies or other like interests in that company, which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;
 - (c) the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company;
 - (d) the dissolution, without winding up, of any transferor company;
 - (e) the provision to be made for any persons who, within such time and in such manner as the court directs, dissent from the compromise or arrangement;
 - (f) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation shall be fully and effectively carried out.
- (2) Where an order under this section provides for the transfer of property or liabilities, that property shall, by virtue of the order, be transferred to and vest in, and those liabilities shall, by virtue of the order, be transferred to and become the liabilities of, the transferee company, and in the case of any property, if the order so directs, freed from any charge which is by virtue of the compromise or arrangement to cease to have effect.
- (3) Where an order is made under this section, every company in relation to which the order is made shall cause a certified copy thereof to be delivered to the registrar for registration within seven days after the making of the order, and if default is made in complying with this subsection, the company and every officer of the company who is in default shall be liable to a default fine.
- (4) In this section, “property” includes property rights and powers of every description, and “liabilities” includes duties.
- (5) Notwithstanding [section 207\(5\)](#), “company” in this section does not include any company other than a company within the meaning of this Act.

210. Power to acquire shares of shareholders dissenting from a scheme or contract approved by a majority

- (1) Where a scheme or contract involving the transfer of shares or any class of shares in a company (in this section referred to as “the transferor company”) to another company, whether a company within the meaning of this Act or not (in this section referred to as “the transferee company”), has, within four months after the making of the offer in that behalf by the transferee company been approved by the holders of not less than nine-tenths in value of the shares whose transfer is involved (other than shares already held at the date of the offer by, or by a nominee for, the transferee company or its subsidiary), the transferee company may, at any time within two months after the expiration of those four months give notice in the prescribed manner to any dissenting shareholder that it desires to acquire his or her shares, and when such a notice is given, the transferee company shall, unless on an application made by the dissenting shareholder within one month from the date on which the notice was given the court thinks fit to order otherwise, be entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee company; except that where shares in the transferor company of the same class or classes as the shares whose transfer is involved are already held as aforesaid to a value greater than one-tenth of the aggregate of their value and that of the shares (other than those already held as aforesaid) whose transfer is involved, the foregoing provisions of this subsection shall not apply unless—
- (a) the transferee company offers the same terms to all holders of the shares (other than those already held as aforesaid) whose transfer is involved, or, where those shares include shares of different classes, of each class of them; and
 - (b) the holders who approve the scheme or contract, besides holding not less than nine-tenths in value of the shares (other than those already held as aforesaid) whose transfer is involved, are not less than three-fourths in number of the holders of those shares.

- (2) Where, in pursuance of any such scheme or contract as aforesaid, shares in a company are transferred to another company or its nominee, and those shares together with any other shares in the first-mentioned company held by, or by a nominee for, the transferee company or its subsidiary at the date of the transfer comprise or include nine-tenths in value of the shares in the first-mentioned company or of any class of those shares, then—
- (a) the transferee company shall within one month from the date of the transfer (unless on a previous transfer in pursuance of the scheme or contract it has already complied with this requirement) give notice of that fact in the prescribed manner to the holder of the remaining shares or of the remaining shares of that class, as the case may be, who have not assented to the scheme or contract; and
 - (b) any such holder may within three months from the giving of the notice to him or her require the transferee company to acquire the shares in question,

and where a shareholder gives notice under paragraph (b) of this subsection with respect to any shares, the transferee company shall be entitled and bound to acquire those shares on the terms on which under the scheme or contract the shares of the approving shareholders were transferred to it, or on such other terms as may be agreed or as the court on the application of either the transferee company or the shareholder thinks fit to order.

- (3) Where a notice has been given by the transferee company under subsection (1) and the court has not, on an application made by the dissenting shareholder, ordered to the contrary, the transferee company shall, on the expiration of one month from the date on which the notice has been given, or, if an application to the court by the dissenting shareholder is then pending, after that application has been disposed of, transmit a copy of the notice to the transferor company together with an instrument of transfer executed on behalf of the shareholder by any person appointed by the transferee company and on its own behalf by the transferee company, and pay or transfer to the transferor company the amount or other consideration representing the price payable by the transferee company for the shares which by virtue of this section that company is entitled to acquire, and the transferor company shall thereupon register the transferee company as the holder of those shares; but an instrument of transfer shall not be required for any share for which a share warrant is for the time being outstanding.
- (4) Any sums received by the transferor company under this section shall be paid into a separate bank account, and any such sums and any other consideration so received shall be held by that company on trust for the several persons entitled to the shares in respect of which those sums or other consideration were respectively received.
- (5) In this section, “dissenting shareholder” includes a shareholder who has not assented to the scheme or contract and any shareholder who has failed or refused to transfer his or her shares to the transferee company in accordance with the scheme or contract.

Minorities

211. Alternative remedy to winding up in cases of oppression

- (1) Any member of a company who complains that the affairs of the company are being conducted in a manner oppressive to some part of the members (including himself or herself) or, in a case falling within [section 170\(2\)](#), the Attorney General may make an application to the court by petition for an order under this section.
- (2) If on any such petition the court is of opinion—
 - (a) that the company’s affairs are being conducted as aforesaid; and

- (b) that to wind up the company would unfairly prejudice that part of the members, but otherwise the facts would justify the making of a winding up order on the ground that it was just and equitable that the company should be wound up,

the court may, with a view to bringing to an end the matters complained of, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future, or for the purchase of the shares of any members of the company by other members of the company or by the company and, in the case of a purchase by the company, for the reduction accordingly of the company's capital, or otherwise.

- (3) Where an order under this section makes any alteration in or addition to any company's memorandum or articles, then, notwithstanding anything in any other provision of this Act but subject to the provisions of the order, the company concerned shall not have power without the leave of the court to make any further alteration in or addition to the memorandum or articles inconsistent with the order; but, subject to subsections (1) and (2), the alterations or additions made by the order shall be of the same effect as if duly made by resolution of the company, and this Act shall apply to the memorandum or articles as so altered or added to accordingly.
- (4) A certified copy of any order under this section altering or adding to, or giving leave to alter or add to, a company's memorandum or articles shall, within fourteen days after the making of the order, be delivered by the company to the registrar for registration; and if a company makes default in complying with this subsection, the company and every officer of the company who is in default are liable to a default fine.
- (5) In relation to a petition under this section, [section 348](#) shall apply as it applies in relation to a winding up petition.

Part VI – Winding up

1 – Preliminary

Modes of winding up

212. Modes of winding up

- (1) The winding up of a company may be either—
 - (a) by the court;
 - (b) voluntary; or
 - (c) subject to the supervision of the court.
- (2) The provisions of this Act with respect to winding up apply, unless the contrary appears, to the winding up of a company in any of those modes.

Contributories

213. Liability as contributories of present and past members

- (1) In the event of a company being wound up, every present and past member is liable to contribute to the assets of the company to an amount sufficient for payment of its debts and liabilities, and the costs, charges and expenses of the winding up, and for the adjustment of the rights of the contributories among themselves, subject to subsection (2) and the following qualifications—
 - (a) a past member is not liable to contribute if he or she has ceased to be a member for one year or upwards before the commencement of the winding up;

- (b) a past member is not liable to contribute in respect of any debt or liability of the company contracted after he or she ceased to be a member;
 - (c) a past member is not liable to contribute unless it appears to the court that the existing members are unable to satisfy the contributions required to be made by them in pursuance of this Act;
 - (d) in the case of a company limited by shares, no contribution shall be required from any member exceeding the amount, if any, unpaid on the shares in respect of which he or she is liable as a present or past member;
 - (e) in the case of a company limited by guarantee, no contribution shall, subject to subsection (3), be required from any member exceeding the amount undertaken to be contributed by him or her to the assets of the company in the event of its being wound up;
 - (f) nothing in this Act shall invalidate any provision contained in any policy of insurance or other contract whereby the liability of individual members on the policy or contract is restricted, or whereby the funds of the company are alone made liable in respect of the policy or contract;
 - (g) a sum due to any member of a company, in his or her character of a member, by way of dividends, profits or otherwise shall not be deemed to be a debt of the company payable to that member in a case of competition between himself or herself and any other creditor not a member of the company, but any such sum may be taken into account for the purpose of the final adjustment of the rights of the contributories among themselves.
- (2) In the winding up of a limited company, any director or manager, whether past or present, whose liability is under this Act unlimited is, in addition to his or her liability, if any, to contribute as an ordinary member, liable to make a further contribution as if he or she were at the commencement of the winding up a member of an unlimited company; except that—
- (a) a past director or manager is not liable to make such further contribution if he or she has ceased to hold office for a year or upwards before the commencement of the winding up;
 - (b) a past director or manager is not liable to make such further contribution in respect of any debt or liability of the company contracted after he or she ceased to hold office;
 - (c) subject to the articles of the company, a director or manager is not liable to make such further contribution unless the court deems it necessary to require that contribution in order to satisfy the debts and liabilities of the company and the costs, charges and expenses of the winding up.
- (3) In the winding up of a company limited by guarantee which has a share capital, every member of the company is liable, in addition to the amount undertaken to be contributed by him or her to the assets of the company in the event of its being wound up, to contribute to the extent of any sums unpaid on any shares held by him or her.

214. Definition of “contributory”

The term “contributory” means every person liable to contribute to the assets of a company in the event of its being wound up, and for the purposes of all proceedings for determining, and all proceedings prior to the final determination of, the persons who are to be deemed contributories, includes any person alleged to be a contributory.

215. Nature of liability of a contributory

The liability of a contributory shall create a debt accruing due from him or her at the time when his or her liability commenced, but payable at the times when calls are made for enforcing the liability.

216. Contributories in case of the death of a member

- (1) If a contributory dies either before or after he or she has been placed on the list of contributories, his or her personal representatives and his or her heirs shall be liable in a due course of administration to contribute to the assets of the company in discharge of his or her liability and shall be contributories accordingly.
- (2) If an executor or the heirs make default in paying any money ordered to be paid by them, proceedings may be taken for administering the estate of the deceased contributory and for compelling payment thereof of the money due.

217. Contributories in case of bankruptcy of a member

If a contributory becomes bankrupt, either before or after he or she has been placed on the list of contributories—

- (a) his or her trustee in bankruptcy shall represent him or her for all the purposes of the winding up, and shall be a contributory accordingly, and may be called on to admit to proof against the estate of the bankrupt, or otherwise to allow to be paid out of his or her assets in due course of law, any money due from the bankrupt in respect of his or her liability to contribute to the assets of the company; and
- (b) there may be proved against the estate of the bankrupt the estimated value of his or her liability to future calls as well as calls already made.

2 – Winding up by the court

Jurisdiction

218. Jurisdiction to wind up companies registered in Uganda

The High Court shall have jurisdiction to wind up any company registered in Uganda.

219. Transfer of proceedings from the High Court to a magistrate's court

Where the High Court makes an order for winding up a company under this Act, it may, if it thinks fit, direct all subsequent proceedings to be had in a magistrate's court over which a chief magistrate or a magistrate grade I presides, and thereupon such court shall for the purpose of winding up the company be deemed to be the court within the meaning of this Act, and shall have, for the purposes of such winding up, all the jurisdiction and powers of the High Court.

220. Transfer of proceedings from one magistrate's court to another

If during the progress of winding up in a magistrate's court it is made to appear to the High Court that the same could be more conveniently prosecuted in any other magistrate's court, the High Court may transfer the same to such other court, and thereupon the winding up shall proceed in such other magistrate's court.

221. Statement of a special case for opinion of the High Court

If any question of law arises in any winding up proceedings in a magistrate's court which all the parties to the proceeding, or which one of them and the magistrate of the court, desire to have decided in the first instance in the High Court, the magistrate shall state the facts and the question of law which has arisen in the form of a special case for the opinion of the High Court, and thereupon the special case and the

proceedings, or such of them as may be required, shall be transmitted to the High Court for the purposes of decision.

Cases in which a company may be wound up by the court

222. Circumstances in which a company may be wound up by the court

A company may be wound up by the court if—

- (a) the company has by special resolution resolved that the company be wound up by the court;
- (b) default is made in delivering the statutory report to the registrar or in holding the statutory meeting;
- (c) the company does not commence its business within a year from its incorporation or suspends its business for a whole year;
- (d) the number of members is reduced, in the case of a private company, below two, or, in the case of any other company, below seven;
- (e) the company is unable to pay its debts;
- (f) the court is of opinion that it is just and equitable that the company should be wound up;
- (g) in the case of a company incorporated outside Uganda and carrying on business in Uganda, winding up proceedings have been commenced in respect of it in the country or territory of its incorporation or in any other country or territory in which it has established a place of business.

223. Definition of inability to pay debts

A company shall be deemed to be unable to pay its debts—

- (a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding one thousand shillings then due has served on the company, by leaving it at the registered office of the company, a demand under his or her hand requiring the company to pay the sum so due and the company has for three weeks thereafter neglected to pay the sum or to secure or compound for it to the reasonable satisfaction of the creditor;
- (b) if execution or other process issued on a judgment, decree or order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part; or
- (c) if it is proved to the satisfaction of the court that the company is unable to pay its debts, and in determining whether a company is unable to pay its debts the court shall take into account the contingent and prospective liabilities of the company.

Petition for winding up and effects thereof

224. Provisions as to applications for winding up

- (1) An application to the court for the winding up of a company shall be by petition presented, subject to this section, either by the company or by any creditor or creditors (including any contingent or prospective creditor or creditors), contributory or contributories, or by all or any of those parties, together or separately; except that—
 - (a) a contributory shall not be entitled to present a winding up petition unless—
 - (i) either the number of members is reduced, in the case of a private company, below two, or, in the case of any other company, below seven; or
 - (ii) the shares in respect of which he is a contributory, or some of them, either were originally allotted to him or have been held by him, and registered in his name, for

at least six months during the eighteen months before the commencement of the winding up, or have devolved on him through the death of a former holder; and

- (b) a winding up petition shall not, if the ground of the petition is default in delivering the statutory report to the registrar or in holding the statutory meeting, be presented by any person except a shareholder, nor before the expiration of fourteen days after the last day on which the meeting ought to have been held;
 - (c) the court shall not give a hearing to a winding up petition presented by a contingent or prospective creditor until such security for costs has been given as the court thinks reasonable and until a *prima facie* case for winding up has been established to the satisfaction of the court;
 - (d) in a case falling within [section 170\(2\)](#), a winding up petition may be presented by the Attorney General;
 - (e) a petition for the winding up of a company on the ground mentioned in [section 222\(g\)](#) may be presented by the official receiver as well as by any other person authorised to do so under this subsection, but the court shall not make a winding up order on a petition presented by the official receiver unless it is satisfied that the liquidator or provisional liquidator of the company in the country or territory where winding up proceedings have been commenced in respect of it has in the manner prescribed required the official receiver to present the petition.
- (2) Where a company is being wound up voluntarily or subject to supervision, a winding up petition may be presented by the official receiver as well as by any other person authorised in that behalf under the other provisions of this section, but the court shall not make a winding up order on the petition unless it is satisfied that the voluntary winding up or winding up subject to supervision cannot be continued with due regard to the interests of the creditors or contributories.

225. Power of the court on hearing a petition

- (1) On hearing a winding up petition the court may dismiss it, or adjourn the hearing conditionally or unconditionally, or make any interim order or any other order that it thinks fit, but the court shall not refuse to make a winding up order on the ground only that the assets of the company have been mortgaged to an amount equal to or in excess of those assets or that the company has no assets.
- (2) Where the petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the court, if it is of opinion—
 - (a) that the petitioners are entitled to relief either by winding up the company or by some other means; and
 - (b) that in the absence of any other remedy it would be just and equitable that the company should be wound up,
 shall make a winding up order, unless it is also of the opinion both that some other remedy is available to the petitioners and that they are acting unreasonably in seeking to have the company wound up instead of pursuing that other remedy.
- (3) Where the petition is presented on the ground of default in delivering the statutory report to the registrar or in holding the statutory meeting, the court may—
 - (a) instead of making a winding up order, direct that the statutory report shall be delivered or that a meeting shall be held; and
 - (b) order the costs to be paid by any persons who, in the opinion of the court, are responsible for the default.

226. Power to stay or restrain proceedings against a company

At any time after the presentation of a winding up petition, and before a winding up order has been made, the company, or any creditor or contributory, may—

- (a) where any suit or proceeding against the company is pending in the High Court or Court of Appeal apply to the court in which the suit or proceeding is pending for a stay of proceedings therein; and
- (b) where any other suit or proceeding is pending against the company, apply to the court having jurisdiction to wind up the company to restrain further proceedings in the suit or proceeding,

and the court to which application is so made may, as the case may be, stay or restrain the proceedings accordingly on such terms as it thinks fit.

227. Avoidance of dispositions of property, etc. after commencement of winding up

In a winding up by the court, any disposition of the property of the company, including things in action, and any transfer of shares, or alteration in the status of the members of the company, made after the commencement of the winding up, shall, unless the court otherwise orders, be void.

228. Avoidance of attachments, etc.

Where any company is being wound up by the court, any attachment, distress or execution put in force against the estate or effects of the company after the commencement of the winding up shall be void.

Commencement of winding up**229. Commencement of winding up by the court**

- (1) Where, before the presentation of a petition for the winding up of a company by the court, a resolution has been passed by the company for voluntary winding up, the winding up of the company shall be deemed to have commenced at the time of the passing of the resolution, and unless the court, on proof of fraud or mistake, thinks fit otherwise to direct, all proceedings taken in the voluntary winding up shall be deemed to have been validly taken.
- (2) In any other case, the winding up of a company by the court shall be deemed to commence at the time of the presentation of the petition for the winding up.

Consequences of winding up order**230. Copy of the order to be forwarded to the registrar**

On the making of a winding up order, a copy of the order shall forthwith be forwarded by the company, or otherwise as may be prescribed, to the registrar for registration.

231. Actions stayed on a winding up order

When a winding up order has been made or an interim liquidator has been appointed under [section 238](#), no action or proceeding shall be proceeded with or commenced against the company except by leave of the court and subject to such terms as the court may impose.

232. Effect of a winding up order

An order for winding up a company shall operate in favour of all the creditors and of all the contributories of the company as if made on the joint petition of a creditor and of a contributory.

Official receiver in winding up

233. Official receiver in bankruptcy to be official receiver for winding up purposes

- (1) For the purposes of this Act, so far as it relates to the winding up of companies by the court, the term “official receiver” means the official receiver attached to the court for bankruptcy purposes.
- (2) Any such officer shall, for the purpose of his or her duties under this Act, be styled “the official receiver”.

234. Appointment of official receiver by court in certain cases

If, in the case of the winding up of any company by the court it appears to the court desirable, with a view to securing the more convenient and economical conduct of the winding up, that some officer other than the person who would by virtue of [section 233](#) be the official receiver should be the official receiver for the purposes of that winding up, the court may appoint that other officer to act as official receiver in that winding up, and the person so appointed shall be deemed to be the official receiver in that winding up for all the purposes of this Act.

235. Statement of the company’s affairs to be submitted to the official receiver

- (1) Where the court has made a winding up order or appointed an interim liquidator under [section 238](#), there shall, unless the court thinks fit to order otherwise and so orders, be made out and submitted to the official receiver a statement as to the affairs of the company in the prescribed form, verified by affidavit, and showing the particulars of its assets, debts and liabilities, the names, postal addresses and occupations of its creditors, the securities held by them respectively, the dates when the securities were respectively given, and such further or other information as may be prescribed or as the official receiver may require.
- (2) The statement shall be submitted and verified by one or more of the persons who are at the relevant date the directors and by the person who is at that date the secretary of the company, or by such of the persons hereafter in this subsection mentioned as the official receiver, subject to the direction of the court, may require to submit and verify the statement, that is to say, persons—
 - (a) who are or have been officers of the company;
 - (b) who have taken part in the formation of the company at any time within one year before the relevant date;
 - (c) who are in the employment of the company, or have been in the employment of the company within that year, and are in the opinion of the official receiver capable of giving the information required;
 - (d) who are or have been within that year officers of or in the employment of a company which is, or within that year was, an officer of the company to which the statement relates;
 - (e) who are at the relevant date the receivers or managers of the whole or substantially the whole of the company’s capital.
- (3) The statement shall be submitted within fourteen days from the relevant date or within such extended time as the official receiver or the court may for special reasons appoint.
- (4) Any person making or concurring in making the statement and affidavit required by this section may be allowed, and if so allowed shall be paid by the official receiver or provisional liquidator, as the case may be, out of the assets of the company such costs and expenses incurred in and about the preparation and making of the statement and affidavit as the official receiver may consider reasonable, subject to an appeal to the court.
- (5) If any person, without reasonable excuse, makes default in complying with the requirements of this section, he or she is liable to a fine not exceeding two hundred shillings for every day during which the default continues.

- (6) Any person stating himself or herself in writing to be a creditor or contributory of the company shall be entitled by himself or herself or by his or her agent at all reasonable times, on payment of the prescribed fee, to inspect the statement submitted in pursuance of this section, and to a copy of it or extract from it.
- (7) Any person untruthfully so stating himself or herself to be a creditor or contributory commits an offence and is liable on conviction to a fine not exceeding four hundred shillings.
- (8) In this section, “the relevant date” means, in a case where a provisional liquidator is appointed, the date of his or her appointment, and in a case where no such appointment is made, the date of the winding up order.

236. Report by the official receiver

- (1) In a case where a winding up order is made, the official receiver shall, as soon as practicable after receipt of the statement to be submitted under [section 235](#), or, in a case where the court orders that no statement shall be submitted, as soon as practicable after the date of the order, submit a preliminary report to the court—
 - (a) as to the amount of capital issued, subscribed and paid-up, and the estimated amount of assets and liabilities;
 - (b) if the company has failed, as to the causes of the failure; and
 - (c) whether in his or her opinion further inquiry is desirable as to any matter relating to the promotion, formation or failure of the company or the conduct of its business.
- (2) The official receiver may also, if he or she thinks fit, make a further report, or further reports, stating the manner in which the company was formed and whether in his or her opinion any fraud has been committed by any person in its promotion or formation or by any officer of the company in relation to the company since its formation, and any other matters which in his or her opinion it is desirable to bring to the notice of the court.
- (3) If the official receiver states in any such further report as aforesaid that in his or her opinion a fraud has been committed as aforesaid, the court shall have the further powers provided in [section 268](#).

Liquidators

237. Power of the court to appoint liquidators

For the purpose of conducting the proceedings in winding up a company and performing such duties in reference thereto as the court may impose, the court may appoint a liquidator or liquidators.

238. Appointment and powers of a provisional liquidator

- (1) The court may appoint the official receiver to be the liquidator provisionally at any time after the presentation of a winding up petition and before the making of a winding up order.
- (2) Where a liquidator (hereafter referred to as an interim liquidator) is so appointed by the court, the court may limit and restrict his or her powers by the order appointing him or her.

239. Appointment, style, etc. of liquidators

The following provisions with respect to liquidators shall have effect on a winding up order being made—

- (a) the official receiver shall by virtue of his or her office become the provisional liquidator and shall continue to act as such until he or she or another person becomes liquidator and is capable of acting as such;

- (b) the official receiver shall summon separate meetings of the creditors and contributories of the company for the purpose of determining whether or not an application is to be made to the court for appointing a liquidator in the place of the official receiver; except that where the court has dispensed with the settlement of a list of contributories, it shall not be necessary for the official receiver to summon a meeting of contributories;
- (c) the court may make any appointment and order required to give effect to any such determination and, if there is a difference between the determinations of the meetings of the creditors and contributories in respect of the matter aforesaid, the court shall decide the difference and make such order thereon as the court may think fit;
- (d) in a case where a liquidator is not appointed by the court, the official receiver shall be the liquidator of the company;
- (e) the official receiver shall by virtue of his or her office be the liquidator during any vacancy;
- (f) a liquidator shall be described, where a person other than the official receiver is liquidator, by the style of “the liquidator”, and, where the official receiver is liquidator, by the style of “the official receiver and liquidator” of the particular company in respect of which he or she is appointed and not by his or her individual name.

240. Provisions where a person other than the official receiver is appointed liquidator

Where, in the winding up of a company by the court a person other than the official receiver is appointed liquidator, that person—

- (a) shall not be capable of acting as liquidator until he or she has notified his or her appointment to the registrar and given security in the prescribed manner to the satisfaction of the official receiver;
- (b) shall give the official receiver such information and such access to and facilities for inspecting the books and documents of the company and generally such aid as may be requisite for enabling that officer to perform his or her duties under this Act.

241. General provisions as to liquidators

- (1) A liquidator appointed by the court may resign or, on cause shown, be removed by the court.
- (2) Where a person other than the official receiver is appointed liquidator, he or she shall receive such salary or remuneration by way of percentage or otherwise as the court may direct, and, if more such persons than one are appointed liquidators, their remuneration shall be distributed among them in such proportions as the court directs.
- (3) A vacancy in the office of a liquidator appointed by the court shall be filled by the court.
- (4) If more than one liquidator is appointed by the court, the court shall declare whether any act by this Act required or authorised to be done by the liquidator is to be done by all or any one or more of the persons appointed.
- (5) Subject to [section 330](#), the acts of a liquidator shall be valid notwithstanding any defects that may afterwards be discovered in his or her appointment or qualification.

242. Custody of the company's property

Where a winding up order has been made or where a provisional liquidator has been appointed, the liquidator or the provisional liquidator, as the case may be, shall take into his or her custody or under his or her control all the property and things in action to which the company is or appears to be entitled.

243. Vesting of the company's property in the liquidator

Where a company is being wound up by the court, the court may on the application of the liquidator by order direct that all or any part of the property of any description belonging to the company or held by trustees on its behalf shall vest in the liquidator by his or her official name, and thereupon the property to which the order relates shall vest accordingly, and the liquidator may, after giving such indemnity, if any, as the court may direct, bring or defend in his or her official name any action or other legal proceeding which relates to that property or which it is necessary to bring or defend for the purpose of effectually winding up the company and recovering its property.

244. Powers of the liquidator

- (1) The liquidator in a winding up by the court shall have power, with the sanction either of the court or of the committee of inspection—
 - (a) to bring or defend any action or other legal proceeding in the name and on behalf of the company;
 - (b) to carry on the business of the company so far as may be necessary for the beneficial winding up thereof;
 - (c) to appoint an advocate to assist him or her in the performance of his or her duties;
 - (d) to pay any classes of creditors in full;
 - (e) to make any compromise, or arrangement with creditors, or persons claiming to be creditors, or having or alleging themselves to have any claim, present or future, certain or contingent, ascertained or sounding only in damages against the company, or whereby the company may be rendered liable;
 - (f) to compromise all calls and liabilities to calls, debts and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or supposed to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect thereof.
- (2) The liquidator in a winding up by the court shall have power—
 - (a) to sell the movable and immovable property and things in action of the company by public auction or private contract, with power to transfer the whole thereof to any person or company or to sell the same in parcels;
 - (b) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts and other documents, and for that purpose to use, when necessary, the company's seal;
 - (c) to prove, rank and claim in the bankruptcy, insolvency or sequestration of any contributory for any balance against his or her estate, and to receive dividends in the bankruptcy, insolvency or sequestration in respect of that balance, as a separate debt due from the bankrupt or insolvent, and rateably with the other separate creditors;
 - (d) to draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the company, with the same effect with respect to the liability of the company as if the bill or note had been drawn, accepted, made or endorsed by or on behalf of the company in the course of its business;
 - (e) to raise on the security of the assets of the company any money requisite;
 - (f) to take out in his or her official name letters of administration to any deceased contributory, and to do in his or her official name any other act necessary for obtaining payment of any

money due from a contributory or his or her estate which cannot be conveniently done in the name of the company, and in all such cases the money due shall, for the purpose of enabling the liquidator to take out the letters of administration or recover the money, be deemed to be due to the liquidator himself or herself; but that nothing in this paragraph shall be deemed to affect the rights, duties and privileges of the Administrator General;

- (g) to appoint an agent to do any business which the liquidator is unable to do himself or herself;
 - (h) where winding up proceedings have been commenced in respect of the company in one or more of the prescribed territories as well as in Uganda, to make such payments to a liquidator or provisional liquidator of the company in any of the prescribed territories as may be necessary for the distribution of the company's assets;
 - (i) to do all such other things as may be necessary for winding up the affairs of the company and distributing its assets.
- (3) The exercise by a liquidator in a winding up by the court of the powers conferred by this section shall be subject to the control of the court, and any creditor or contributory may apply to the court with respect to any exercise or proposed exercise of any of those powers.
- (4) For the purpose of this section, "prescribed territories" means Kenya, Tanzania and such other territories as may be prescribed by the Minister.

245. Exercise and control of the liquidator's powers

- (1) Subject to this Act, the liquidator of a company which is being wound up by the court shall, in the administration of the assets of the company and in the distribution thereof among its creditors, have regard to any directions that may be given by resolution of the creditors or contributories at any general meeting or by the committee of inspection, and any directions given by the creditors or contributories at any general meeting shall in case of conflict be deemed to override any directions given by the committee of inspection.
- (2) The liquidator may summon general meetings of the creditors or contributories for the purpose of ascertaining their wishes, and it shall be his or her duty to summon meetings at such times as the creditors or contributories, by resolution, either at the meeting appointing the liquidator or otherwise, may direct, or whenever requested in writing to do so by one-tenth in value of the creditors or contributories as the case may be.
- (3) The liquidator may apply to the court in the manner prescribed for directions in relation to any particular matter arising under the winding up.
- (4) Subject to this Act, the liquidator shall use his or her own discretion in the management of the estate and its distribution among the creditors.
- (5) If any person is aggrieved by any act or decision of the liquidator, that person may apply to the court, and the court may confirm, reverse or modify the act or decision complained of and make such order in the premises as it thinks just.

246. Books to be kept by the liquidator

Every liquidator of a company which is being wound up by the court shall keep, in the manner prescribed, proper books in which he or she shall cause to be made entries or minutes of proceedings at meetings, and of such other matters as may be prescribed, and any creditor or contributory may, subject to the control of the court, personally or by his or her agent inspect any such books.

247. Payments by the liquidator to the official receiver or a bank

- (1) Every liquidator of a company which is being wound up by the court shall, in such manner and at such times as the official receiver shall direct, pay the money received by him or her to the official

receiver for the credit of the Companies Liquidation Account, and the official receiver shall furnish him or her with a receipt of the money so paid.

- (2) Notwithstanding subsection (1), if the committee of inspection satisfies the court that, for the purpose of carrying on the business of the company or of obtaining advances, or for any other reason, it is for the advantage of the creditors or contributories that the liquidator should have an account with any bank, the court shall, on the application of the committee of inspection, authorise the liquidator to make his or her payments into and out of such bank as the committee may select, and thereupon those payments shall be made in the prescribed manner.
- (3) If any such liquidator at any time retains for more than ten days a sum exceeding one thousand shillings, or such other amount as the court in any particular case authorises him or her to retain, then, unless he or she explains the retention to the satisfaction of the court he or she shall pay interest on the amount so retained in excess at the rate of 20 percent per year, and shall be liable to disallowance of all or such part of his or her remuneration as the court may think just, and to be removed from his or her office by the court, and shall be liable to pay any expenses occasioned by reason of his or her default.
- (4) A liquidator of a company which is being wound up by the court shall not pay any sums received by him or her as liquidator into his or her private banking account.

248. Audit of the liquidator's accounts

- (1) Every liquidator other than the official receiver of a company which is being wound up by the court shall, at such times as may be prescribed but not less than twice in each year during his or her tenure of office, send to the official receiver, or as he or she directs, an account of his or her receipts and payments as liquidator.
- (2) The account shall be in the prescribed form, shall be made in duplicate and shall be verified by a statutory declaration in the prescribed form.
- (3) The official receiver shall cause the account to be audited, and for the purpose of the audit the liquidator shall furnish the official receiver with such vouchers and information as the official receiver may require, and the official receiver may at any time require the production of and inspect any books or accounts kept by the liquidator.
- (4) When the account has been audited, one copy of it shall be filed and kept by the official receiver and the other copy shall be delivered to the court for filing, and each copy shall be open to the inspection of any person on payment of the prescribed fee.
- (5) The liquidator shall cause a copy of the account when audited or a summary of it to be sent by post to each creditor and contributory.
- (6) The official receiver may in any case dispense with compliance with subsection (5).

249. Control over liquidators

- (1) The official receiver shall take cognisance of the conduct of liquidators of companies which are being wound up by the court, and, if a liquidator does not faithfully perform his or her duties and duly observe all the requirements imposed on him or her by statute, rules or otherwise with respect to the performance of his or her duties or if any complaint is made to the official receiver by any creditor or contributory in regard thereto, the official receiver shall inquire into the matter and take such action thereon as he or she may think expedient.
- (2) The official receiver may at any time require any liquidator of a company which is being wound up by the court to answer any inquiry in relation to any winding up in which he or she is engaged, and may, if the official receiver thinks fit, apply to the court to examine him or her or any other person on oath concerning the winding up.
- (3) The official receiver may also direct a local investigation to be made of the books and vouchers of the liquidator.

250. Release of liquidators

- (1) When the liquidator of a company which is being wound up by the court has realised all the property of the company, or so much thereof as can, in his or her opinion, be realised without needlessly protracting the liquidation, and has distributed a final dividend, if any, to the creditors, and adjusted the rights of the contributories among themselves, and made a final return, if any, to the contributories, or has resigned, or has been removed from his or her office, the court shall, on his or her application, cause a report on his or her accounts to be prepared, and, on his or her complying with all the requirements of the court, shall take into consideration the report and any objection which may be urged by any creditor or contributory or person interested against the release of the liquidator and shall either grant or withhold the release accordingly.
- (2) Where the release of a liquidator is withheld, the court may, on the application of any creditor or contributory or person interested, make such order as it thinks just, charging the liquidator with the consequences of any act or default which he or she may have done or made contrary to his or her duty.
- (3) An order of the court releasing the liquidator shall discharge him or her from all liability in respect of any act done or default made by him or her in the administration of the affairs of the company or otherwise in relation to his or her conduct as liquidator, but any such order may be revoked on proof that it was obtained by fraud or by suppression or concealment of any material fact.
- (4) Where the liquidator has not previously resigned or been removed, his or her release shall operate as a removal of him or her from his or her office.

Committees of inspection**251. Meetings of creditors and contributories to determine whether a committee of inspection shall be appointed**

- (1) When a winding up order has been made by the court, it shall be the business of the separate meetings of creditors and contributories summoned for the purpose of determining whether or not an application should be made to the court for appointing a liquidator in place of the official receiver, to determine further whether or not an application is to be made to the court for the appointment of a committee of inspection to act with the liquidator and who are to be members of the committee if appointed.
- (2) The court may make any appointment and order required to give effect to any such determination, and if there is a difference between the determinations of the meetings of the creditors and contributories in respect of the matters aforesaid, the court shall decide the difference and make such order thereon as the court may think fit.

252. Constitution and proceedings of a committee of inspection

- (1) A committee of inspection appointed under this Act shall consist of creditors and contributories of the company or persons holding general powers of attorney from creditors or contributories in such proportions as may be agreed on by the meetings of creditors and contributories or as, in case of difference, may be determined by the court.
- (2) The committee shall meet at such times as it from time to time appoints, and, failing such appointment, at least once a month, and the liquidator or any member of the committee may also call a meeting of the committee as and when he or she thinks necessary.
- (3) The committee may act by a majority of its members present at a meeting but shall not act unless a majority of the committee are present.
- (4) A member of the committee may resign by notice in writing signed by him or her and delivered to the liquidator.

- (5) If a member of the committee becomes bankrupt or compounds or arranges with his or her creditors or is absent from five consecutive meetings of the committee without the leave of those members who together with himself or herself represent the creditors or contributories, as the case may be, his or her office shall thereupon become vacant.
- (6) A member of the committee may be removed by an ordinary resolution at a meeting of creditors, if he or she represents creditors, or of contributories, if he or she represents contributories, of which twenty-one days' notice has been given, stating the object of the meeting.
- (7) On a vacancy occurring in the committee the liquidator shall forthwith summon a meeting of creditors or of contributories, as the case may require, to fill the vacancy, and the meeting may, by resolution, reappoint the same or appoint another creditor or contributory to fill the vacancy; but if the liquidator, having regard to the position in winding up, is of the opinion that it is unnecessary for the vacancy to be filled, he or she may apply to the court, and the court may make an order that the vacancy shall not be filled, or shall not be filled except in such circumstances as may be specified in the order.
- (8) The continuing members of the committee, if not less than two, may act notwithstanding any vacancy in the committee.

253. Powers of a committee of inspection in the absence of a committee

Where in the case of a winding up there is no committee of inspection, the court may, on the application of the liquidator, do any act or thing or give any direction or permission which is by this Act authorised or required to be done or given by the committee; but where the official receiver is the liquidator, he or she may do any such act or thing and give any such direction or permission without application to the court.

General powers of the court in case of winding up by the court

254. Power to stay winding up

- (1) The court may at any time after an order for winding up, on the application either of the liquidator or the official receiver or any creditor or contributory, and on proof to the satisfaction of the court that all proceedings in relation to the winding up ought to be stayed, make an order staying the proceedings, either altogether or for a limited time, on such terms and conditions as the court thinks fit.
- (2) On any application under this section the court may, before making an order, require the official receiver to furnish to the court a report with respect to any facts or matters which are in his or her opinion relevant to the application.
- (3) A copy of every order made under this section shall forthwith be forwarded by the company, or otherwise as may be prescribed, to the registrar for registration.

255. Settlement of a list of contributories and application of assets

- (1) As soon as may be after making a winding up order, the court shall settle a list of contributories, with power to rectify the register of members in all cases where rectification is required under this Act, and shall cause the assets of the company to be collected, and applied in discharge of its liabilities; except that where it appears to the court that it will not be necessary to make calls on or adjust the rights of contributories, the court may dispense with the settlement of a list of contributories.
- (2) In settling the list of contributories, the court shall distinguish between persons who are contributories in their own right and persons who are contributories as being representatives of or liable for the debts of others.

256. Delivery of property to the liquidator

The court may, at any time after making a winding up order, require any contributory for the time being on the list of contributories and any trustee, receiver, banker, agent or officer of the company to pay, deliver, convey, surrender or transfer forthwith, or within such time as the court directs, to the liquidator any money, property or books and papers in his hands to which the company is *prima facie* entitled.

257. Payment of debts due by a contributory to the company and extent to which setoff allowed

- (1) The court may, at any time after making a winding up order, make an order on any contributory for the time being on the list of contributories to pay, in the manner directed by the order, any money due from him or her or from the estate of the person whom he or she represents to the company, exclusive of any money payable by him or her or the estate by virtue of any call in pursuance of this Act.
- (2) The court in making such an order may—
 - (a) in the case of an unlimited company, allow to the contributory by way of setoff any money due to him or her or to the estate which he or she represents from the company on any independent dealing or contract with the company, but not any money due to him or her as a member of the company in respect of any dividend or profit; and
 - (b) in the case of a limited company, make to any director or manager whose liability is unlimited or to his or her estate the like allowance.
- (3) In the case of any company, whether limited or unlimited, when all the creditors are paid in full, any money due on any account to a contributory from the company may be allowed to him or her by way of setoff against any subsequent call.

258. Power of the court to make calls

- (1) The court may, at any time after making a winding up order, and either before or after it has ascertained the sufficiency of the assets of the company, make calls on all or any of the contributories for the time being on the list of the contributories to the extent of their liability, for payment of any money which the court considers necessary to satisfy the debts and liabilities of the company, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, and make an order for payment of any calls so made.
- (2) In making a call the court may take into consideration the probability that some of the contributories may partly or wholly fail to pay the call.

259. Payment into a bank of monies due to the company

- (1) The court may order any contributory, purchaser or other person from whom money is due to the company to pay the amount due into a specified bank or any branch thereof to the account of the liquidator instead of to the liquidator, and any such order may be enforced in the same manner as if it had directed payment to the liquidator.
- (2) All monies and securities paid or delivered into a specified bank or any branch thereof in the event of a winding up by the court shall be subject in all respects to the orders of the court.

260. Order on contributory conclusive evidence

- (1) An order made by the court on a contributory shall, subject to any right of appeal, be conclusive evidence that the money, if any, thereby appearing to be due or ordered to be paid is due.
- (2) All other pertinent matters stated in the order shall be taken to be truly stated as against all persons and in all proceedings.

261. Appointment of a special manager

- (1) Where the official receiver becomes the liquidator of a company, whether provisionally or otherwise, he or she may, if satisfied that the nature of the estate or business of the company, or the interests of the creditors or contributories generally, require the appointment of a special manager of the estate or business of the company other than himself or herself, apply to the court, and the court may on that application appoint a special manager of the estate or business to act during such time as the court may direct, with such powers, including any of the powers of a receiver or manager, as may be entrusted to him or her by the court.
- (2) The special manager shall give such security and account in such manner as the official receiver shall direct.
- (3) The special manager shall receive such remuneration as may be fixed by the court.

262. Power to exclude creditors not proving in time

The court may fix a time within which creditors are to prove their debts or claims or to be excluded from the benefit of any distribution made before those debts are proved.

263. Adjustment of rights of contributories

The court shall adjust the rights of the contributories among themselves and distribute any surplus among the persons entitled thereto.

264. Inspection of books by creditors and contributories

- (1) The court may, at any time after making a winding up order, make such order for inspection of the books and papers of the company by creditors and contributories as the court thinks just, and any books and papers of the company may be inspected by creditors or contributories accordingly, but not further or otherwise.
- (2) Nothing in this section shall be taken as excluding or restricting any statutory rights of any department of the Government or of any officer thereof or of any person acting under the authority of any such department or officer.

265. Power to order costs of winding up to be paid out of assets

The court may, in the event of the assets being insufficient to satisfy the liabilities, make an order as to the payment out of the assets of the costs, charges and expenses incurred in the winding up in such order of priority as the court thinks just.

266. Power to summon persons suspected of having property of the company, etc.

- (1) The court may, at any time after the appointment of an interim liquidator or the making of a winding up order, summon before it any officer of the company or person known or suspected to have in his or her possession any property of the company or supposed to be indebted to the company, or any person whom the court deems capable of giving information concerning the promotion, formation, trade, dealings, affairs or property of the company.
- (2) The court may examine him or her on oath concerning the matters aforesaid, either by word of mouth or on written interrogatories, and may reduce his or her answers to writing and require him or her to sign them.
- (3) The court may require him or her to produce any books and papers in his or her custody or power relating to the company, but, where he or she claims any lien on books or papers produced by him or her, the production shall be without prejudice to that lien, and the court shall have jurisdiction in the winding up to determine all questions relating to that lien.

- (4) If any person so summoned, after being tendered a reasonable sum for his or her expenses, refuses to come before the court at the time appointed, not having a lawful impediment (made known to the court at the time of its sitting and allowed by it), the court may cause him or her to be arrested and brought before the court for examination.

267. Attendance of officers of the company at meetings of creditors, etc.

In the winding up by the court of a company, the court shall have power to require the attendance of any officer of the company at any meeting of creditors or of contributories or of a committee of inspection for the purpose of giving information as to the trade, dealings, affairs or property of the company.

268. Power to order public examination of promoters and officers

- (1) Where an order has been made for winding up a company by the court, and the official receiver has made a further report under this Act stating that in his or her opinion a fraud has been committed by any person in the promotion or formation of the company or by any officer of the company in relation to the company since its formation, the court may, after consideration of the report, direct that that person or officer shall attend before the court on a day appointed by the court for that purpose and be publicly examined as to the promotion or formation or the conduct of the business of the company or as to his or her conduct and dealings as an officer thereof.
- (2) The official receiver shall take part in the examination and for that purpose may, if specially authorised by the court in that behalf, employ an advocate.
- (3) The liquidator, where the official receiver is not the liquidator, and any creditor or contributory may also take part in the examination either personally or by advocate.
- (4) The court may put such questions to the person examined as the court thinks fit.
- (5) The person examined shall be examined on oath and shall answer all such questions as the court may put or allow to be put to him or her.
- (6) A person ordered to be examined under this section shall at his or her own cost, before his or her examination, be furnished with a copy of the official receiver's report, and may at his or her own cost employ an advocate, who shall be at liberty to put to him or her such questions as the court may deem just for the purpose of enabling him or her to explain or qualify any answers given by him or her.
- (7) Notwithstanding subsection (6), if any such person applies to the court to be exculpated from any charges made or suggested against him or her, the official receiver shall appear on the hearing of the application and call the attention of the court to any matters which appear to the official receiver to be relevant, and if the court, after hearing any evidence given or witnesses called by the official receiver, grants the application, the court may allow the applicant such costs as in its discretion it may think fit.
- (8) Notes of the examination shall be taken down in writing, and shall be read over to or by, and signed by, the person examined, and may thereafter be used in evidence against him or her, and shall be open to the inspection of any creditor or contributory at all reasonable times.
- (9) The court may, if it thinks fit, adjourn the examination from time to time.

269. Power to arrest an absconding contributory

The court, at any time either before or after making a winding up order, on proof of probable cause for believing that any person or officer of the company mentioned in [section 268\(1\)](#) or a contributory is about to quit Uganda or otherwise to abscond or to remove or conceal any of his or her property for the purpose of evading payment of calls or of avoiding examination respecting the affairs of the company, may cause the contributory to be arrested and his or her books and papers and movable personal property to be seized and him or her and them to be safely kept until such time as the court may order.

270. Powers of the court cumulative

Any powers by this Act conferred on the court shall be in addition to and not in restriction of any existing powers of instituting proceedings against any contributory or debtor of the company or the estate of any contributory or debtor, for the recovery of any call or other sums.

271. Delegation to the liquidator of certain powers of the court

Provision may be made by general rules for enabling or requiring all or any of the powers and duties conferred and imposed on the court by this Act in respect of the powers of following matters—

- (a) the holding and conducting of meetings to ascertain the wishes of creditors and contributories;
- (b) the settling of lists of contributories and the rectifying of the register of members where required, and the collecting and applying of the assets;
- (c) the paying, delivery, conveyance, surrender or transfer of money, property, books or papers to the liquidator;
- (d) the making of calls;
- (e) the fixing of a time within which debts and claims must be proved,

to be exercised or performed by the liquidator as an officer of the court, and subject to the control of the court; except that the liquidator shall not, without the special leave of the court, rectify the register of members, and shall not make any call without either the special leave of the court or the sanction of the committee of inspection.

272. Dissolution of a company

- (1) When the affairs of a company have been completely wound up, the court, if the liquidator makes an application in that behalf, shall make an order that the company be dissolved from the date of the order, and the company shall be dissolved accordingly.
- (2) A copy of the order shall within fourteen days from the date thereof be delivered by the liquidator to the registrar for registration.
- (3) If the liquidator makes default in complying with the requirements of this section, he or she is liable to a fine not exceeding one hundred shillings for every day during which he or she is in default.

Enforcement of orders and appeals**273. Manner of enforcing orders of a court**

All orders made by a court under this Part of this Act may be enforced in the same manner in which decrees of such court made in any suit pending therein may be enforced.

274. Enforcement of an order in another court

Where any order for or in the course of winding up made by one court is required to be enforced by another court, a certified copy of the order shall be produced to the proper officer of the court required to enforce the same, and the production of a certified copy shall be sufficient evidence of the order and thereupon the last-mentioned court shall take the requisite steps in the matter for enforcing the order in the same manner as if it had been made by that court.

275. Appeals

Subject to such conditions and limitations as may be prescribed by general rules, an appeal shall lie—

- (a) to the High Court from a decision or order given or made by a magistrate's court in the exercise of any jurisdiction conferred upon it under [section 219](#);
- (b) to the Court of Appeal on a matter of law, but not on a matter of fact, from a decision or order given or made by the High Court in the exercise of the appellate jurisdiction conferred upon it by paragraph (a) of this section;
- (c) to the Court of Appeal from a decision or order given or made by the High Court in respect of a special case referred to it under [section 221](#);
- (d) to the Court of Appeal from any decision or order given or made by the High Court in the exercise of the jurisdiction conferred upon it by [section 218](#), not being a decision or order of the kind referred to in paragraphs (b) and (c) of this section.

3 – Voluntary winding up***Resolutions for, and commencement of, voluntary winding up*****276. Circumstances in which a company may be wound up voluntarily**

- (1) A company may be wound up voluntarily—
 - (a) when the period, if any, fixed for the duration of the company by the articles expires, or the event, if any, occurs, on the occurrence of which the articles provide that the company is to be dissolved, and the company in general meeting has passed a resolution requiring the company to be wound up voluntarily;
 - (b) if the company resolves by special resolution that the company be wound up voluntarily;
 - (c) if the company resolves by special resolution to the effect that it cannot by reason of its liabilities continue its business, and that it is advisable to wind up.
- (2) In this Act, a “resolution for voluntary winding up” means a resolution passed under any of the provisions of subsection (1).

277. Notice of resolution to wind up voluntarily

- (1) When a company has passed a resolution for voluntary winding up, it shall, within fourteen days after the passing of the resolution, give notice of the resolution by advertisement in the Gazette, and also in some newspaper circulating in Uganda.
- (2) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine, and for the purposes of this subsection, the liquidator of the company shall be deemed to be an officer of the company.

278. Commencement of voluntary winding up

A voluntary winding up shall be deemed to commence at the time of the passing of the resolution for voluntary winding up.

Consequences of voluntary winding up

279. Effect of voluntary winding up on the business and status of the company

- (1) In case of a voluntary winding up, the company shall, from the commencement of the winding up, cease to carry on its business, except so far as may be required for the beneficial winding up of the company.
- (2) The corporate state and corporate powers of the company shall, notwithstanding anything to the contrary in its articles, continue until it is dissolved.

280. Avoidance of transfers, etc. after commencement of voluntary winding up

Any transfer of shares, not being a transfer made to or with the sanction of the liquidator, and any alteration in the status of the members of the company, made after the commencement of a voluntary winding up, shall be void.

Declaration of solvency**281. Statutory declaration of solvency in case of proposal to wind up voluntarily**

- (1) Where it is proposed to wind up a company voluntarily, the directors of the company or, in the case of a company having more than two directors, the majority of the directors, may, at a meeting of the directors make a declaration in the prescribed form to the effect that they have made a full inquiry into the affairs of the company, and that, having done so, they have formed the opinion that the company will be able to pay its debts in full within such period not exceeding twelve months from the commencement of the winding up as may be specified in the declaration.
- (2) A declaration made as aforesaid shall have no effect for the purposes of this Act unless—
 - (a) it is made within the thirty days immediately preceding the date of the passing of the resolution for winding up the company and is delivered to the registrar for registration before that date; and
 - (b) it embodies a statement of the company's assets and liabilities as at the latest practicable date before the making of the declaration.
- (3) Any director of a company making a declaration under this section without having reasonable grounds for the opinion that the company will be able to pay its debts in full within the period specified in the declaration is liable to imprisonment for a period not exceeding twelve months or to a fine not exceeding twenty thousand shillings or to both, and if the company is wound up in pursuance of a resolution passed within thirty days after the making of the declaration, but its debts are not paid or provided for in full within the period stated in the declaration, it shall be presumed until the contrary is shown that the director did not have reasonable grounds for his or her opinion.
- (4) A winding up in the case of which a declaration has been made and delivered in accordance with this section or section 228 of the repealed Companies Ordinance, is in this Act referred to as "a members' voluntary winding up", and a winding up in the case of which a declaration has not been made and delivered as aforesaid is in this Act referred to as "a creditors' voluntary winding up".

Provisions applicable to a members' voluntary winding up**282. Provisions applicable to a members' winding up**

The provisions contained in [sections 283 to 289](#), subject to the provisions of [section 289](#), apply in relation to a members' voluntary winding up.

283. Power of the company to appoint and fix remuneration of liquidators

- (1) The company in general meeting shall appoint one or more liquidators for the purpose of winding up the affairs and distributing the assets of the company, and may fix the remuneration to be paid to him or her or them.
- (2) On the appointment of a liquidator all the powers of the directors shall cease, except so far as the company in general meeting or the liquidator sanctions the continuance thereof.

284. Power to fill a vacancy in the office of liquidator

- (1) If a vacancy occurs by death, resignation or otherwise in the office of liquidator appointed by the company, the company in general meeting may, subject to any arrangement with its creditors, fill the vacancy.
- (2) For that purpose a general meeting may be convened by any contributory or, if there were more liquidators than one, by any continuing liquidator.
- (3) The meeting shall be held in the manner provided by this Act or by the articles, or in such manner as may, on application by any contributory or, by the continuing liquidators, be determined by the court.

285. Power of the liquidator to accept shares, etc. as consideration for the sale of property of the company

- (1) Where a company is proposed to be, or is in course of being, wound up voluntarily, and the whole or part of its business or property is proposed to be transferred or sold to another company, whether a company within the meaning of this Act or not (in this section called “the transferee company”), the liquidator of the first-mentioned company (in this section called “the transferor company”) may, with the sanction of a special resolution of that company, conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive, in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee company for distribution among the members of the transferor company, or may enter into any other arrangement whereby the members of the transferor company may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefit from the transferee company.
- (2) Any sale or arrangement in pursuance of this section shall be binding on the members of the transferor company.
- (3) If any member of the transferor company who did not vote in favour of the special resolution expresses his or her dissent therefrom in writing addressed to the liquidator, and left at the registered office of the company within seven days after the passing of the resolution, he or she may require the liquidator either to abstain from carrying the resolution into effect or to purchase his or her interest at a price to be determined by agreement or by arbitration in accordance with the law relating to arbitration for the time being in force in Uganda.
- (4) If the liquidator elects to purchase the member’s interest, the purchase money must be paid before the company is dissolved and be raised by the liquidator in such manner as may be determined by special resolution.
- (5) A special resolution shall not be invalid for the purposes of this section by reason that it is passed before or concurrently with a resolution for voluntary winding up or for appointing liquidators, but, if an order is made within a year for winding up the company by or subject to the supervision of the court, the special resolution shall not be valid unless sanctioned by the court.

286. Duty of the liquidator to call a creditors' meeting in case of insolvency

- (1) If, in the case of a winding up commenced after 1st January, 1961, the liquidator is at any time of opinion that the company will not be able to pay its debts in full within the period stated in the declaration under [section 281](#), he or she shall forthwith notify the registrar accordingly and summon a meeting of the creditors, and shall lay before the meeting a statement of the assets and liabilities of the company.
- (2) If the liquidator fails to comply with this section, he or she is liable to a fine not exceeding one thousand shillings.

287. Duty of the liquidator to call a general meeting at the end of each year

- (1) Subject to [section 289](#), in the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company at the end of the first year from the commencement of the winding up, and of each succeeding year, or at the first convenient date within three months from the end of the year or such longer period as the registrar may allow, and shall lay before the meeting an account of his or her acts and dealings and of the conduct of the winding up during the preceding year.
- (2) If the liquidator fails to comply with this section, he or she is liable to a fine not exceeding two hundred shillings.

288. Final meeting and dissolution

- (1) Subject to [section 289](#), as soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company for the purpose of laying before it the account and giving any explanation of the account.
- (2) The meeting shall be called by advertisement in the Gazette, and in a newspaper circulating in Uganda specifying the time, place and object thereof, and published thirty days at least before the meeting.
- (3) Within fourteen days after the meeting, the liquidator shall send to the registrar a copy of the account, and shall make a return to him or her of the holding of the meeting and of its date; and if the copy is not sent or the return is not made in accordance with this subsection, the liquidator is liable to a fine not exceeding one hundred shillings for every day during which the default continues; except that if a quorum is not present at the meeting, the liquidator shall, in lieu of the return hereinbefore mentioned, make a return that the meeting was duly summoned and that no quorum was present at it, and upon such a return being made the provisions of this subsection as to the making of the return shall be deemed to have been complied with.
- (4) The registrar on receiving the account and either of the returns mentioned in subsection (3) shall forthwith register them, and on the expiration of three months from the registration of the return the company shall be deemed to be dissolved; but the court may, on the application of the liquidator or of any other person who appears to the court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court thinks fit.
- (5) The person on whose application an order of the court under this section is made shall, within seven days after the making of the order, deliver to the registrar a certified copy of the order for registration, and if that person fails so to do he or she is liable to a fine not exceeding one hundred shillings for every day during which the default continues.
- (6) If the liquidator fails to call a general meeting of the company as required by this section, he or she is liable to a fine not exceeding one thousand shillings.

289. Alternative provisions as to annual and final meetings in case of insolvency

Where [section 286](#) has effect, [sections 297](#) and [298](#) shall apply to the winding up to the exclusion of [sections 287](#) and [288](#), as if the winding up were a creditors' voluntary winding up and not a members' voluntary winding up; except that the liquidator shall not be required to summon a meeting of creditors under [section 297](#) at the end of the first year from the commencement of the winding up, unless the meeting held under [section 286](#) is held more than three months before the end of that year.

Provisions applicable to a creditors' voluntary winding up

290. Provisions applicable to a creditors' winding up

[Sections 291](#) to [298](#) shall apply in relation to a creditors' voluntary winding up.

291. Meeting of creditors

- (1) The company shall cause a meeting of the creditors of the company to be summoned for the day, or the day following the day, on which there is to be held the meeting at which the resolution for voluntary winding up is to be proposed, and shall cause the notices of the meeting of creditors to be sent by post to the creditors simultaneously with the sending of the notices of the meeting of the company.
- (2) The company shall cause notice of the meeting of the creditors to be advertised once in the Gazette and once at least in a newspaper circulating in Uganda.
- (3) The directors of the company shall—
 - (a) cause a full statement of the position of the company's affairs together with a list of the creditors of the company and the estimated amount of their claims to be laid before the meeting of the creditors to be held as aforesaid; and
 - (b) appoint one of their number to preside at the meeting.
- (4) It shall be the duty of the director appointed to preside at the meeting of the creditors to attend the meeting and preside at it.
- (5) If the meeting of the company at which the resolution for voluntary winding up is to be proposed is adjourned and the resolution is passed at an adjourned meeting, any resolution passed at the meeting of the creditors held in pursuance of subsection (1) shall have effect as if it had been passed immediately after the passing of a resolution for winding up the company.
- (6) If default is made—
 - (a) by the company in complying with subsections (1) and (2);
 - (b) by the directors of the company in complying with subsection (3);
 - (c) by any director of the company in complying with subsection (4), the company, directors or director, as the case may be, shall be liable to a fine not exceeding two thousand shillings, and, in the case of default by the company, every officer of the company who is in default is liable to the like penalty.

292. Appointment of a liquidator

- (1) The creditors and the company at their respective meetings mentioned in [section 291](#) may nominate a person to be liquidator for the purpose of winding up the affairs and distributing the assets of the company, and if the creditors and the company nominate different persons, the person nominated by the creditors shall be liquidator, and if no person is nominated by the creditors, the person, if any, nominated by the company shall be liquidator.

- (2) If different persons are nominated, any director, member or creditor of the company may, within seven days after the date on which the nomination was made by the creditors, apply to the court for an order either directing that the person nominated as liquidator by the company shall be liquidator instead of or jointly with the person nominated by the creditors or appointing some other person to be liquidator instead of the person appointed by the creditors.

293. Appointment of a committee of inspection

- (1) The creditors at the meeting to be held under [section 291](#) or at any subsequent meeting may, if they think fit, appoint not more than five persons to be members of a committee of inspection, and if such a committee is appointed, the company may, either at the meeting at which the resolution for voluntary winding up is passed or at any time subsequently in general meeting, appoint such number of persons as they think fit to act as members of the committee so, however, that the majority of the members of the committee shall be persons appointed by the creditors.
- (2) The creditors may, if they think fit, resolve that all or any of the persons appointed by the company under subsection (1) ought not to be members of the committee of inspection, and, if the creditors so resolve, the persons mentioned in the resolution shall not, unless the court otherwise directs, be qualified to act as members of the committee, and on any application to the court under this provision the court may, if it thinks fit, appoint other persons to act as such members in place of the persons mentioned in the resolution.
- (3) Subject to this section and to any general rules made in this behalf, the provisions of [section 252](#), except subsection (1), shall apply with respect to a committee of inspection appointed under this section as they apply with respect to a committee of inspection appointed in a winding up by the court.

294. Fixing of a liquidator's remuneration and ceasing of directors' powers

- (1) The committee of inspection, or if there is no such committee, the creditors, may fix the remuneration to be paid to the liquidator or liquidators.
- (2) On the appointment of a liquidator, all the powers of the directors shall cease, except so far as the committee of inspection, or if there is no such committee, the creditors, sanction the continuance thereof.

295. Power to fill a vacancy in office of liquidator

If a vacancy occurs, by death, resignation or otherwise, in the office of a liquidator, other than a liquidator appointed by, or by the direction of, the court, the creditors may fill the vacancy.

296. Application of [section 285](#) to a creditors' voluntary winding up

[Section 285](#) shall apply in the case of a creditors' voluntary winding up as in the case of a members' voluntary winding up, with the modification that the powers of the liquidator under that section shall not be exercised except with the sanction either of the court or of the committee of inspection in substitution for the sanction of a special resolution.

297. Duty of the liquidator to call meetings of the company and of creditors at the end of each year

- (1) In the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company and a meeting of the creditors at the end of the first year from the commencement of the winding up, and of each succeeding year, or at the first convenient date within three months from the end of the year or such longer period as the registrar may allow, and shall lay before the meetings an account of his or her acts and dealings and of the conduct of the winding up during the preceding year.

- (2) If the liquidator fails to comply with this section, he or she is liable to a fine not exceeding two hundred shillings.

298. Final meetings and dissolution

- (1) As soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purpose of laying the account before the meetings and giving any explanation thereof.
- (2) Each such meeting shall be called by advertisement in the Gazette and in a newspaper circulating in Uganda, specifying the time, place and object thereof, and published thirty days at least before the meeting.
- (3) Within one week after the date of the meetings, or, if the meetings are not held on the same date, after the date of the later meeting, the liquidator shall send to the registrar a copy of the account, and shall make a return to him or her of the holding of the meetings and of their dates, and if the copy is not sent or the return is not made in accordance with this subsection, the liquidator is liable to a fine not exceeding one hundred shillings for every day during which the default continues; except that if a quorum is not present at either such meeting, the liquidator shall, in lieu of the return hereinbefore mentioned, make a return that the meeting was duly summoned and that no quorum was present thereat and upon such a return being made the provisions of this subsection as to the making of the return shall, in respect of that meeting, be deemed to have been complied with.
- (4) The registrar on receiving the account and, in respect of each such meeting, either of the returns mentioned in subsection (3), shall forthwith register them, and on the expiration of three months from the registration thereof the company shall be deemed to be dissolved; but the court may, on the application of the liquidator or of any other person who appears to the court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court thinks fit.
- (5) The person on whose application an order of the court under this section is made shall, within seven days after the making of the order, deliver to the registrar a certified copy of the order for registration; and if that person fails to do so, he or she is liable to a fine not exceeding one hundred shillings for every day during which the default continues.
- (6) If the liquidator fails to call a general meeting of the company or a meeting of the creditors as required by this section, he or she is liable to a fine not exceeding one thousand shillings.

Provisions applicable to every voluntary winding up

299. Provisions applicable to every voluntary winding up

Sections 300 to 307 shall apply to every voluntary winding up whether a members' or a creditors' winding up.

300. Distribution of the property of a company

Subject to the provisions of this Act as to preferential payments, the assets of a company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu*, and, subject to such application, shall, unless the articles otherwise provide, be distributed among the members according to their rights and interests in the company.

301. Powers and duties of the liquidator in a voluntary winding up

- (1) The liquidator may—
 - (a) in the case of a members' voluntary winding up, with the sanction of a special resolution of the company, and, in the case of a creditors' voluntary winding up, with the sanction of the court or the committee of inspection or (if there is no such committee) a meeting of the creditors, exercise any of the powers given by [section 244\(1\)\(d\)](#), (e) and (f) to a liquidator in winding up by the court;
 - (b) without sanction, exercise any of the other powers by this Act given to the liquidator in a winding up by the court;
 - (c) exercise the power of the court under this Act of settling a list of contributories, and the list of contributories shall be *prima facie* evidence of the liability of the persons named therein to be contributories;
 - (d) exercise the power of the court of making calls;
 - (e) summon general meetings of the company for the purpose of obtaining the sanction of the company by special resolution or for any other purpose he or she may think fit.
- (2) The liquidator shall pay the debts of the company and shall adjust the rights of the contributories among themselves.
- (3) When several liquidators are appointed, any power given by this Act may be exercised by such one or more of them as may be determined at the time of their appointment, or, in default of such determination, by any number not less than two.

302. Power of the court to appoint and remove a liquidator in voluntary winding up

- (1) If from any cause whatever there is no liquidator acting, the court may appoint a liquidator.
- (2) The court may, on cause shown, remove a liquidator and appoint another liquidator.

303. Notice by a liquidator of his or her appointment

- (1) The liquidator shall, within fourteen days after his or her appointment, publish in the Gazette and deliver to the registrar for registration a notice of his or her appointment in the form prescribed.
- (2) If the liquidator fails to comply with the requirements of this section, he or she is liable to a fine not exceeding one hundred shillings for every day during which the default continues.

304. Arrangement between a company and its creditors

- (1) Any arrangement entered into between a company about to be, or in the course of being wound up and its creditors shall, subject to the right of appeal under this section, be binding on the company if sanctioned by a special resolution and on the creditors if acceded to by three-fourths in number and value of the creditors.
- (2) Any creditor or contributory may, within three weeks from the completion of the arrangement, appeal to the court against it, and the court may thereupon, as it thinks just, amend, vary or confirm the arrangement.

305. Power to apply to court to have questions determined or powers exercised

- (1) The liquidator or any contributory or creditor may apply to the court to determine any question arising in the winding up of a company, or to exercise, as respects the enforcing of calls or any other matter, all or any of the powers which the court might exercise if the company were being wound up by the court.

- (2) The court, if satisfied that the determination of the question or the required exercise of power will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as it thinks fit or may make such other order on the application as it thinks just.
- (3) A copy of an order made by virtue of this section staying the proceedings in the winding up shall forthwith be delivered by the company, or otherwise as may be prescribed, to the registrar for registration.

306. Costs of voluntary winding up

All costs, charges and expenses properly incurred in the winding up, including the remuneration of the liquidator, shall be payable out of the assets of the company in priority to all other claims.

307. Saving for rights of creditors and contributories

The voluntary winding up of a company shall not bar the right of any creditor or contributory to have it wound up by the court, but in the case of an application by a contributory, the court must be satisfied that the rights of the contributories will be prejudiced by a voluntary winding up.

4 – Winding up subject to supervision of court

308. Power to order winding up subject to supervision

When a company has passed a resolution for voluntary winding up, the court may make an order that the voluntary winding up shall continue but subject to such supervision of the court, and with such liberty for creditors, contributories or others to apply to the court, and generally on such terms and conditions, as the court thinks just.

309. Effect of petition for winding up subject to supervision

A petition for the continuance of a voluntary winding up subject to the supervision of the court shall, for the purpose of giving jurisdiction to the court over actions, be deemed to be a petition for winding up by the court.

310. Application of sections 227 and 228 to winding up subject to supervision

A winding up subject to the supervision of the court shall, for the purposes of sections 227 and 228 be deemed to be a winding up by the court.

311. Power of the court to appoint or remove liquidators

- (1) Where an order is made for a winding up subject to supervision, the court may by that or any subsequent order appoint an additional liquidator.
- (2) A liquidator appointed by the court under this section shall have the same powers, be subject to the same obligations, and in all respects stand in the same position, as if he or she had been duly appointed in accordance with the provisions of this Act with respect to the appointment of liquidators in a voluntary winding up.
- (3) The court may remove any liquidator so appointed by the court or any liquidator continued under the supervision order and fill any vacancy occasioned by the removal, or by death or resignation.

312. Effect of a supervision order

- (1) Where an order is made for a winding up subject to supervision, the liquidator may, subject to any restrictions imposed by the court, exercise all his or her powers, without the sanction or intervention of the court, in the same manner as if the company were being wound up voluntarily;

except that the powers specified in [section 244](#)(1)(d), (e) and (f) shall not be exercised by the liquidator except with the sanction of the court or, in a case where before the order the winding up was a creditors' voluntary winding up, with the sanction of the court or the committee of inspection, or (if there is no such committee) a meeting of the creditors.

- (2) A winding up subject to the supervision of the court is not a winding up by the court for the purpose of the provisions of this Act specified in the Eighth Schedule to this Act, but, subject as aforesaid, an order for a winding up subject to supervision shall for all purposes be deemed to be an order for winding up by the court.
- (3) Where the order for winding up subject to supervision was made in relation to a creditors' voluntary winding up in which a committee of inspection had been appointed, the order shall be deemed to be an order for winding up by the court for the purpose of [section 252](#) (except subsection (1) thereof) except insofar as the operation of that section is excluded in a voluntary winding up by general rules.

5 – Provisions applicable to every mode of winding up

Proof and ranking of claims

313. Debts of all descriptions may be proved

In every winding up (subject, in the case of insolvent companies, to the application in accordance with the provisions of this Act of the law of bankruptcy), all debts payable on a contingency, and all claims against the company, present or future, certain or contingent, ascertained or sounding only in damages, shall be admissible to proof against the company, a just estimate being made, so far as possible, of the value of such debts or claims as may be subject to any contingency or sound only in damages, or for some other reason do not bear a certain value.

314. Application of bankruptcy rules in winding up of insolvent companies

In the winding up of an insolvent company, the same rules shall prevail and be observed with regard to the respective rights of secured and unsecured creditors and to debts provable and to the valuation of annuities and future and contingent liabilities as are in force for the time being under the law of bankruptcy with respect to the estates of persons adjudged bankrupt, and all persons who in any such case would be entitled to prove for and receive dividends out of the assets of the company may come in under the winding up and make such claims against the company as they respectively are entitled to by virtue of this section.

315. Preferential payments

- (1) In the winding up of a company, there shall be paid in priority to all other debts—
 - (a) all taxes and local rates due from the company at the relevant date and having become due and payable within twelve months next before that date not exceeding in the whole one year's assessment;
 - (b) all rents payable to the Uganda Land Commission or a district land board which are not more than one year in arrear;
 - (c) all wages or salary (whether or not earned wholly or in part by way of commission) of any clerk or servant (not being a director) in respect of services rendered to the company during four months next before the relevant date and all wages (whether payable for time or for piecework) of any worker or labourer in respect of services so rendered;
 - (d) unless the company is being wound up voluntarily merely for the purposes of reconstruction or amalgamation with another company, or unless the company has, at the commencement of the winding up, under any contract with insurers, rights capable of being transferred to

and vested in the worker, all amounts due in respect of any compensation or liability for compensation under any law for the time being in force in Uganda relating to compensation of workers, being amounts which have accrued before the relevant date;

- (e) all amounts due in respect of contributions payable by the company under the National Social Security Fund Act, during a period of twelve months immediately preceding the relevant date, unless the company is being wound up voluntarily merely for the purposes of reconstruction or amalgamation with another company.
- (2) Notwithstanding anything in subsection (1)(c), the sum to which priority is to be given under that paragraph shall not, in the case of any one claimant, exceed four thousand shillings; except that where a claimant under subsection (1)(c) is a labourer in husbandry who has entered into a contract for the payment of a portion of his or her wages in a lump sum at the end of the year of hiring, he or she shall have priority in respect of the whole of such sum, or a part of it, as the court may decide to be due under the contract, proportionate to the time of service up to the relevant date.
- (3) Where any compensation under any law for the time being in force in Uganda relating to compensation of workers is a weekly payment, the amount due in respect thereof shall, for the purposes of subsection (1)(d) be taken to be the amount of the lump sum for which the weekly payment could, if redeemable, be redeemed if the employer made an application for that purpose under such law.
- (4) Where any payment has been made to any clerk, servant, worker or labourer in the employment of a company, on account of wages or salary out of money advanced by some person for that purpose, the person by whom the money was advanced shall in a winding up have a right of priority in respect of the money so advanced and paid-up to the amount by which the sum in respect of which the clerk, servant, worker or labourer would have been entitled to priority in the winding up has been diminished by reason of the payment having been made.
- (5) The foregoing debts shall—
 - (a) rank equally among themselves and be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportions; and
 - (b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the company, and be paid accordingly out of any property comprised in or subject to that charge.
- (6) Subject to the retention of such sums as may be necessary for the costs and expenses of the winding up, the foregoing debts shall be discharged forthwith so far as the assets are sufficient to meet them.
- (7) In the event of a landlord or other person distraining or having distrained on any goods or effects of the company within six months next before the date of a winding up order, the debts to which priority is given by this section shall be a first charge on the goods or effects so distrained on, or the proceeds of the sale of those goods or effects; but in respect of any money paid under any such charge, the landlord or other person shall have the same rights of priority as the person to whom the payment is made.
- (8) For the purposes of this section—
 - (a) any remuneration in respect of a period of absence from work through sickness or other good cause shall be deemed to be wages in respect of services rendered to the company during that period;
 - (b) “the relevant date” means—
 - (i) in the case of a company ordered to be wound up compulsorily, the date of the appointment (or first appointment) of an interim liquidator, or, if no such appointment was made, the date of the winding up order, unless in either case the company had commenced to be wound up voluntarily before that date; and

- (ii) in any case where the foregoing subparagraph does not apply, means the date of the passing of the resolution for the winding up of the company.
- (9) This section shall not apply in the case of a winding up where the relevant date as defined in section 261(6) of the repealed Companies Ordinance occurred before the commencement of this Act, and in such a case the provisions relating to preferential payments which would have applied if this Act had not been passed shall be deemed to remain in full force.

Effect of winding up on antecedent and other transactions

316. Fraudulent preference

- (1) Any transfer, conveyance, mortgage, charge, delivery of goods, payment, execution or other act relating to property made or done by or against a company within six months before the commencement of its winding up which, had it been made or done by or against an individual within six months before the presentation of a bankruptcy petition on which he or she is adjudged bankrupt, would be deemed in his or her bankruptcy a fraudulent preference, shall in the event of the company being wound up be deemed a fraudulent preference of its creditors and be invalid accordingly.
- (2) Any transfer, conveyance or assignment by a company of all its property to trustees for the benefit of all its creditors shall be void to all intents.

317. Liabilities and rights of certain fraudulently preferred persons

- (1) Where anything made or done after the 1st January, 1961, is void under [section 316](#) as a fraudulent preference of a person interested in property mortgaged or charged to secure the company's debt, then (without prejudice to any rights or liabilities arising apart from this provision) the person preferred shall be subject to the same liabilities, and shall have the same rights, as if he or she had undertaken to be personally liable as surety for the debt to the extent of the mortgage or charge on the property or the value of his or her interest, whichever is the less.
- (2) The value of that person's interest shall be determined as at the date of the transaction constituting the fraudulent preference and shall be determined as if the interest were free of all incumbrances other than those to which the mortgage or charge for the company's debt was then subject.
- (3) On any application made to the court with respect to any payment on the ground that the payment was a fraudulent preference of a surety or guarantor, the court shall have jurisdiction to determine any questions with respect to the payment arising between the person to whom the payment was made and the surety or guarantor and to grant relief in respect of the payment, notwithstanding that it is not necessary to do so for the purposes of the winding up, and for that purpose may give leave to bring in the surety or guarantor as a third party as in the case of an action for the recovery of the sum paid.
- (4) Subsection (3) shall apply, with the necessary modifications, in relation to transactions other than the payment of money as it applies in relation to those payments.

318. Effect of a floating charge

Where a company is being wound up, a floating charge on the undertaking or property of the company created within twelve months of the commencement of the winding up shall, unless it is proved that the company immediately after the creation of the charge was solvent, be invalid, except to the amount of any cash paid to the company at the time of or subsequently to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of 6 percent per year or such other rate as may for the time being be prescribed.

319. Disclaimer of onerous property

- (1) Where any part of the property of a company which is being wound up consists of land of any tenure burdened with onerous covenants, of shares or stock in companies, of unprofitable contracts, or of any other property that is unsaleable, or not readily saleable, by reason of its binding its possessor to the performance of any onerous act or to the payment of any sum of money, the liquidator of the company, notwithstanding that he or she has endeavoured to sell or has taken possession of the property or exercised any act of ownership in relation to it, may, with the leave of the court and subject to this section, by writing signed by him or her, at any time within twelve months after the commencement of the winding up or such extended period as may be allowed by the court, disclaim the property; except that where any such property has not come to the knowledge of the liquidator within one month after the commencement of the winding up, the power under this section of disclaiming the property may be exercised at any time within twelve months after he or she has become aware of it or such extended period as may be allowed by the court.
- (2) The disclaimer shall operate to determine, as from the date of disclaimer, the rights, interest and liabilities of the company, and the property of the company, in or in respect of the property disclaimed, but shall not, except so far as is necessary for the purpose of releasing the company and the property of the company from liability, affect the rights or liabilities of any other person.
- (3) The court, before or on granting leave to disclaim, may require such notices to be given to persons interested, and impose such terms as a condition of granting leave, and make such other order in the matter as the court thinks just.
- (4) The liquidator shall not be entitled to disclaim any property under this section in any case where an application in writing has been made to him or her by any persons interested in the property requiring him or her to decide whether he or she will or will not disclaim and the liquidator has not, within twenty-eight days after the receipt of the application or such further period as may be allowed by the court, given notice to the applicant that he or she intends to apply to the court for leave to disclaim, and, in the case of a contract, if the liquidator, after such an application as aforesaid, does not within that period or further period disclaim the contract, the company shall be deemed to have adopted it.
- (5) The court may, on the application of any person who is, as against the liquidator, entitled to the benefit or subject to the burden of a contract made with the company, make an order rescinding the contract on such terms as to payment by or to either party of damages for the nonperformance of the contract, or otherwise as the court thinks just, and any damages payable under the order to any such person may be proved by him or her as a debt in the winding up.
- (6) The court may, on an application by any person who either claims any interest in any disclaimed property or is under any liability not discharged by this Act in respect of any disclaimed property and on hearing any such persons as it thinks fit, make an order for the vesting of the property in or the delivery of the property to any persons entitled to it, or to whom it may seem just that the property should be delivered by way of compensation for such liability as aforesaid, or a trustee for him or her, and on such terms as the court thinks just, and on any such vesting order being made, the property comprised in it shall vest accordingly in the person named in it in that behalf without any conveyance or assignment for the purpose.
- (7) Notwithstanding subsection (6), where the property disclaimed is of a leasehold nature, the court shall not make a vesting order in favour of any person claiming under the company, whether as underlessee or as mortgagee by demise, including a chargee by way of legal mortgage, except upon the terms of making that person—
 - (a) subject to the same liabilities and obligations as those to which the company was subject under the lease in respect of the property at the commencement of the winding up; or

- (b) if the court thinks fit, subject only to the same liabilities and obligations as if the lease had been assigned to that person at that date,

and in either event (if the case so requires) as if the lease had comprised only the property comprised in the vesting order, and any mortgagee or underlessee declining to accept a vesting order upon such terms shall be excluded from all interest in and security upon the property, and, if there is no person claiming under the company who is willing to accept an order upon such terms, the court shall have power to vest the estate and interest of the company in the property in any person liable either personally or in a representative character, and either alone or jointly with the company, to perform the lessee's covenants in the lease, freed and discharged from all estates, incumbrances and interests created therein by the company.

- (8) Any person injured by the operation of a disclaimer under this section shall be deemed to be a creditor of the company to the amount of the injury and may, accordingly, prove the amount as a debt in the winding up.

320. Restriction of rights of a creditor as to execution or attachment in the case of a company being wound up

- (1) Where a creditor has issued execution against the movable or immovable property of a company or has attached any debt due to the company, and the company is subsequently wound up, he or she shall not be entitled to retain the benefit of the execution or attachment against the liquidator in the winding up of the company unless he or she has completed the execution or attachment before the commencement of the winding up; except that—
 - (a) where any creditor has had notice of a meeting having been called at which a resolution for voluntary winding up is to be proposed, the date on which the creditor so had notice shall, for the purposes of the foregoing provision, be substituted for the date of the commencement of the winding up;
 - (b) a person who purchases in good faith under a sale by a bailiff on an order of the court any movable property of a company on which an execution has been levied shall in all cases acquire a good title thereto against the liquidator; and
 - (c) the rights conferred by this subsection on the liquidator may be set aside by the court in favour of the creditor to such extent and subject to such terms as the court may think fit.
- (2) For the purposes of this section, an execution against movable property shall be taken to be completed by seizure and sale, and an attachment of a debt shall be deemed to be completed by receipt of the debt, and an execution against immovable property shall be deemed to be completed by seizure and, in the case of an equitable interest, by the appointment of a receiver.
- (3) In this and [section 321](#), “movable property” includes all chattels personal, and “bailiff” includes any officer charged with the execution of a writ or other process.

321. Duties of a bailiff as to goods taken in execution

- (1) Subject to subsection (3), where any movable property of a company is taken in execution, and, before the sale thereof or the completion of the execution by the receipt or recovery of the full amount of the levy, notice is served on the bailiff that an interim liquidator has been appointed or that a winding up order has been made or that a resolution for voluntary winding up has been passed, the bailiff shall, on being so required, deliver the movable property, including any money seized or received in part satisfaction of the execution, to the liquidator, but the costs of the execution shall be a first charge on the goods or money so delivered, and the liquidator may sell the goods, or a sufficient part thereof, for the purpose of satisfying that charge.
- (2) Subject to subsection (3), where under an execution in respect of a decree for a sum exceeding four hundred shillings the movable property of a company is sold or money is paid in order to avoid sale, the bailiff shall deduct the costs of the execution from the proceeds of the sale or the

money paid and retain the balance for fourteen days, and if within that time notice is served on him or her of a petition for the winding up of the company having been presented or of a meeting having been called at which there is to be proposed a resolution for the voluntary winding up of the company and an order is made or a resolution is passed, as the case may be, for the winding up of the company, the bailiff shall pay the balance to the liquidator, who shall be entitled to retain it as against the execution creditor.

- (3) The rights conferred by this section on the liquidator may be set aside by the court in favour of the creditor to such extent and subject to such terms as the court thinks fit.

Offences antecedent to or in the course of winding up

322. Offences by officers of companies in liquidation

- (1) If any person, being a past or present officer of a company which at the time of the commission of the alleged offence is being wound up, whether by or under the supervision of the court or voluntarily, or is subsequently ordered to be wound up by the court or subsequently passes a resolution for voluntary winding up—
- (a) does not to the best of his or her knowledge and belief fully and truly discover to the liquidator all the property, movable and immovable, of the company, and how and to whom and for what consideration and when the company disposed of any part thereof, except such part as has been disposed of in the ordinary way of the business of the company;
 - (b) does not deliver up to the liquidator, or as he or she directs, all such part of the movable and immovable property of the company as is in his or her custody or under his or her control, and which he or she is required by law to deliver up;
 - (c) does not deliver up to the liquidator, or as he or she directs, all books and papers belonging to the company and which he or she is required by law to deliver up;
 - (d) within twelve months next before the commencement of the winding up or at any time thereafter conceals any part of the property of the company to the value of two hundred shillings or upwards, or conceals any debt due to or from the company;
 - (e) within twelve months next before the commencement of the winding up or at any time thereafter fraudulently removes any part of the property of the company to the value of two hundred shillings or upwards;
 - (f) makes any material omission in any statement relating to the affairs of the company;
 - (g) knowing or believing that a false debt has been proved by any person under the winding up, fails for the period of a month to inform the liquidator thereof;
 - (h) after the commencement of the winding up prevents the production of any book or paper affecting or relating to the property or affairs of the company;
 - (i) within twelve months next before the commencement of the winding up or at any time thereafter conceals, destroys, mutilates or falsifies, or is privy to the concealment, destruction, mutilation or falsification of, any book or paper affecting or relating to the property or affairs of the company;
 - (j) within twelve months next before the commencement of the winding up or at any time thereafter makes or is privy to the making of any false entry in any book or paper affecting or relating to the property or affairs of the company;
 - (k) within twelve months next before the commencement of the winding up or at any time thereafter fraudulently parts with, alters or makes any omission in, or is privy to the fraudulent parting with, altering or making any omission in, any document affecting or relating to the property or affairs of the company;

- (l) after the commencement of the winding up or at any meeting of the creditors of the company within twelve months next before the commencement of the winding up attempts to account for any Part of -the property of the company by fictitious losses or expenses;
- (m) has within twelve months next before the commencement of the winding up or at any time thereafter, by any false representation or other fraud, obtained any property for or on behalf of the company on credit which the company does not subsequently pay for;
- (n) within twelve months next before the commencement of the winding up or at any time thereafter, under the false pretence that the company is carrying on its business, obtains on credit, for or on behalf of the company, any property which the company does not subsequently pay for;
- (o) within twelve months next before the commencement of the winding up or at any time thereafter pawns, pledges or disposes of any property of the company which has been obtained on credit and has not been paid for, unless such pawning, pledging or disposing is in the ordinary way of the business of the company;
- (p) is guilty of any false representation or other fraud for the purpose of obtaining the consent of the creditors of the company or any of them to an agreement with reference to the affairs of the company or to the winding up;
- (q) has within twelve months next before the commencement of the winding up been privy to the carrying on of the business of the company knowing that the company was unable to pay its debts; or
- (r) has been privy to the contracting by the company of any debt provable in the liquidation without having at the time when the debt was contracted any reasonable or probable ground of expectation (proof whereof shall lie on him or her) that the company would be able to pay that debt,

he or she commits an offence and is, in the case of the offences mentioned in paragraphs (m), (n) and (o) of this subsection, liable on conviction to imprisonment for a term not exceeding five years and in the case of any other offence is liable on conviction to imprisonment for a term not exceeding three years.

- (2) It shall be a good defence to a charge under any of paragraphs (a), (b), (c), (d), (f), (n), (o), (q) and (r) if the accused proves that he or she had no intent to defraud and to a charge under any of paragraphs (h), (i) and (j) if he or she proves that he or she had no intent to conceal the state of affairs of the company or to defeat the law.
- (3) Where any person pawns, pledges or disposes of any property in circumstances which amount to an offence under subsection (1)(o), every person who takes in pawn or pledge or otherwise receives the property knowing it to be pawned, pledged or disposed of in such circumstances as aforesaid commits an offence and is liable on conviction to be punished in the same way as if he or she had been convicted of an offence under section 314(1) of the Penal Code Act.
- (4) For the purposes of this section, "officer" includes any person in accordance with whose directions or instructions the directors of a company have been accustomed to act.

323. Penalty for falsification of books

If any officer or contributory of any company being wound up destroys, mutilates, alters or falsifies any books, papers or securities, or makes or is privy to the making of any false or fraudulent entry in any register, book of account or document belonging to the company with intent to defraud or deceive any person, he or she commits an offence and is liable to imprisonment for a term not exceeding seven years, and is also liable to a fine.

324. Fraud by officers of companies which have gone into liquidation

- (1) If any person, being at the time of the commission of the alleged offence an officer of a company which is subsequently ordered to be wound up by the court or subsequently passes a resolution for voluntary winding up—
 - (a) has by false pretences or by means of any other fraud induced any person to give credit to the company;
 - (b) with intent to defraud creditors of the company, has made or caused to be made any gift or transfer of or charge on, or has caused or connived at the levying of any execution against, the property of the company;
 - (c) with intent to defraud creditors of the company, has concealed or removed any part of the property of the company since, or within two months before, the date of any unsatisfied judgment or order for payment of money obtained against the company,he or she commits an offence and is liable on conviction to imprisonment for a term not exceeding two years.
- (2) For the purposes of this section, “officer” includes any person in accordance with whose directions or instructions the directors of a company have been accustomed to act.

325. Officers of a company failing to account for loss of part of the company’s property

- (1) If any person being a past or present officer of a company which is being wound up under this Act, on being required by the official receiver at any time or in the course of his or her examination by the court under [section 268](#) to account for the loss of any substantial part of the company’s property incurred within a period of a year next preceding the commencement of the winding up, fails to give a satisfactory explanation of the manner in which the loss occurred, he or she commits an offence and is liable on conviction to imprisonment for a term not exceeding three years.
- (2) A prosecution shall not be instituted against any person under this section except by order of the Director of Public Prosecutions.

326. Liability where proper accounts not kept

- (1) If in the course of the winding up of a company it is shown that proper books of account were not kept by the company at any time during the two years immediately preceding the commencement of the winding up, or the period between the incorporation of the company and the commencement of the winding up, whichever is the shorter, every officer of the company who is in default is liable on conviction to imprisonment for a term not exceeding three years, unless he or she shows that he or she acted honestly and that in the circumstances in which the business of the company was carried on the default was excusable.
- (2) For the purpose of this section, a company shall be deemed not to have kept proper books of account, if it has not kept such books or accounts as are required to be kept by [section 147\(2\)](#).

327. Responsibility for fraudulent trading of persons concerned

- (1) If in the course of the winding up of a company it appears that any business of the company has been carried on with intent to defraud creditors of the company or creditors of any other person or for any fraudulent purpose, the court, on the application of the official receiver, or the liquidator or any creditor or contributory of the company, may, if it thinks proper to do so, declare that any persons who were knowingly parties to the carrying on of the business in the manner aforesaid shall be personally responsible, without any limitation of liability, for all or any of the debts or other liabilities of the company as the court may direct.

- (2) On the hearing of an application under subsection (1), the official receiver or the liquidator, as the case may be, may himself or herself give evidence or call witnesses.
- (3) Where the court makes any such declaration under subsection (1), it may give such further directions as it thinks proper for the purpose of giving effect to that declaration and, in particular, may make provision for making the liability of any such person under the declaration a charge on any debt or obligation due from the company to him or her, or on any mortgage or charge or any interest in any mortgage or charge on any assets of the company held by or vested in him or her, or any company or person on his or her behalf, or any person claiming as assignee from or through the person liable or any company or person acting on his or her behalf, and may from time to time make such further order as may be necessary for the purpose of enforcing any charge imposed under this subsection.
- (4) For the purpose of subsection (3), “assignee” includes any person to whom or in whose favour, by the directions of the person liable, the debt, obligation, mortgage or charge was created, issued or transferred or the interest created, but does not include an assignee for valuable consideration (not including consideration by way of marriage) given in good faith and without notice of any of the matters on the ground of which the declaration is made.
- (5) Where any business of a company is carried on with such intent or for such purpose as is mentioned in subsection (1), every person who was knowingly a party to the carrying on of the business in the manner aforesaid, is liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings or to both.
- (6) This section shall have effect notwithstanding that the person concerned may be criminally liable in respect of the matters on the ground of which the declaration is to be made, and where the declaration under subsection (1) is made, the declaration shall be deemed to be a final decree within the meaning of section 2(1)(g) of the Bankruptcy Act.

328. Power of the court to assess damages against delinquent directors, etc.

- (1) If in the course of winding up a company it appears that any person who has taken part in the formation or promotion of the company, or any past or present director, manager or liquidator, or any officer of the company, has misapplied or retained or become liable or accountable for any money or property of the company, or been guilty of any misfeasance or breach of trust in relation to the company, the court may, on the application of the official receiver, or of the liquidator, or of any creditor or contributory, examine into the conduct of the promoter, director, manager, liquidator or officer and compel him or her to repay or restore the money or property or any part of the money or property respectively with interest at such rate as the court thinks just, or to contribute such sum to the assets of the company by way of compensation in respect of the misapplication, retainer, misfeasance or breach of trust as the court thinks just.
- (2) This section shall have effect notwithstanding that the offence is one for which the offender may be criminally liable.
- (3) Where an order for payment of money is made under this section, the order shall be deemed to be a final decree within the meaning of section 2(1)(g) of the Bankruptcy Act.

329. Prosecution of delinquent officers and members of a company

- (1) If it appears to the court in the course of a winding up by, or subject to the supervision of, the court that any past or present officer, or any member of the company has been guilty of any offence in relation to the company for which he or she is criminally liable, the court may, either on the application of any person interested in the winding up or of its own motion, direct the liquidator to refer the matter to the Director of Public Prosecutions.
- (2) If it appears to the liquidator in the course of a voluntary winding up that any past or present officer, or any member, of the company has been guilty of any offence in relation to the company for which he or she is criminally liable, he or she shall forthwith report the matter to the Director of

Public Prosecutions and shall furnish to the Director of Public Prosecutions such information and give to him or her such access to and facilities for inspecting and taking copies of any documents, being information or documents in the possession or under the control of the liquidator and relating to the matter in question, as the Director of Public Prosecutions may require.

- (3) Where any report is made under subsection (2) to the Director of Public Prosecutions, he or she may, if he or she thinks fit, refer the matter to the official receiver for further inquiry, and the official receiver shall thereupon investigate the matter and may, if he or she thinks it expedient, apply to the court for an order conferring on him or her for the purpose with respect to the company concerned all such powers of investigating the affairs of the company as are provided by this Act in the case of a winding up by the court.
- (4) If it appears to the court in the course of a voluntary winding up that any past or present officer, or any member, of the company has been guilty as aforesaid, and that no report with respect to the matter has been made by the liquidator to the Director of Public Prosecutions under subsection (2), the court may, on the application of any person interested in the winding up or of its own motion, direct the liquidator to make such a report, and on a report being made, accordingly, this section shall have effect as though the report had been made under subsection (2).
- (5) If, where any matter is reported or referred to the Director of Public Prosecutions under this section, he or she considers that the case is one in which a prosecution ought to be instituted, he or she shall institute proceedings accordingly, and it shall be the duty of the liquidator and of every officer and agent of the company past and present (other than the defendant in the proceedings) to give him or her all assistance in connection with the prosecution which he or she is reasonably able to give.
- (6) For the purposes of subsection (5), “agent” in relation to a company shall be deemed to include any banker or advocate of the company and any person employed by the company as auditor, whether that person is or is not an officer of the company.
- (7) If any person fails or neglects to give assistance in the manner required by subsection (5), the court may, on the application of the Director of Public Prosecutions, direct that person to comply with the requirements of that subsection, and where any such application is made with respect to a liquidator the court may, unless it appears that the failure or neglect to comply was due to the liquidator not having in his or her hands sufficient assets of the company to enable him or her to do so, direct that the costs of the application shall be borne by the liquidator personally.

Supplementary provisions as to winding up

330. Disqualification for appointment as liquidator

A body corporate shall not be qualified for appointment as liquidator of a company, whether in a winding up by or under the supervision of the court or in a voluntary winding up, and—

- (a) any appointment made in contravention of this provision shall be void; and
- (b) any body corporate which acts as liquidator of a company shall be liable to a fine not exceeding two thousand shillings.

331. Corrupt inducement affecting appointment as liquidator

Any person who gives or agrees or offers to give to any member or creditor of a company any valuable consideration with a view to securing his or her own appointment or nomination, or to securing or preventing the appointment or nomination of some person other than himself or herself, as the company's liquidator is liable to a fine not exceeding two thousand shillings.

332. Enforcement of duty of liquidator to make returns, etc.

- (1) If any liquidator who has made any default in filing, delivering or making any return, account or other document, or in giving any notice which he or she is by law required to file, deliver, make or give, fails to make good the default within fourteen days after the service on him or her of a notice requiring him or her to do so, the court may, on an application made to the court by any contributory or creditor of the company or by the registrar, make an order directing the liquidator to make good the default within such time as may be specified in the order.
- (2) And such order may provide that all costs of and incidental to the application shall be borne by the liquidator.
- (3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalties on a liquidator in respect of any such default as aforesaid.

333. Notification that a company is in liquidation

- (1) Where a company is being wound up, whether by or under the supervision of the court or voluntarily, every invoice, order for goods or business letter issued by or on behalf of the company or a liquidator of the company, or a receiver or manager of the property of the company, being a document on or in which the name of the company appears, shall contain a statement that the company is in liquidation.
- (2) If default is made in complying with this section, the company and any of the following persons who knowingly and wilfully authorises or permits the default, namely, any officer of the company, any liquidator of the company and any receiver or manager, are liable to a fine of four hundred shillings.

334. Exemption of certain documents from stamp duty on winding up of companies

- (1) In the case of a winding up by the court, or of a creditors' voluntary winding up of a company—
 - (a) every assurance relating solely to freehold or leasehold property or to any mortgage, charge or other encumbrance on, or any estate, right or interest in, any movable or immovable property, which forms part of the assets of the company and which, after the execution of the assurance either at law or in equity, is or remains part of the assets of the company; and
 - (b) every power of attorney, proxy paper, writ, order, certificate, affidavit, statutory declaration, bond or other instrument or writing relating solely to the property of any company which is being so wound up, or to any proceeding under any such winding up,shall be exempt from duties chargeable under the enactments relating to stamp duties.
- (2) In subsection (1), "assurance" includes deed, conveyance, grant, transfer, assignment and surrender.

335. Books of a company to be evidence

Where a company is being wound up, all books and papers of the company and of the liquidators shall, as between the contributories of the company, be *prima facie* evidence of the truth of all matters purporting to be recorded in them.

336. Disposal of books and papers of a company

- (1) When a company has been wound up and is about to be dissolved, the books and papers of the company and of the liquidators may be disposed of as follows—
 - (a) in the case of a winding up by or subject to the supervision of the court, in such way as the court directs;

- (b) in the case of a members' voluntary winding up, in such way as the company by special resolution directs, and, in the case of a creditors' voluntary winding up, in such way as the committee of inspection or, if there is no such committee, as the creditors of the company, may direct.
- (2) Subject to the other provisions of this section, after five years from the dissolution of the company no responsibility shall rest on the company, the liquidators or any person to whom the custody of the books and papers has been committed, by reason of any book or paper not being forthcoming to any person claiming to be interested in it.
- (3) Provision may be made by general rules to prevent, for any period not exceeding five years from the dissolution of the company, the destruction of the books and papers of a company which has been wound up, and for enabling any creditor or contributory of the company to appeal from any direction so given.
- (4) If any person acts in contravention of any general rules made for the purposes of this section, he or she is liable to a fine not exceeding two thousand shillings.

337. Information as to pending liquidations

- (1) If, where a company is being wound up, the winding up is not concluded within one year after its commencement, the liquidator shall, at such intervals as may be prescribed, until the winding up is concluded, send to the registrar a statement in the prescribed form and containing the prescribed particulars with respect to the proceedings in and position of the liquidation.
- (2) If a liquidator fails to comply with this section, he or she is liable to a fine not exceeding one thousand shillings for each day during which the default continues.

338. Unclaimed assets to be paid to Companies Liquidation Account

- (1) If, where a company is being wound up, it appears either from any statement sent to the registrar under [section 337](#) or otherwise that a liquidator has in his or her hands or under his or her control any money representing unclaimed or undistributed assets of the company which have remained unclaimed or undistributed for six months after the date of their receipt or any money held by the company in trust in respect of dividends or other sums due to any person as a member of the company, the liquidator shall forthwith pay that money to the official receiver for the credit of the Companies Liquidation Account and shall be entitled to the prescribed certificate of receipt for the money so paid, and that certificate shall be an effectual discharge to him or her in respect of the money.
- (2) For the purpose of ascertaining and getting in any money payable under this section, the like powers may be exercised, and by the like authority, as are exercisable under section 134 of the Bankruptcy Act, for the purposes of ascertaining and getting in the sums, funds and dividends referred to in that section.
- (3) Any person claiming to be entitled to any money paid under this section may apply to the official receiver for payment of that money, and the official receiver may, on a certificate by the liquidator that the person claiming is entitled, pay to that person the sum due.
- (4) Any person dissatisfied with the decision of the official receiver in respect of a claim made under this section may appeal to the court.

339. Resolutions passed at adjourned meetings of creditors and contributories

Where a resolution is passed at an adjourned meeting of any creditors or contributories of a company, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Supplementary powers of court

340. Meetings to ascertain wishes of creditors or contributories

- (1) The court may, as to all matters relating to the winding up of a company, have regard to the wishes of the creditors or contributories of the company, as proved to it by any sufficient evidence, and may, if it thinks fit, for the purpose of ascertaining those wishes, direct meetings of the creditors or contributories to be called, held and conducted in such manner as the court directs and may appoint a person to act as chairperson of any such meeting and to report the result of the meeting to the court.
- (2) In the case of creditors, regard shall be had to the value of each creditor's debt.
- (3) In the case of contributories, regard shall be had to the number of votes conferred on each contributory by this Act or the articles.

341. Swearing of affidavits, etc.

- (1) Any affidavit or declaration required to be sworn or made under the provisions or for the purposes of this Part of this Act may be sworn or made in Uganda, or elsewhere within the Commonwealth, before any court, judge or person lawfully authorised to take and receive affidavits or statutory declarations or before any foreign service officer or diplomatic representative of a Commonwealth country in any place outside the Commonwealth.
- (2) All courts, judges, justices, commissioners and persons acting judicially in Uganda shall take judicial notice of the seal or stamp or signature, as the case may be, of any such court, judge, person, foreign service officer or diplomatic representative, attached, appended or subscribed to any such affidavit or declaration, or to any other document to be used for the purposes of this Part of this Act.

Provisions as to dissolution**342. Power of the court to declare dissolution of a company void**

- (1) Where a company has been dissolved, the court may at any time within two years of the date of the dissolution, on an application being made for the purpose by the liquidator of the company or by any other person who appears to the court to be interested, make an order, upon such terms as the court thinks fit, declaring the dissolution to have been void, and thereupon such proceedings may be taken as might have been taken if the company had not been dissolved.
- (2) The person on whose application the order was made shall, within seven days after the making of the order or such further time as the court may allow, deliver to the registrar for registration a certified copy of the order, and if that person fails to do so he or she is liable to a fine not exceeding one hundred shillings for every day during which the default continues.

343. Registrar may strike defunct company off register

- (1) Where the registrar has reasonable cause to believe that a company is not carrying on business or in operation, he or she may send to the company by post a letter inquiring whether the company is carrying on business or in operation.
- (2) If the registrar does not within one month of sending the letter receive any answer to it, he or she shall within fourteen days after the expiration of the month send to the company by registered post a letter referring to the first letter, and stating that no answer to it has been received, and that if an answer is not received to the second letter within thirty days from the date of it, a notice will be published in the Gazette with a view to striking the name of the company off the register.
- (3) If the registrar either receives an answer to the effect that the company is not carrying on business or in operation, or does not within thirty days after sending the second letter receive any answer, he or she may publish in the Gazette, and send to the company by post, a notice that at the expiration

of three months from the date of the notice the name of the company mentioned in the notice will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.

- (4) The registrar shall not be required to send the letters referred to in subsections (1) and (2) in any case where the company itself or any director or the secretary of the company has requested him or her to strike the company off the register or has notified him or her that the company is not carrying on business.
- (5) If, in any case where a company is being wound up, the registrar has reasonable cause to believe either that no liquidator is acting, or that the affairs of the company are fully wound up, and the returns required to be made by the liquidator have not been made for six consecutive months, the registrar shall publish in the Gazette and send to the company or the liquidator, if any, a like notice as is provided in subsection (3).
- (6) At the expiration of the time mentioned in the notice, the registrar may, unless cause to the contrary is previously shown by the company, or the liquidator, as the case may be, strike its name off the register, and shall publish notice thereof in the Gazette, and on the publication in the Gazette of this notice the company shall be dissolved; but—
 - (a) the liability, if any, of every director, officer and member of the company shall continue and may be enforced as if the company had not been dissolved; and
 - (b) nothing in this subsection shall affect the power of the court to wind up a company the name of which has been struck off the register.
- (7) If a company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the court on an application made by the company or member or creditor before the expiration of ten years from the publication in the Gazette of the notice aforesaid may, if satisfied that the company was at the time of the striking off carrying on business or in operation, or otherwise that it is just that the company be restored to the register, order the name of the company to be restored to the register, and upon a certified copy of the order being delivered to the registrar for registration, the company shall be deemed to have continued in existence as if its name had not been struck off; and the court may by the order give such directions and make such provisions as seem just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off.
- (8) A notice to be sent under this section to a liquidator may be addressed to the liquidator at his or her last known place of business, and a letter or notice to be sent under this section to a company may be addressed to the company at its registered postal address or, if no postal address has been registered, to the care of some officer of the company, or if there is no officer of the company whose name and address are known to the registrar, may be sent to each of the persons who subscribed the memorandum, addressed to him or her at the address mentioned in the memorandum.

344. Property of a dissolved company to be *bona vacantia*

Where a company is dissolved, all property and rights vested in or held on trust for the company immediately before its dissolution (including leasehold property but not including property held by the company on trust for any other person) shall, subject and without prejudice to any order which may at any time be made by the court under section [342](#) or [343](#), be deemed to be *bona vacantia*, and shall accordingly belong to the Government.

345. Power of the Government to disclaim title to property vesting under [section 344](#)

- (1) Where any property vests in the Government under [section 344](#), the Government's title to the property under that section may be disclaimed by a notice signed by the Attorney General.
- (2) Where a notice of disclaimer under this section is executed as respects any property, that property shall be deemed not to have vested in the Government under [section 344](#), and [section 319\(2\)](#) and (6) shall apply in relation to the property as if it had been disclaimed under [section 319\(1\)](#) immediately before the dissolution of the company.

- (3) The right to execute a notice of disclaimer under this section may be waived by or on behalf of the Government either expressly or by taking possession or other act evincing that intention.
- (4) A notice of disclaimer under this section shall be of no effect unless it is executed within twelve months of the date on which the vesting of the property as aforesaid came to the notice of the Attorney General, or, if an application in writing is made to the Attorney General by any person interested in the property requiring him or her to decide whether he or she will or will not disclaim, within three months after the receipt of the application or such further period as may be allowed by the court which would have had jurisdiction to wind up the company if it had not been dissolved.
- (5) A statement in a notice of disclaimer of any property under this section that the vesting of the property came to the notice of the Attorney General on a specified date or that no such application as aforesaid was received by him or her with respect to the property before a specified date shall, until the contrary is proved, be sufficient evidence of the fact stated.
- (6) A notice of disclaimer under this section shall be delivered to the registrar for registration by him or her, and copies of the notice of disclaimer shall be published in the Gazette and sent to any persons who have given the Attorney General notice that they claim to be interested in the property.

Companies Liquidation Account

346. Companies Liquidation Account

An account, to be called the Companies Liquidation Account, shall be kept by the official receiver with the National and Grindlay's Bank Limited, Kampala, or such other bank as may be prescribed, and all monies received by the official receiver in respect of proceedings under this Act in connection with the winding up of companies shall be paid to that account.

347. Investment of surplus funds

- (1) Whenever the cash balance standing to the credit of the Companies Liquidation Account is in excess of the amount which in the opinion of the official receiver is required for the time being to answer claims against the account, the official receiver may place that balance or any part of it on fixed deposit with the bank or on deposit in the PostBank Uganda Limited or in the Uganda Commercial Bank.
- (2) Whenever any money so placed on deposit is, in the opinion of the official receiver, required to answer any claims against the account, the official receiver shall thereupon withdraw such money from fixed deposit and repay the same to the credit of the cash balance of the Companies Liquidation Account.
- (3) All interest accruing from any money so placed on deposit shall be paid by the official receiver to the credit of a separate account entitled the Companies Contingency Fund at the National and Grindlay's Bank Limited, Kampala, or such other bank as may be prescribed. Where it appears that it is in the public interest to do so and that other funds are not available or properly chargeable the court may, on the application of the official receiver, authorise him or her to employ money in the Companies Contingency Fund to meet expenditure which it shall consider necessary or advisable to incur for the purpose of enabling the official receiver to carry out more efficiently the provisions of and his or her duties under this Act.
- (4) The court may in its discretion order that the fund be reimbursed in whole or in part of any money so recovered as a result of expenditure so authorised.

Rules and forms

348. General rules and fees for winding up

- (1) The Minister may make general rules for carrying into effect the objects of this Act so far as relates to the winding up of companies, and, without prejudice to the generality of the foregoing power, for providing for any matter or thing which by this Act is to be or may be provided for by general rules.
- (2) There shall be paid in respect of proceedings under this Act in relation to the winding up of companies such fees as the Minister may prescribe by rules made under subsection (1).
- (3) Any rules made under this section which are in the nature of rules of court shall not be made except after obtaining the advice of the Chief Justice.

Part VII – Receivers and managers**349. Disqualification of body corporate for appointment as receiver**

A body corporate shall not be qualified for appointment as receiver of the property of a company, and any body corporate which acts as such a receiver is liable to fine not exceeding two thousand shillings.

350. Disqualification of undischarged bankrupt from acting as receiver or manager

- (1) If any person being an undischarged bankrupt acts as receiver or manager of the property of a company on behalf of debenture holders, he or she is, subject to subsection (2), liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings or to both.
- (2) Subsection (1) shall not apply to a receiver or manager where—
 - (a) the appointment under which he or she acts and the bankruptcy were both before the 1st January, 1961; or
 - (b) he or she acts under an appointment made by order of a court.

351. Power to appoint the official receiver as receiver for debenture holders or creditors

Where an application is made to the court to appoint a receiver on behalf of the debenture holders or other creditors of a company which is being wound up by the court, the official receiver may be so appointed.

352. Receivers and managers appointed out of court

- (1) A receiver or manager of the property of a company appointed under the powers contained in any instrument may apply to the court for directions in relation to any particular matter arising in connection with the performance of his or her functions, and on any such application the court may give such directions, or may make such order declaring the rights of persons before the court or otherwise as the court thinks just.
- (2) A receiver or manager of the property of a company appointed as aforesaid shall, to the same extent as if he or she had been appointed by order of a court, be personally liable on any contract entered into by him or her in the performance of his or her functions except insofar as the contract otherwise provides, and entitled in respect of that liability to indemnity out of the assets; but nothing in this subsection shall be taken as limiting any right to indemnity which he or she would have apart from this subsection, or as limiting his or her liability on contracts entered into without authority or as conferring any right to indemnity in respect of that liability.
- (3) This section shall apply whether the receiver or manager was appointed before or after the 1st January, 1961, but subsection (2) shall not apply to contracts entered into before that date.

353. Notification that receiver or manager appointed

- (1) Where a receiver or manager of the property of a company has been appointed, every invoice, order for goods or business letter issued by or on behalf of the company or the receiver or manager or the liquidator of the company, being a document on or in which the name of the company appears, shall contain a statement that a receiver or manager has been appointed.
- (2) If default is made in complying with the requirements of this section, the company and any of the following persons who knowingly and wilfully authorises or permits the default, namely, any officer of the company, any liquidator of the company and any receiver or manager, are liable to a fine of four hundred shillings.

354. Power of the court to fix remuneration on application of the liquidator

- (1) The court may, on an application made to the court by the liquidator of a company, by order fix the amount to be paid by way of remuneration to any person who, under the powers contained in any instrument, has been appointed as receiver or manager of the property of the company.
- (2) The power of the court under subsection (1) shall, where no previous order has been made with respect thereto under that subsection—
 - (a) extend to fixing the remuneration for any period before the making of the order or the application for the order;
 - (b) be exercisable notwithstanding that the receiver or manager has died or ceased to act before the making of the order or the application for the order; and
 - (c) where the receiver or manager has been paid or has retained for his or her remuneration for any period before the making of the order any amount in excess of that so fixed for that period, extend to requiring him or her or his or her legal representatives to account for the excess or such part of it as may be specified in the order, but the power conferred by this paragraph shall not be exercised as respects any period before the making of the application for the order unless in the opinion of the court there are special circumstances making it proper for the power to be so exercised.
- (3) The court may from time to time on an application made either by the liquidator or by the receiver or manager vary or amend an order made under subsection (1).
- (4) This section shall apply whether the receiver or manager was appointed before or after the 1st January, 1961, and to periods before, as well as to periods after, the 1st January, 1961.

355. Provisions as to information where receiver or manager appointed

- (1) Where a receiver or manager of the whole or substantially the whole of the property of the company (hereafter in this section and [section 356](#) referred to as “the receiver”) is appointed on behalf of the holders of any debentures of the company secured by a floating charge, then subject to this section and [section 356](#)—
 - (a) the receiver shall forthwith send notice to the company of his or her appointment;
 - (b) there shall, within fourteen days after receipt of the notice, or such longer period as may be allowed by the court or by the receiver, be made out and submitted to the receiver in accordance with [section 356](#) a statement in the prescribed form as to the affairs of the company; and
 - (c) the receiver shall within two months after receipt of the statement send—
 - (i) to the registrar and to the court, a copy of the statement and of any comments he or she sees fit to make on the statement and in the case of the registrar also a summary of the statement and of his or her comments, if any, on the summary;

- (ii) to the company, a copy of any such comments as aforesaid or, if he or she does not see fit to make any comment, a notice to that effect; and
 - (iii) to any trustees for the debenture holders on whose behalf he or she was appointed and, so far as he or she is aware of their addresses, to all such debenture holders, a copy of the summary.
- (2) The receiver shall within two months, or such longer period as the court may allow, after the expiration of the period of twelve months from the date of his or her appointment and of every subsequent period of twelve months, and within two months, or such longer period as the court may allow, after he or she ceases to act as receiver or manager of the property of the company, send to the registrar, to any trustees for the debenture holders of the company on whose behalf he or she was appointed, to the company and (so far as he or she is aware of their addresses) to all such debenture holders an abstract in the prescribed form showing his or her receipts and payments during that period of twelve months or, where he or she ceases to act as aforesaid, during the period from the end of the period to which the last preceding abstract related up to the date of his or her so ceasing, and the aggregate amounts of his or her receipts and of his or her payments during all preceding periods since his or her appointment.
- (3) Where the receiver is appointed under the powers contained in any instrument, this section shall have effect—
 - (a) with the omission of the references to the court in subsection (1); and
 - (b) with the substitution for the references to the court in subsection (2) of references to the registrar,
 and in any other case references to the court shall be taken as referring to the court by which the receiver was appointed.
- (4) Subsection (1) shall not apply in relation to the appointment of a receiver or manager to act with an existing receiver or manager or in place of a receiver or manager dying or ceasing to act, except that, where that subsection applies to a receiver or manager who dies or ceases to act before it has been fully complied with, the references in subsection (1)(b) and (c) to the receiver shall (subject to subsection (5)) include references to his or her successor and to any continuing receiver or manager.
- (5) Nothing in subsection (4) shall be taken as limiting the meaning of “the receiver” where used in, or in relation to, subsection (2).
- (6) This and [section 356](#), where the company is being wound up, shall apply notwithstanding that the receiver or manager and the liquidator are the same person, but with any necessary modifications arising from that fact.
- (7) Nothing in subsection (2) shall be taken to prejudice the duty of the receiver to render proper accounts or his or her receipts and payments to the persons to whom, and at the times at which, he or she may be required to do so apart from that subsection.
- (8) If the receiver makes default in complying with the requirements of this section, he or she is liable to a fine not exceeding one hundred shillings for every day during which the default continues.

356. Special provisions as to statement submitted to receiver

- (1) The statement as to the affairs of a company required by [section 355](#) to be submitted to the receiver (or his or her successor) shall show as at the date of the receiver’s appointment the particulars of the company’s assets, debts and liabilities, the names, postal addresses and occupations of its creditors, the securities held by them respectively, the dates when the securities were respectively given and such further or other information as may be prescribed.
- (2) The statement shall be submitted by, and be verified by affidavit of one or more of the persons who are at the date of the receiver’s appointment the directors and by the person who is at that date the secretary of the company, or by such of the persons hereafter in this subsection mentioned as the

receiver (or his or her successor), subject to the direction of the court, may require to submit and verify the statement, that is to say, persons—

- (a) who are or have been officers of the company;
 - (b) who have taken part in the formation of the company at any time within one year before the date of the receiver's appointment;
 - (c) who are in the employment of the company, or have been in the employment of the company within that year, and are in the opinion of the receiver capable of giving the information required;
 - (d) who are or have been within that year officers of or in the employment of a company which is, or within that year was, an officer of the company to which the statement relates.
- (3) Any person making the statement and affidavit shall be allowed, and shall be paid by the receiver (or his or her successor) out of his or her receipts, such costs and expenses incurred in and about the preparation and making of the statement and affidavit as the receiver (or his or her successor) may consider reasonable, subject to an appeal to the court.
- (4) Where the receiver is appointed under the powers contained in any instrument, this section shall have effect with the substitution for references to the court of references to the registrar or official receiver and for references to an affidavit of references to a statutory declaration; and in any other case, references to the court shall be taken as referring to the court by which the receiver was appointed.
- (5) If any person without reasonable excuse makes default in complying with the requirements of this section, he or she is liable to a fine not exceeding two hundred shillings for every day during which the default continues.
- (6) References in this section to the receiver's successor shall include a continuing receiver or manager.

357. Delivery to registrar of accounts of receivers and managers

- (1) Except where [section 355\(2\)](#) applies, every receiver or manager of the property of a company who has been appointed under the powers contained in any instrument shall, within one month, or such longer period as the registrar may allow, after the expiration of the period of six months from the date of his or her appointment and of every subsequent period of six months, and within one month after he or she ceases to act as receiver or manager, deliver to the registrar for registration an abstract in the prescribed form showing his or her receipts and his or her payments during that period of six months, or where he or she ceases to act as aforesaid, during the period from the end of the period to which the last preceding abstract related up to the date of his or her so ceasing, and the aggregate amount of his or her receipts and of his or her payments during all preceding periods since his or her appointment.
- (2) Every receiver or manager who makes default in complying with this section is liable to a fine not exceeding one hundred shillings for every day during which the default continues.

358. Enforcement of duty of receivers and managers to make returns, etc.

- (1) If any receiver or manager of the property of a company—
- (a) having made default in filing, delivering or making any return, account or other document, or in giving any notice, which a receiver or manager is by law required to file, deliver, make or give, fails to make good the default within fourteen days after the service on him or her of a notice requiring him or her to do so; or
 - (b) having been appointed under the powers contained in any instrument, has, after being required at any time by the liquidator of the company to do so, failed to render proper

accounts of his or her receipts and payments and to vouch the same and to pay over to the liquidator the amount properly payable to him or her,

the court may, on an application made for the purpose, make an order directing the receiver or manager, as the case may be, to make good the default within such time as may be specified in the order.

- (2) In the case of any such default as is mentioned in subsection (1)(a), an application for the purposes of this section may be made by any member or creditor of the company or by the registrar, and in the case of any such default as is mentioned in subsection (1)(b), the application shall be made by the liquidator, and in either case the order may provide that all costs of and incidental to the application shall be borne by the receiver or manager, as the case may be.
- (3) Nothing in this section shall be taken to prejudice the operation of any enactments imposing penalties on receivers in respect of any such default as is mentioned in subsection (1).

359. Construction of references to receivers and managers

It is declared that except where the context otherwise requires—

- (a) any reference in this Act to a receiver or manager of the property of a company, or to a receiver thereof, includes a reference to a receiver or manager, or (as the case may be) to a receiver, of part only of that property and to a receiver only of the income arising from that property or from part thereof; and
- (b) any reference in this Act to the appointment of a receiver or manager under powers contained in any instrument includes a reference to an appointment made under powers which, by virtue of any written law, are implied in and have effect as if contained in an instrument.

Part VIII – Application of the Act to companies formed or registered under the repealed ordinances

360. Application of the Act to companies formed and registered under former enactments

This Act shall apply to existing companies—

- (a) in the case of a limited company, other than a company limited by guarantee, as if the company had been formed and registered under this Act as a company limited by shares;
- (b) in the case of a company limited by guarantee as if the company had been formed and registered under this Act as a company limited by guarantee; and
- (c) in the case of a company other than a limited company, as if the company had been formed and registered under this Act as an unlimited company,

but that reference, express or implied, to the date of registration shall be construed as a reference to the date at which the company was registered under that one of the repealed Ordinances under which such company was registered.

Part IX – Winding up of unregistered companies

361. Meaning of unregistered company

For the purposes of this Part of this Act, “unregistered company” includes any partnership, whether limited or not, any association and any company with the following exceptions—

- (a) a company registered under any of the repealed Ordinances;

- (b) a partnership, association or company which consists of less than eight members and is not a partnership, association or company, formed outside Uganda;
- (c) a limited partnership registered in Uganda;
- (d) a building society registered under the Building Societies Act or a cooperative society registered under the Cooperatives Societies Act.

362. Winding up of unregistered companies

- (1) Subject to this Part of this Act, any unregistered company may be wound up under this Act; and all the provisions of this Act with respect to winding up shall apply to an unregistered company, with the exceptions and additions mentioned in the following provisions of this section.
- (2) No unregistered company shall be wound up under this Act voluntarily or subject to the supervision of the court.
- (3) The circumstances in which an unregistered company may be wound up are as follows—
 - (a) if the company is dissolved, or has ceased to carry on business, or is carrying on business only for the purpose of winding up its affairs;
 - (b) if the company is unable to pay its debts;
 - (c) if the court is of opinion that it is just and equitable that the company should be wound up.
- (4) An unregistered company shall, for the purposes of this Act, be deemed to be unable to pay its debts —
 - (a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding one thousand shillings then due, has served on the company, by leaving at its principal place of business or by delivering to the secretary or some director, partner, manager or officer of the company, or by otherwise serving in such manner as the registrar may approve or direct, a demand under his or her hand requiring the company to pay the sum so due, and the company has for thirty days after the service of the demand neglected to pay the sum or to secure or compound for it to the satisfaction of the creditor;
 - (b) if any action or other proceeding has been instituted against any member for any debt or demand due, or claimed to be due, from the company, or from him or her in his or her character of member or partner, and notice in writing of the institution of the action or proceeding having been served on the company by leaving the notice at its principal place of business, or by delivering it to the secretary, or some director, partner, manager or officer of the company, or by otherwise serving it in such manner as the court may approve or direct, the company has not within fourteen days after service of the notice paid, secured or compounded for the debt or demand, or procured the action or proceeding to be stayed or indemnified the defendant to his or her reasonable satisfaction against the action or proceeding, and against all costs, damages and expenses to be incurred by him or her by reason of the action or proceeding;
 - (c) if execution or other process issued on a judgment, decree or order obtained in any court in favour of a creditor against the company, or any member thereof as such, or any person authorised to be sued as nominal defendant on behalf of the company, is returned unsatisfied;
 - (d) if it is otherwise proved to the satisfaction of the court that the company is unable to pay its debts.
- (5) In the case of a limited partnership, the provisions of this Act with respect to winding up shall apply with such modifications, if any, as may be provided by general rules and with the substitution of general partners for directors.

363. Foreign companies may be wound up although dissolved

Where a company incorporated outside Uganda which has been carrying on business in Uganda ceases to carry on business in Uganda, it may be wound up as an unregistered company under this Part of this Act, notwithstanding that it has been dissolved or otherwise ceased to exist as a company under or by virtue of the laws of the country under which it was incorporated.

364. Contributories in winding up of unregistered company

- (1) In the event of an unregistered company being wound up, every person shall be deemed to be a contributory who is liable to pay or contribute to the payment of any debt or liability of the company, or to pay or contribute to the payment of any sum for the adjustment of the rights of the members or partners among themselves, or to pay or contribute to the payment of the costs and expenses of winding up the company, and every contributory is liable to contribute to the assets of the company all sums due from him or her in respect of any such liability as aforesaid.
- (2) In the event of the death, bankruptcy or insolvency of any contributory, the provisions of this Act with respect to the legal representatives and heirs of deceased contributories and to the trustees of bankrupt or insolvent contributories shall apply.

365. Power of court to stay or restrain proceedings

The provisions of this Act with respect to staying and restraining actions and proceedings against a company at any time after the presentation of a petition for winding up and before the making of a winding up order shall, in the case of an unregistered company, where the application to stay or restrain is by a creditor, extend to actions and proceedings against any contributory of the company.

366. Actions stayed on winding up order

Where an order has been made for winding up an unregistered company, no action or proceeding shall be proceeded with or commenced against any contributory of the company in respect of any debt of the company, except by leave of the court, and subject to such terms as the court may impose.

367. Provisions of Part IX cumulative

The provisions of this Part of this Act with respect to unregistered companies shall be in addition to and not in restriction of any provisions hereinbefore in this Act contained with respect to winding up companies by the court, and the court or liquidator may exercise any powers or do any act in the case of unregistered companies which might be exercised or done by it or him or her in winding up companies formed and registered under this Act; but an unregistered company shall not, except in the event of its being wound up, be deemed to be a company under this Act and then only to the extent provided by this Part of this Act.

368. Saving for former enactments providing for winding up

Nothing in this Part of this Act shall affect the operation of any written law which provides for any partnership, association or company being wound up, or being wound up as a company or as an unregistered company, under any of the repealed Ordinances.

Part X – Companies incorporated outside Uganda***Provisions as to establishment of place of business in Uganda***

369. Application of sections 370 to 378

- (1) Sections 370 to 378 shall apply to all foreign companies, that is to say, companies incorporated outside Uganda which, after 1st January, 1961, establish a place of business in Uganda and companies incorporated outside Uganda which have, before the 1st January, 1961, established a place of business in Uganda and continue to have a place of business in Uganda on and after the 1st January, 1961.
- (2) A foreign company shall not be deemed to have a place of business in Uganda solely on account of its doing business through an agent in Uganda at the place of business of the agent.

370. Documents, etc. to be delivered to the registrar by foreign companies carrying on business in Uganda

- (1) Foreign companies which, after the 1st January, 1961, establish a place of business within Uganda shall, within thirty days of the establishment of the place of business, deliver to the registrar for registration—
 - (a) a certified copy of the charter, statutes or memorandum and articles of the company or other instrument constituting or defining the constitution of the company, and, if the instrument is not written in the English language, a certified translation thereof;
 - (b) a list of the directors and secretary of the company containing the particulars mentioned in subsection (2);
 - (c) a statement of all subsisting charges created by the company, being charges of the kinds set out in section 96(2) and not being charges comprising solely property situated outside Uganda;
 - (d) the names and postal addresses of one or more persons resident in Uganda authorised to accept on behalf of the company service of process and any notices required to be served on the company;
 - (e) the full address of the registered or principal office of the company.
- (2) The list referred to in subsection (1)(b) shall contain the following particulars with respect to each director and secretary—
 - (a) in the case of an individual, his or her present Christian name and surname and any former Christian name or surname, his or her usual postal address, his or her nationality and his or her business occupation, if any; and
 - (b) in the case of a corporation, its corporate name and registered or principal office and its postal address,except that where all the partners in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars mentioned in this subsection.
- (3) Section 201(10)(b), (c) and (d) shall apply for the purpose of the construction of references in subsection (2) to present and former Christian names and surnames as they apply for the purpose of the construction of such references in that section.
- (4) If any charge, being a charge which ought to have been included in the statement required subsection (1)(c), is not so included, it shall be void as regards property in Uganda against the liquidator and any creditor of the company.

371. Certificate of registration and power to hold land

- (1) On the registration of the documents specified in [section 370](#), the registrar shall certify under his or her hand that the company has complied with that section, and that certificate shall be conclusive evidence that the company is registered as a foreign company under this Act.
- (2) From the date of registration under this Act, a foreign company shall have the same power to hold land in Uganda as if it were a company incorporated under this Act.

372. Returns to be delivered to the registrar by a foreign company

- (1) If any alteration is made in—
 - (a) the charter, statutes, or memorandum and articles of a foreign company or any such instrument as aforesaid;
 - (b) the directors or secretary of a foreign company or the particulars contained in the list of the directors and secretary;
 - (c) the names or postal addresses of the persons authorised to accept service on behalf of a foreign company; or
 - (d) the address of the registered or principal office of a foreign company,the company shall, within sixty days, deliver to the registrar for registration a return containing the prescribed particulars of the alteration.
- (2) Where in the case of a company to which this Part of this Act applies—
 - (a) a winding up order is made by; or
 - (b) proceedings substantially similar to a voluntary winding up of the company under this Act are commenced in, a court of the country in which such company was incorporated, the company shall within thirty days of the date of the making of such order or the commencement of such proceedings, as the case may be, deliver to the registrar a return containing the prescribed particulars relating to the making of such order or the commencement of such proceedings and shall cause the prescribed advertisements in relation thereto to be published.

373. Registration of charges created by foreign companies

- (1) The provisions of Part IV of this Act shall extend to charges on property in Uganda which are created, and to charges on property in Uganda which is acquired, after the commencement of this Act, by a foreign company which has an established place of business in Uganda.
- (2) Notwithstanding subsection (1), in the case of a charge executed by a foreign company out of Uganda comprising property situate both within and outside Uganda—
 - (a) it shall not be necessary to produce to the registrar the instrument creating the charge if the prescribed particulars of it and a copy of it, verified in the prescribed manner, are delivered to the registrar for registration; and
 - (b) the time within which such particulars and copy are to be delivered to the registrar shall be sixty days after the date of execution of the charge by the company or in the case of a deposit of title deeds the date of the deposit.

374. Accounts of a foreign company

- (1) Every foreign company shall, in every calendar year, make out a balance sheet and profit and loss account and, if the company is a holding company, group accounts, in such form, and containing such particulars and including such documents, as under this Act (subject, however, to any

prescribed exceptions) it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting, and deliver copies of those documents to the registrar for registration; except that a foreign company shall not be obliged to comply with this section if—

- (a) it was incorporated in any part of the Commonwealth;
 - (b) it would, had it been incorporated in Uganda, have been exempt from the provisions of [section 128](#) by virtue of subsection (4) of that section; and
 - (c) in every calendar year there is delivered to the registrar for registration a certificate signed by a director and the secretary of the company verifying the conditions requisite for such exemption.
- (2) If any such document as is mentioned in subsection (1) is not written in the English language, there shall be annexed to it a certified translation thereof.

375. Obligation to state name of foreign company, whether limited and country where incorporated

- (1) Every foreign company shall—
- (a) in every prospectus inviting subscriptions for its shares or debentures in Uganda state the country in which the company is incorporated;
 - (b) conspicuously exhibit in legible Roman characters on every place where it carries on business in Uganda the name of the company and the country in which the company is incorporated;
 - (c) cause the name of the company and of the country in which the company is incorporated to be stated in legible Roman letters in all billheads and letter paper and in all notices and other official publications of the company; and
 - (d) if the liability of the members of the company is limited, cause notice of that fact to be stated in the English language in legible Roman characters in every such prospectus as aforesaid and in all billheads, letter paper, notices and other official publications of the company in Uganda and to be affixed on every place where it carries on its business.
- (2) Every foreign company shall in all trade catalogues, trade circulars, showcards and business letters on or in which the company's name appears and which are issued or sent by the company to any person in Uganda, state in legible Roman letters with respect to every director being a corporation, the corporate name, and with respect to every director, being an individual, the following particulars—
- (a) his or her present Christian name, or the initials of that name, and present surname;
 - (b) any former Christian names and surnames;
 - (c) his or her nationality.
- (3) If special circumstances exist which render it in the opinion of the registrar expedient that such an exemption should be granted, the registrar may by order grant, subject to such conditions as may be specified in the order, exemption from the obligations imposed by subsection (2).

376. Service on a foreign company

Any process or notice required to be served on a foreign company shall be sufficiently served if addressed to any person whose name has been delivered to the registrar under the foregoing provisions of this Part of this Act and left at or sent by registered post to the address which has been so delivered; except that—

- (a) where any such company makes default in delivering to the registrar the name and address of a person resident in Uganda who is authorised to accept on behalf of the company service of process or notices; or

- (b) if at any time all the persons whose names and addresses have been so delivered are dead or have ceased so to reside, or refuse to accept service on behalf of the company, or for any reason cannot be served,

a document may be served on the company by leaving it at or sending it by registered post to any place of business established by the company in Uganda.

377. Cessation of business by a foreign company and striking it off the register

- (1) If any foreign company ceases to have a place of business in Uganda, it shall forthwith give notice in writing of the fact to the registrar for registration; and as from the date on which notice is so given, the obligation of the company to deliver any document to the registrar shall cease and the registrar shall strike the name of the company off the register.
- (2) Where the registrar has reasonable cause to believe that a foreign company has ceased to have a place of business in Uganda, he or she may send by registered post to the person authorised to accept service on behalf of the company and, if more than one, to all such persons, a letter inquiring whether the company is maintaining a place of business in Uganda.
- (3) If the registrar receives an answer to the effect that the company has ceased to have a place of business in Uganda or does not within three months receive any reply, he or she may strike the name of the company off the register.

378. Offences and penalties

If any foreign company fails to comply with any of the foregoing provisions of this Part of this Act, the company and every officer or agent of the company who knowingly and wilfully authorises or permits the default are liable to a fine not exceeding one thousand shillings, or, in the case of a continuing offence, one hundred shillings for every day during which the default continues.

379. Interpretation of sections 370 to 377

For the purposes of the foregoing provisions of this Part of this Act—

- (a) “**certified**” means certified in the prescribed manner to be a true copy or a correct translation;
- (b) “**director**”, in relation to a company, includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act;
- (c) “**place of business**” includes a share transfer or share registration office;
- (d) “**prospectus**” has the same meaning as when used in relation to a company incorporated under this Act;
- (e) “**secretary**” includes any person occupying the position of secretary by whatever name called.

Prospectuses

380. Dating of prospectus and particulars to be contained therein

- (1) It shall not be lawful for any person to issue, circulate or distribute in Uganda any prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside Uganda, whether the company has or has not established, or when formed will or will not establish, a place of business in Uganda unless the prospectus is dated and—
 - (a) contains particulars with respect to the following matters—
 - (i) the instrument constituting or defining the constitution of the company;

- (ii) the enactments, or provisions having the force of an enactment, by or under which the incorporation of the company was effected;
 - (iii) an address in Uganda where the instrument, enactments or provisions, or copies of them, and if they are in a language other than English an English translation of them certified in the prescribed manner, can be inspected;
 - (iv) the date on which and the country in which the company was incorporated;
 - (v) whether the company has established a place of business in Uganda, and, if so, the address of its principal office in Uganda;
 - (b) subject to this section, states the matters specified in Part I of the Third Schedule to this Act and sets out the reports specified in Part II of that Schedule, subject always to the provisions contained in Part III of that Schedule, except that the provisions of paragraph (a)(i), (ii) and (iii) of this subsection shall not apply in the case of a prospectus issued more than two years after the date at which the company is entitled to commence business, and, in the application of Part I of the Third Schedule for the purposes of this subsection, paragraph 2 thereof shall have effect with the substitution, for the reference to the articles, of a reference to the constitution of the company.
- (2) Any condition requiring or binding an applicant for shares or debentures to waive compliance with any requirement imposed by virtue of subsection (1)(a) or (b), or purporting to affect him or her with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void.
- (3) It shall not be lawful for any person to issue to any person in Uganda a form of application for shares in or debentures of such a company or intended company as is mentioned in subsection (1) unless the form is issued with a prospectus which complies with this Part of this Act and the issue of the form in Uganda does not contravene [section 381](#).
- (4) Subsection (3) shall not apply if it is shown that the form of application was issued in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures.
- (5) In the event of noncompliance with or contravention of any of the requirements imposed by subsection (1)(a) and (b), a director or other person responsible for the prospectus shall not incur any liability by reason of the noncompliance or contravention, if—
- (a) as regards any matter not disclosed, he or she proves that he or she was not cognisant thereof;
 - (b) he or she proves that the noncompliance or contravention arose from an honest mistake of fact on his or her part; or
 - (c) the noncompliance or contravention was in respect of matters which, in the opinion of the court dealing with the case, were immaterial or were otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused,
- but in the event of failure to include in a prospectus a statement with respect to the matters contained in paragraph 16 of the Third Schedule to this Act, no director or other person shall incur any liability in respect of the failure unless it is proved that he or she had knowledge of the matters not disclosed.
- (6) This section—
- (a) shall not apply to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favour of other persons;

- (b) except insofar as it requires a prospectus to be dated, shall not apply to the issue of a prospectus relating to shares or debentures which are or are to be in all respects uniform with shares or debentures previously issued,

but, subject as aforesaid, this section shall apply to a prospectus or form of application whether issued on or with reference to the formation of a company or subsequently.

- (7) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this Act, apart from this section.

381. Provisions as to expert's consent and allotment

- (1) It shall not be lawful for any person to issue, circulate or distribute in Uganda any prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside Uganda, whether the company has or has not established, or when formed will or will not establish, a place of business in Uganda—
 - (a) if, where the prospectus includes a statement purporting to be made by an expert, he or she has not given, or has before delivery of the prospectus for registration withdrawn, his or her written consent to the issue of the prospectus with the statement included in the form and context in which it is included or there does not appear in the prospectus a statement that he or she has given and has not withdrawn his or her consent as aforesaid; or
 - (b) if the prospectus does not have the effect, where an application is made in pursuance thereof, of rendering all persons concerned bound by all the provisions (other than penal provisions) of sections 52 and 53 so far as applicable.
- (2) In this section, “expert” includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him or her, and for the purposes of this section a statement shall be deemed to be included in a prospectus if it is contained therein or in any report or memorandum appearing on the face thereof or by reference incorporated therein or issued therewith.

382. Registration of prospectus

- (1) It shall not be lawful for any person to issue, circulate or distribute in Uganda any prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside Uganda, whether the company has or has not established, or when formed will or will not establish a place of business in Uganda, unless before the issue, circulation or distribution of the prospectus in Uganda, a copy thereof certified by the chairperson and two other directors of the company as having been approved by resolution of the managing body has been delivered to the registrar for registration, and the prospectus has been registered by the registrar and states on the face of it that a copy has been so delivered and the fact that it has been registered by the registrar and the date of registration and there is endorsed on or attached to the copy—
 - (a) any consent to the issue of the prospectus required by [section 381](#);
 - (b) a copy of any contract required by paragraph 14 of the Third Schedule to this Act to be stated in the prospectus or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
 - (c) where the persons making any report required by Part II of that Schedule have made therein or have, without giving the reasons, indicated therein any such adjustments as are mentioned in paragraph 29 of that Schedule, a written statement signed by those persons setting out the adjustments and giving the reasons therefor.
- (2) The references in subsection (1)(b) to the copy of a contract required thereby to be endorsed on or attached to a copy of the prospectus shall, in the case of a contract wholly or partly in a language other than English, be taken as references to a copy of a translation of the contract in English or a copy embodying a translation in English of the parts in a language other than English, as the case

may be, being a translation certified in the prescribed manner to be a correct translation, and the reference to a copy of a contract required to be available for inspection shall include a reference to a copy of a translation thereof or a copy embodying a translation of parts thereof.

383. Penalty for contravention of sections 379 to 382

Any person who is knowingly responsible for the issue, circulation or distribution of a prospectus, or for the issue of a form of application for shares or debentures, in contravention of any of the provisions of [sections 379 to 382](#) is liable to a fine not exceeding ten thousand shillings.

384. Civil liability for misstatement in prospectus

[Section 45](#) shall extend to every prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside Uganda, whether the company has or has not established, or when formed will or will not establish, a place of business in Uganda, with the substitution for references to [section 41](#), of references to [section 381](#).

385. Interpretation of provisions as to prospectus

- (1) Where any document by which any shares in or debentures of a company incorporated outside Uganda are offered for sale to the public would, if the company concerned had been a company within the meaning of this Act, have been deemed by virtue of [section 47](#) to be a prospectus issued by the company, that document shall be deemed to be, for the purpose of this Part of this Act, a prospectus issued by the company.
- (2) An offer of shares or debentures for subscription or sale to any person whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, shall not be deemed an offer to the public for the purposes of this Part of this Act.
- (3) In this Part of this Act, “prospectus”, “shares” and “debentures” have the same meaning as when used in relation to a company incorporated under this Act.

Part XI – General provisions as to registration

386. Designation of registrars, etc.

- (1) The Minister may designate a registrar, and such deputy and assistant registrars, clerks and servants as he or she may think necessary for the registration of companies under this Act, and may make regulations with respect to their duties, and may remove any persons so appointed.
- (2) Every assistant registrar may, subject to the directions of the registrar, perform any act or discharge any duty which the registrar may lawfully do or is required by this Act to do, and for such purpose shall have all the powers, privileges and authority of the registrar.
- (3) The Minister may direct a seal or seals to be prepared for the authentication of documents required or connected with the registration of companies.

387. Fees

- (1) The fees to be paid to the registrar under this Act shall be such as may from time to time be prescribed by the Minister.
- (2) All fees paid under this Act shall be paid into the Consolidated Fund.

388. Inspection, production and evidence of documents kept by the registrar

- (1) Any person may—
 - (a) inspect the documents kept by the registrar, on payment of the prescribed fee;

- (b) require a certificate of the incorporation of any company, or a copy or extract of any other document or any part of any other document, to be certified by the registrar, on payment for the certificate, certified copy or extract of the prescribed fee,

except that—

- (c) in relation to documents delivered to the registrar with a prospectus under [section 42\(1\)\(b\)\(i\)](#), the rights conferred by this subsection shall be exercisable only during the fourteen days beginning with the date of the prospectus or with the permission of the registrar, and in relation to documents so delivered under [section 382\(1\)\(b\)](#), the rights shall be exercisable only during the fourteen days beginning with the date of the prospectus or with the permission of the registrar; and
 - (d) the right conferred by paragraph (a) of this subsection shall not extend to any copy sent to the registrar under [section 355](#) of a statement as to the affairs of a company or of any comments of the receiver or his or her successor or a continuing receiver or manager on that statement, but only to the summary of the statement, except where the person claiming the right either is, or is the agent of, a person stating himself or herself in writing to be a member or creditor of the company to which the statement relates, and the right conferred by paragraph (b) of this subsection shall be similarly limited.
- (2) No process for compelling the production of any documents kept by the registrar shall issue from any court except with the leave of that court, and any such process if issued shall bear on it a statement that it is issued with the leave of the court.
 - (3) A copy of, or extract from, any document kept and registered at the office of the registrar, certified to be a true copy under the hand of the registrar (whose official position it shall not be necessary to prove), shall in all legal proceedings be admissible as *prima facie* evidence of such document or extract, as the case may be, and of the matters, transactions and accounts therein recorded.
 - (4) The registrar shall not, in any legal proceeding which he or she is not a party, be compellable—
 - (a) to produce any document the contents of which can be proved under subsection (3); or
 - (b) to appear as a witness to prove the matters, transactions or accounts recorded in any such document, unless by order of the court made for special cause.
 - (5) Any person untruthfully stating himself or herself in writing for the purposes of subsection (1)(c) or (d) to be a member or creditor of a company is liable to a fine not exceeding one thousand shillings.

389. Enforcement of duty of company to make returns to the registrar

- (1) If a company, having made default in complying with any provision of this Act which requires it to file with, deliver or send to the registrar any return, account or other document, or to give notice to him or her of any matter, fails to make good the default within fourteen days after the service of a notice on the company requiring it to do so, the court may, on an application made to the court by any member or creditor of the company or by the registrar, make an order directing the company and any officer thereof to make good the default within such time as may be specified in the order.
- (2) Any such order may provide that all costs of and incidental to the application shall be borne by the company or by any officer of the company responsible for the default.
- (3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalties on a company or its officers in respect of any such default as aforesaid.

Part XII – Miscellaneous provisions with respect to insurance companies, and certain societies, and partnerships

390. Certain companies to publish periodical statement

- (1) Every company including a company incorporated outside Uganda and having a place of business in Uganda being an insurance company or a deposit, provident or benefit society, shall, before it commences business, and also on the first Monday in February and the first Tuesday in August in every year during which it carries on business, make and file with the registrar a statement in the form set out in the Ninth Schedule to this Act, or as near to it as circumstances admit.
- (2) A copy of the statement shall be exhibited in a conspicuous place in every office of the company, or other place where the business of the company is carried on.
- (3) Every member and every creditor of the company shall be entitled to a copy of the statement, on payment of a sum not exceeding one shilling.
- (4) If default is made in complying with this section, the company and every officer of the company who is in default are liable to a default fine.
- (5) This section shall not apply to any insurance company to which the provisions of the Insurance Act as to the accounts and balance sheet to be prepared annually and deposited by such company apply, if the company complies with those provisions.

391. Certain companies deemed insurance companies

For the purposes of this Act, a company which carries on the business of insurance in common with any other business or businesses shall be deemed to be an insurance company.

392. Prohibition of partnerships with more than twenty members

No company, association, or partnership consisting of more than twenty persons shall be formed for the purpose of carrying on any business that has for its object the acquisition of gain by the company, association, or partnership, or by the individual members thereof, unless it is registered as a company under this Act, or is formed in pursuance of some other written law.

Part XIII – General

Form of registers, etc.

393. Form of registers, etc.

- (1) Any register, index, minute book or book of account required by this Act to be kept by a company may be kept either by making entries in bound books or by recording the matters in question in any other manner.
- (2) Where any such register, index, minute book or book of account is not kept by making entries in a bound book, but by some other means, adequate precautions shall be taken for guarding against falsification and facilitating its discovery, and where default is made in complying with this subsection, the company and every officer of the company who is in default are liable to a fine not exceeding one thousand shillings and further are liable to a default fine.

Service of documents

394. Service of documents

- (1) A document may be served on a company by personally serving it on an officer of the company, by sending it by registered post to the registered postal address of the company in Uganda, or by leaving it at the registered office of the company.
- (2) A document may be served on the registrar by leaving it at or sending it by registered post to his or her office.

395. Returns, etc. filed out of time

- (1) Where under this Act any return, account, notice or other document or particulars is or are required to be filed, delivered, given or sent to the registrar within a specified period, the duty to file, deliver, give or send the same shall not cease on the expiration of that period but shall be a continuing duty.
- (2) The registrar shall, on payment of such additional fee as may be prescribed, register any document delivered to him or her for registration notwithstanding the expiration of the period within which the same ought to have been delivered, but no such registration shall relieve any person from any liability he or she may have incurred by reason of his or her default in delivering such document within the specified period.

Offences and penalties**396. Penalty for false statements**

If any person in any return, report, certificate, balance sheet, or other document, required by or for the purposes of any of the provisions of this Act specified in the Tenth Schedule to this Act, wilfully makes a statement false in any material particular, knowing it to be false, he or she commits an offence, and is liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding ten thousand shillings.

397. Penalty for improper use of the word “limited”

If any person or persons trade or carry on business under any name or title of which “limited”, or any contraction or imitation of that word, is the last word, that person or those persons is, unless duly incorporated with limited liability, liable to a fine not exceeding one hundred shillings for every day upon which that name or title has been used.

398. Provision with respect to default fines and meaning of “officer in default”

- (1) Where in this Act it is provided that a company and every officer of the company who is in default are liable to a default fine, the company and every officer are, for every day during which the default, refusal or contravention continues, liable to a fine not exceeding such amount as is specified in the enactment, or, if the amount of the fine is not so specified, to a fine not exceeding one hundred shillings.
- (2) For the purpose of any section of this Act which provides that an officer of a company who is in default is liable to a fine or penalty, “officer who is in default” means any officer of the company who knowingly and wilfully authorises or permits the default, refusal or contravention mentioned in the enactment.

399. Production and inspection of books where offence suspected

- (1) If on an application made to a judge of the High Court in chambers by the Director of Public Prosecutions or the registrar there is shown to be reasonable cause to believe that any person has, while an officer of a company, committed an offence in connection with the management of the

company's affairs and that evidence of the commission of the offence is to be found in any books or papers of or under the control of the company, an order may be made—

- (a) authorising any person therein to inspect those books or papers or any of them for the purpose of investigating and obtaining evidence of the offence; or
 - (b) requiring the secretary of the company or such other officer of the company as may be named in the order to produce those books or papers or any of them to a person named in the order at a place so named.
- (2) Subsection (1) shall apply also in relation to any books or papers of a person carrying on the business of banking so far as they relate to the company's affairs, as it applies to any books or papers of or under the control of the company, except that no such order as is referred to in paragraph (b) thereof shall be made by virtue of this subsection.
- (3) The decision of a judge of the High Court on an application under this section shall not be appealable.

400. Cognisance of offences

- (1) No court inferior to a magistrate's court over which a magistrate grade I presides shall try any offence under this Act.
- (2) Proceedings in respect of any offence under this Act may, notwithstanding anything to the contrary in the Criminal Procedure Code Act, be taken by the Director of Public Prosecutions or by the registrar at any time within twelve months from the date on which evidence sufficient in the opinion of the Director of Public Prosecutions or the registrar, as the case may be, to justify the proceedings comes to the knowledge of the Director of Public Prosecutions or the registrar, as the case may be; except that proceedings shall not be so taken more than three years after the commission of the offence.
- (3) For the purposes of subsection (2), a certificate of the Director of Public Prosecutions or the registrar as to the date on which such evidence as aforesaid came to his or her knowledge shall be conclusive evidence thereof.
- (4) Subsection (2), so far as it relates to the time within which proceedings may be taken, and subsection (3), shall apply to proceedings in respect of offences under the repealed Companies Ordinance as it applies to proceedings in respect of the offences mentioned in subsection (2); except that this subsection shall not have effect in relation to any proceedings if the time allowed under that Ordinance apart from this section for taking them had already expired before the 1st January, 1961.

401. Application of fines

The court imposing any fine under this Act may direct that the whole or any part thereof shall be applied in or towards payment of the costs of the proceedings, or in or towards rewarding the person on whose information or at whose suit the fine is recovered, and subject to any such direction, all fines under this Act shall, notwithstanding anything in any other written law, be paid into the Consolidated Fund.

402. Provisions relating to institution of criminal proceedings

- (1) Nothing in this Act relating to the institution of criminal proceedings by the Director of Public Prosecutions shall be taken to preclude any person from instituting or carrying on any such proceedings.
- (2) Where by this Act the Director of Public Prosecutions is permitted or required to institute or carry on any criminal or other proceedings or to make any application, the proceedings may be instituted

or carried on and the application may be made by the Director of Public Prosecutions or on behalf of the Director of Public Prosecutions by any person who—

- (a) has been instructed by the Director of Public Prosecutions to do so; and
- (b) is otherwise entitled to appear before the court or before a judge or magistrate in chambers by virtue of the Advocates Rules or, in the case of criminal proceedings, the provisions of the Magistrates Courts Act relating to the appointment of public prosecutors,

but where by this Act the consent of the Director of Public Prosecutions is required before any proceedings are instituted or thing done, nothing in this subsection shall be taken as permitting any person other than the Director of Public Prosecutions to give such consent.

403. Saving for privileged communications

Where proceedings are instituted under this Act against any person by the Director of Public Prosecutions or the registrar, nothing in this Act shall be taken to require any person who has acted as advocate for the defendant to disclose any privileged communication made to him or her in that capacity.

Legal proceedings

404. Costs in actions by certain limited companies

Where a limited company is plaintiff in any suit or other legal proceeding, any judge having jurisdiction in the matter may, if it appears by credible testimony that there is reason to believe that the company will be unable to pay the costs of the defendant if successful in his or her defence, require sufficient security to be given for those costs, and may stay all proceedings until the security is given.

405. Power of court to grant relief in certain cases

- (1) If in any proceeding for negligence, default, breach of duty or breach of trust against an officer of a company or a person employed by a company as auditor (whether he or she is or is not an officer of the company) it appears to the court hearing the case that that officer or person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he or she has acted honestly and reasonably, and that, having regard to all the circumstances of the case, including those connected with his or her appointment, he or she ought fairly to be excused for the negligence, default, breach of duty or breach of trust, that court may relieve him or her either wholly or partly from his or her liability on such terms as the court may think fit.
- (2) Where any such officer or person aforesaid has reason to apprehend that any claim will or might be made against him or her in respect of any negligence, default, breach of duty or breach of trust, he or she may apply to the court for relief, and the court on any such application shall have the same power to relieve him or her as under this section it would have had if it had been a court before which proceedings against that person for negligence, default, breach of duty or breach of trust had been brought.

406. Power to enforce orders

Orders made by the High Court under this Act may be enforced in the same manner as orders made in a suit pending in that court.

407. Power to alter tables and forms

- (1) The Minister may make regulations to alter or add to the requirements of this Act as to the matters to be stated in a company's balance sheet, profit and loss account and group accounts, and, in particular, of those of the Sixth Schedule to this Act; and any reference in this Act to the Sixth Schedule shall be construed as a reference to that Schedule with any alterations or additions made by regulations for the time being in force under this subsection.

- (2) The Minister may make regulations—
- (a) to alter Table A, and the form in the Ninth Schedule to this Act; and
 - (b) to alter or add to Tables B, C, D and E in the First Schedule to this Act and the forms in Part II of the Fifth Schedule to this Act,
- but no alteration made by the Minister in Table A shall affect any company registered before the alteration, or repeal as respects that company any portion of that Table.
- (3) No regulations shall be made under subsection (1) so as to render more onerous the requirements referred to in that subsection, unless a draft of the instrument containing the regulations has been laid on the table of, and has been approved by resolution of, Parliament.
- (4) In addition to the powers hereinbefore conferred by this section, the Minister may make regulations in respect of any matters which by this Act are to be or may be appointed, prescribed or otherwise provided for by the Minister.

First Schedule (ss. 1, 10)

Tables

Table - A

Part I – Regulations for the management of companies limited by shares, not being a private company

Interpretation

1. In these regulations—
- (a) “Act” means the Companies Act;
 - (b) “seal” means the common seal of the company;
 - (c) “secretary” means any person appointed to perform the duties of the secretary of the company.

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

Share capital and variation of rights

2. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the company may from time to time by ordinary resolution determine.
3. Subject to [section 60](#) of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.
4. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of

- the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
5. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
 6. The company may exercise the powers of paying commissions conferred by [section 55](#) of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and the rate of the commission shall not exceed the rate of 10 percent of the price at which the shares in respect of which the commission is paid are issued or an amount equal to 10 percent of such price, as the case may be. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The company may also on any issue of shares pay such brokerage as may be lawful.
 7. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
 8. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his or her shares or several certificates each for one or more of his or her shares upon payment of two shillings and fifty cents for every certificate after the first or such lesser sum as the directors shall from time to time determine. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon. Provided that in respect of a share held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
 9. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of a fee of two shillings and fifty cents or such lesser sum and on such terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses of the company of investigating evidence as the directors think fit.
 10. The company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or in its holding company nor shall the company make a loan for any purpose on the security of its shares or those of its holding company, but nothing in this regulation shall prohibit transactions mentioned in the proviso to [section 56\(1\)](#) of the Act.

Lien

11. The company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company shall also have a first and paramount lien on all shares (other than fully paid shares) standing registered in the name of a single person for all monies presently payable by him or her or his or her estate to the company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The company's lien, if any, on a share shall extend to all dividends payable thereon.
12. The company may sell, in such manner as the directors think fit, any shares on which the company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered

holder for the time being of the share, or the person entitled to the share by reason of his or her death or bankruptcy.

13. To give effect to any such sale, the directors may authorise some person to transfer the shares sold to the purchaser of the shares. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he or she shall not be bound to see to the application of the purchase money, nor shall his or her title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
14. The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

Calls on shares

15. The directors may from time to time make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen days' notice specifying the time and place of payment) pay to the company at the time and place so specified the amount called on his or her shares. A call may be revoked or postponed as the directors may determine.
16. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed and may be required to be paid by installments.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.
18. If a sum called in respect of a share is not paid before or on the day appointed for its payment, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment of the sum to the time of actual payment at such rate not exceeding 5 percent per year as the directors may determine, but the directors shall be at liberty to waive payment of such interest wholly or in part.
19. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these regulations be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of nonpayment all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
20. The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
21. The directors may, if they think fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him or her, and upon all or any of the monies so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the company in general meeting shall otherwise direct) 6 percent per year, as may be agreed upon between the directors and the member paying such sum in advance.

Transfer of shares

22. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect of the share.
23. Subject to such of the restrictions of these regulations as may be applicable, any member may transfer all or any of his or her shares by instrument in writing in any usual or common form or any other form which the directors may approve.

24. The directors may decline to register the transfer of a share (not being a fully paid share) to a person of whom they shall not approve, and they may also decline to register the transfer of a share on which the company has a lien.
25. The directors may also decline to recognise any instrument of transfer unless—
 - (a) a fee of two shillings and fifty cents or such lesser sum as the directors may from time to time require is paid to the company in respect of the instrument;
 - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and
 - (c) the instrument of transfer is in respect of only one class of share.
26. If the directors refuse to register a transfer, they shall within sixty days after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.
27. The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.
28. The company shall be entitled to charge a fee not exceeding two shillings and fifty cents on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

Transmission of shares

29. In case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the personal representatives of the deceased where he or she was a sole holder, shall be the only persons recognised by the company as having any title to his or her interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him or her with other persons.
30. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the directors and subject as hereafter provided, elect either to be registered himself or herself as holder of the share or to have some person nominated by him or her registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his or her death or bankruptcy, as the case may be.
31. If the person so becoming entitled shall elect to be registered himself or herself, he or she shall deliver or send to the company a notice in writing signed by him or her stating that he or she so elects. If he or she shall elect to have another person registered, he or she shall testify his or her election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.
32. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he or she would be entitled if he or she were the registered holder of the share, except that he or she shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company; but the directors may at any time give notice requiring any such person to elect either to be registered himself or herself or to transfer the share, and if the notice is not complied with within ninety days, the directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

Forfeiture of shares

33. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him or her requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
34. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of nonpayment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
35. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.
36. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the directors think fit.
37. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the company all monies which, at the date of forfeiture, were payable by him or her to the company in respect of the shares, but his or her liability shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
38. A statutory declaration in writing that the declarant is a director or the secretary of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he or she shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his or her title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
39. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Conversion of shares into stock

40. The company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.
41. The holders of stock may transfer the stock, or any part of it, in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
42. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
43. Such of the regulations of the company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

Alteration of capital

44. The company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
45. The company may by ordinary resolution—
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of [section 63\(1\)\(d\)](#) of the Act;
 - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
46. The company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

General meetings

47. The company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next; except that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.
48. All general meetings other than annual general meetings shall be called extraordinary general meetings.
49. The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by [section 132](#) of the Act. If at any time there are not within Uganda sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

Notice of general meetings

50. (1) Every general meeting shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in the manner hereafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company.
- (2) A meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in subregulation (1), be deemed to have been duly called if it is so agreed—
- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote at the meeting; and
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.
51. The accidental omission to give notice of a meeting to, or the nonreceipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at general meetings

52. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.
53. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; except as herein otherwise provided, three members present in person shall be a quorum.
54. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
55. The chairperson, if any, of the board of directors shall preside as chairperson at every general meeting of the company, or if there is no such chairperson, or if he or she shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the directors present shall elect one of their number to be chairperson of the meeting.
56. If at any meeting no director is willing to act as chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairperson of the meeting.
57. The chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as provided in this regulation, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
58. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded—
- (a) by the chairperson;
 - (b) by at least three members present in person or by proxy;
 - (c) by any member or members present in person or by proxy and representing not less one-tenth of the total voting rights of all members having the right to vote at the meeting; or
 - (d) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than one-tenth of the total sum paid-up on all the shares conferring that right.

Unless a poll is so demanded, a declaration by the chairperson that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, an entry to that effect in the book containing the minutes of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn

59. Except as provided in regulation 61, if a poll is duly demanded it shall be taken in such manner as the chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
60. In the case of an equality of votes, whether of a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

61. A poll demanded on the election of a chairperson or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Votes of members

62. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share of which he or she is the holder.
63. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register of members.
64. A member of unsound mind in respect of whose estate a manager has been appointed under the law relating to the administration of estates of persons of unsound mind may vote, whether on a show of hands or on a poll, by his or her manager, and any such manager may, on a poll, vote by proxy.
65. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him or her in respect of shares in the company have been paid.
66. No member shall be entitled to vote at any general meeting unless at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.
67. On a poll votes may be given either personally or by proxy.
68. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his or her attorney duly authorised in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the company.
69. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company or at such other place within Uganda as is specified for that purpose in the notice convening the meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
70. An instrument appointing a proxy shall be in the following form or a form as near to it as circumstances admit—

_____ Limited.

I/We, _____, of _____, being a member/members of the above-named company, appoint _____ of _____, or failing him/her, _____ of _____, as my/our proxy to vote for me/us on my/our behalf at the annual (or extraordinary) general meeting of the company to be held on the ____ day of _____, 20. ____, and at any adjournment of that meeting.

Signed this ____ day of _____, 20__.

71. Where it is desired to afford members an opportunity of voting for or against a resolution, the instrument appointing a proxy shall be in the following form or a form as near to it as circumstances admit—

_____ Limited.

I/We, _____, of _____, being a member/members of the above-named company, appoint _____

of _____, or failing him/her, _____ of _____, as my/our proxy to vote for me/us on my/our behalf at the annual (or extraordinary) general meeting of the company to be held on the ____ day of _____, 20. ____, and at any adjournment of that meeting.

Signed this ____ day of _____, 20__.

This form is to be used *in favour of/against the resolution. Unless otherwise instructed, the proxy will vote as he/she thinks fit.

**Strike out whichever is not desired.*

72. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
73. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, if no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Corporations acting by representatives at meetings

74. Any corporation which is a member of the company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the company or of any class of members of the company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he or she represents as that corporation could exercise if it were an individual member of the company.

Directors

75. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum of association or a majority of them and until such determination, the signatories to the memorandum of association shall be the first directors.
76. The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.
77. The shareholding qualification for directors may be fixed by the company in general meeting, and until so fixed no qualification shall be required.
78. A director of the company may be or become a director or other officer of, or otherwise interested in, any company promoted by the company or in which the company may be interested as shareholder or otherwise, and no such director shall be accountable to the company for any remuneration or other benefits received by him or her as a director or officer of, or from his or her interest in, such other company unless the company otherwise directs.

Borrowing powers

79. (1) The directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party; except that the amount for the time being remaining undischarged of monies borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time, without the previous sanction of the company in general meeting, exceed the nominal amount of the share capital of the company for the time being issued; but, nevertheless, no lender

or other person dealing with the company shall be concerned to see or inquire whether this limit is observed.

- (2) No debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit imposed by subregulation (1) had been or was thereby exceeded.

Powers and duties of directors

80. The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company as are not, by the Act or by these regulations, required to be exercised by the company in general meeting, subject, nevertheless, to any of these regulations, to the provisions of the Act and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the company in general meeting, but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.
81. The directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the company for such purposes and such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these regulations) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him or her.
82. The company may exercise the powers conferred by [section 36](#) of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors.
83. The company may exercise the powers conferred upon the company by [sections 121 to 124](#) (both inclusive) of the Act with regard to the keeping of a branch register, and the directors may (subject to the provisions of those sections) make and vary such regulations as they may think fit respecting the keeping of any such register.
84. (1) A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company shall declare the nature of his or her interest at a meeting of the directors in accordance with [section 200](#) of the Act.
- (2) A director shall not vote in respect of any contract or arrangement in which he or she is interested, and if he or she shall do so, his or her vote shall not be counted, nor shall he or she be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to—
- (a) any arrangement for giving any director any security or indemnity in respect of money lent by him or her to or obligations undertaken by him or her for the benefit of the company;
 - (b) any arrangement for the giving by the company of any security to a third party in respect of a debt or obligation of the company for which the director himself or herself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security;
 - (c) any contract by a director to subscribe for or underwrite shares or debentures of the company; or
 - (d) any contract or arrangement with any other company in which he or she is interested only as an officer of the company or as holder of shares or other securities,
- and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the company in general meeting.

- (3) A director may hold any other office or place of profit under the company (other than the office of auditor) in conjunction with his or her office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine, and no director or intending director shall be disqualified by his or her office from contracting with the company either with regard to his or her tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of the director holding that office or of the fiduciary relation thereby established.
- (4) A director, notwithstanding his or her interest, may be counted in the quorum present at any meeting at which he or she or any other director is appointed to hold any such office or place of profit under the company or at which the terms of any such appointment are arranged, and he or she may vote on any such appointment or arrangement other than his or her own appointment or the arrangement of the terms of that appointment.
- (5) Any director may act by himself or herself or his or her firm in a professional capacity for the company, and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a director; but nothing in this subregulation shall authorise a director or his or her firm to act as auditor to the company.
85. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the director shall from time to time by resolution determine.
86. The directors shall cause minutes to be made in books provided for the purpose—
- (a) of all appointments of officers made by the directors;
 - (b) of the names of the directors present at each meeting of the directors and of any committee of the directors;
 - (c) of all resolutions and proceedings at each meeting of the company, and of the directors, and of committees of directors,
- and every director present at any meeting of directors or committee of directors shall sign his or her name in a book to be kept for that purpose.
87. The directors on behalf of the company may pay a gratuity or pension or allowance on retirement to any director who has held any other salaried office or place of profit with the company or to his or her widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Disqualification of directors

88. The office of director shall be vacated if the director—
- (a) ceases to be a director by virtue of [section 183](#) or [186](#) of the Act;
 - (b) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
 - (c) becomes prohibited from being a director by reason of any order made under [section 189](#) of the Act;
 - (d) becomes of unsound mind;
 - (e) resigns his or her office by notice in writing to the company; or
 - (f) shall for more than six months have been absent without permission of the directors from meetings of the directors held during that period.

Rotation of directors

89. At the first annual general meeting of the company, all the directors shall retire from office; and at the annual general meeting in every subsequent year, one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.
90. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
91. A retiring director shall be eligible for reelection.
92. The company at the meeting at which a director retired in the manner provided in regulations 89 and 90 may fill the vacated office by electing a person to it, and in default the retiring director shall if offering himself or herself for reelection be deemed to have been reelected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the reelection of such director shall have been put to the meeting and lost.
93. No person other than a director retiring at the meeting shall unless recommended by the directors be eligible for election to the office of director at any general meeting unless not less than three nor more than twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the company notice in writing signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his or her intention to propose such person for election, and also notice in writing signed by that person of his or her willingness to be elected.
94. The company may from time to time by ordinary resolution increase or reduce the number of directors, and may also determine by what rotation the increased or reduced number is to go out of office.
95. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these regulations. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for reelection but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.
96. The company may by ordinary resolution, of which special notice has been given in accordance with [section 142](#) of the Act, remove any director before the expiration of his or her period of office notwithstanding anything in these regulations or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him or her and the company.
97. The company may by ordinary resolution appoint another person in place of a director removed from office under regulation 96, and without prejudice to the powers of the directors under regulation 95, the company in general meeting may appoint any person to be a director either to fill a casual vacancy or as an additional director. A person appointed in place of a director so removed or to fill such a vacancy shall be subject to retirement at the same time as if he or she had become a director on the day on which the director in whose place he or she is appointed was last elected a director.

Proceedings of directors

98. The directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions rising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairperson shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from Uganda.
99. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two.
100. The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the company as the

necessary quorum of directors, the continuing directors or director may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company, but for no other purpose.

101. The directors may elect a chairperson of their meetings and determine the period for which he or she is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be a chairperson of the meeting.
102. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.
103. A committee may elect a chairperson of its meetings; if no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairperson of the meeting.
104. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the chairperson shall have a second or casting vote.
105. All acts done by any meeting of the directors or of a committee of directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.
106. A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Managing director

107. The directors may from time to time appoint one or more of their body to the office of managing director for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A director so appointed shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his or her appointment shall be automatically determined if he or she ceases from any cause to be a director.
108. A managing director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the directors may determine.
109. The directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Secretary

110. The secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.
111. No person shall be appointed or hold office as secretary who is—
 - (a) the sole director of the company;
 - (b) a corporation the sole director of which is the sole director of the company; or
 - (c) the sole director of a corporation which is the sole director of the company.

112. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

The seal

113. The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

Dividends and reserve

114. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.
115. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.
116. No dividend shall be paid otherwise than out of profits.
117. The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion either be employed in the business of the company or be invested in such investments (other than shares of the company) as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.
118. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
119. The directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him or her to the company on account of calls or otherwise in relation to the shares of the company.
120. Any general meeting declaring a dividend or bonus may direct payment of that dividend or bonus wholly or partly by the distribution of specific assets and, in particular, of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the directors shall give effect to such resolution, and where any difficulty arises in regard to the distribution, the directors may settle it as they think expedient, and, in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the directors.
121. Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other monies payable in respect of the shares held by them as joint holders.
122. No dividend shall bear interest against the company.

Accounts

123. The directors shall cause proper books of account to be kept with respect to—

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

124. The books of account shall be kept at the registered office of the company, or, subject to [section 147\(3\)](#) of the Act, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.
125. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorised by the directors or by the company in general meeting.
126. The directors shall from time to time, in accordance with [sections 148, 150 and 157](#) of the Act, cause to be prepared and to be laid before the company in general meeting such profit and loss accounts, balance sheets, group accounts, if any, and reports as are referred to in those sections.
127. A copy of every balance sheet (including every document required by law to be annexed to it) which is to be laid before the company in general meeting, together with a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the company and to every person registered under regulation 31; except that this regulation shall not require a copy of those documents to be sent to any person of whose address the company is not aware or to more than one of the joint holders of any shares or debentures.

Capitalisation of profits

128. The company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and, accordingly, that such sum be set free for distribution among the members who would have been entitled to it if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the company to be allotted and distributed credited as fully paid-up to and among such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution; except that a share premium account and a capital redemption reserve fund may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully-paid bonus shares.
129. Whenever such a resolution as provided in regulation 128 shall have been passed, the directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully-paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the

amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

Audit

130. Auditors shall be appointed and their duties regulated in accordance with sections 159 to 162 of the Act.

Notices

131. A notice may be given by the company to any member either personally or by sending it by post to him or her or to his or her registered address, or (if he or she has no registered address within Uganda) to the address, if any, within Uganda supplied by him or her to the company for the giving of notice to him or her. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of seventy-two hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.
132. A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.
133. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Uganda supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
134. Notice of every general meeting shall be given in any manner hereinbefore authorised to—
- (a) every member except those members who (having no registered address within Uganda) have not supplied to the company an address within Uganda for the giving of notices to them;
 - (b) every person upon whom the ownership of a share devolves by reason of his or her being a personal representative or a trustee in bankruptcy of a member where the member but for his or her death or bankruptcy would be entitled to receive notice of the meeting; and
 - (c) the auditor for the time being of the company.

No other person shall be entitled to receive notices of general meetings.

Winding up

135. If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide among the members in specie or kind the whole or any part of the assets of the company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he or she deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

136. Every director, managing director, agent, auditor, secretary and other officer for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour or in which he or she is acquitted or in connection with any application under section 405 of the Act in which relief is granted to him or her by the court.

Part II – Regulations for the management of a private company limited by shares

1. The regulations contained in Part I of Table A (with the exception of regulations 24 and 53) shall apply.
2. The company is a private company and accordingly—
 - (a) the right to transfer shares is restricted in the manner hereafter prescribed;
 - (b) the number of members of the company (exclusive of persons who are in the employment of the company and of persons who having been formerly in the employment of the company were while in such employment and have continued after the determination of such employment to be members of the company) is limited to fifty, except that where two or more persons hold one or more shares in the company jointly, they shall for the purpose of this regulation be treated as a single member;
 - (c) any invitation to the public to subscribe for any shares or debentures of the company is prohibited;
 - (d) the company shall not have power to issue share warrants to bearer.
3. The directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share, whether or not it is a fully-paid share.
4. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; except as herein otherwise provided, two members present in person or by proxy shall be a quorum.
5. Subject to the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the company duly convened and held

[Note: Regulations 3 and 4 of this Part are alternative to regulations 24 and 53 respectively of Part I.]

Table B

Form of memorandum of association of a company limited by shares

- 1st. The name of the company is “The Lake Victoria Steam Packet Company, Limited.”
- 2nd. The registered office of the company will be situate in Uganda.
- 3rd. The objects for which the company is established are, “the conveyance of passengers and goods in ships or boats between such places as the company may from time to time determine, and doing all such other things as are incidental or conducive to the attainment of the above object.”
- 4th. The liability of the members is limited.
- 5th. The share capital of the company is two hundred thousand shillings divided into one thousand shares of two hundred shillings each.

We, the several persons whose names and addresses are subscribed are desirous of being formed into a company, in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

Names, postal addresses and occupations of subscribers	Number of shares taken by each subscriber	Signatures of subscribers
1.		
2.		
3.		
4.		
5.		
6.		
7.		
Total shares taken		

Dated the ____ day of _____, 20__

Witness to the above signatures _____

Table C

Form of memorandum and articles of association of a company limited by guarantee, and not having a share capital

Part I – Memorandum of association

1st. The name of the company is “The Kampala School Association, Limited.”

2nd. The registered office of the company will be situate in Uganda.

3rd. The objects for which the company is established are carrying on a school for boys in the city of Kampala and doing all such other things as are incidental or conducive to the attainment of the above object.

4th. The liability of the members is limited.

5th. Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he or she is a member, or within one year afterwards, for payment of the debts and liabilities of the company contracted before he or she ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding two hundred shillings.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this memorandum of association.

Names, postal addresses and occupations of subscribers	Signatures of subscribers
1.	
2.	
3.	
4.	
5.	
6.	
7.	

Dated the ____ day of _____, 20__

Witness to the above signatures _____

Part II – Articles of association to accompany preceding memorandum of association

Interpretation

1. In these articles—
 - (a) “Act” means the Companies Act;
 - (b) “seal” means the common seal of the company;
 - (c) “secretary” means any person appointed to perform the duties of the secretary of the company.

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

Unless the context otherwise requires, words or expressions contained in these articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these articles become binding on the company.

Members

2. The number of members with which the company proposes to be registered is five hundred, but the directors may from time to time register an increase of members.
3. The subscribers to the memorandum of association and such other persons as the directors shall admit to membership shall be members of the company.

General meeting

4. The company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next, except that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.
5. All general meetings other than annual general meetings shall be called extraordinary general meetings.
6. The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by [section 132](#) of the Act. If at any time there are not within Uganda sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

Notice of general meetings

7. (1) An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the date and the hour of meeting and, in case of special business, the general nature of that business and shall be given, in the manner hereafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the articles of the company, entitled to receive such notices from the company.
(2) A meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this article be deemed to have been duly called if it is so agreed—
 - (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote at the meeting; and
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than 95 percent of the total voting rights at that meeting of all the members.
8. The accidental omission to give notice of a meeting to, or the nonreceipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at general meetings

9. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.
10. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; except as herein otherwise provided, three members present in person shall be a quorum.
11. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

12. The chairperson, if any, of the board of directors shall preside as chairperson at every general meeting of the company, or if there is no such chairperson, or if he or she shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the directors present shall elect one of their number to be chairperson of the meeting.
13. If at any meeting no director is willing to act as chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairperson of the meeting.
14. The chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
15. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded—
 - (a) by the chairperson;
 - (b) by at least three members present in person or by proxy; or
 - (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the chairperson that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, an entry to that effect in the book containing the minutes of proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

16. Except as provided in article 18, if a poll is duly demanded, it shall be taken in such manner as the chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
17. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
18. A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
19. Subject to the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the company duly convened and held.

Votes of members

20. Every member shall have one vote.
21. A member of unsound mind in respect of whose estate a manager has been appointed under the law relating to the administration of estates of persons of unsound mind may vote, whether on a show of hands or on a poll, by his or her manager, and any such manager may, on a poll, vote by proxy.
22. No member shall be entitled to vote at any general meeting unless all monies presently payable by him or her to the company have been paid.

23. On a poll votes may be given either personally or by proxy.
24. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his or her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the company.
25. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company or at such other place within Uganda as is specified for that purpose in the notice convening the meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
26. An instrument appointing a proxy shall be in the following form or a form as near to it as circumstances admit—
- L _____ Limited.
- I/We, _____, being a member/members of the above-named company, appoint _____ of _____, or failing him/her, _____ of _____, as my/our proxy to vote for me/us on my/our behalf at the annual (or extraordinary) general meeting of the company to be held on the ____ day of _____, 20. ___, and at any adjournment of that meeting.
- Signed this ____ day of _____, 20__.
27. Where it is desired to afford members an opportunity of voting for or against a resolution, the instrument appointing a proxy shall be in the following form or a form as near to it as circumstances admit—
- L _____ Limited.
- I/We, _____, being a member/members of the above-named company, appoint _____ of _____, or failing him/her, _____ of _____, as my/our proxy to vote for me/us on my/our behalf at the annual (or extraordinary) general meeting of the company to be held on the ____ day of _____, 20. ___, and at any adjournment of that meeting.
- Signed this ____ day of _____, 20__.
- This form is to be used *in favour of/against the resolution. Unless otherwise instructed, the proxy will vote as he/she thinks fit.
- *Strike out whichever is not desired.*
28. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
29. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation as aforesaid shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Corporations acting by representatives at meetings

30. Any corporation which is a member of the company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he or she represents as that corporation could exercise if it were an individual member of the company.

Directors

31. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum of association or a majority of them.
32. The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors shall also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

Borrowing powers

33. The directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the company or of any third party.

Powers and duties of directors

34. The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company as are not, by the Act or by these articles, required to be exercised by the company in general meeting, subject, nevertheless, to the provisions of the Act or these articles and to such regulations, being not inconsistent with the aforesaid provisions, as may be prescribed by the company in general meeting; but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.
35. The directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him or her.
36. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine.
37. The directors shall cause minutes to be made in books provided for the purpose—
 - (a) of all appointments of officers made by the directors;
 - (b) of the names of the directors present at each meeting of the directors and of any committee of the directors;
 - (c) of all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors,

and every director present at any meeting of directors or committee of directors shall sign his or her name in a book to be kept for that purpose.

Disqualification of directors

38. The office of director shall be vacated if the director—
 - (a) without the consent of the company in general meeting holds any other office of profit under the company;
 - (b) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;

- (c) becomes prohibited from being a director by reason of any order made under section 189 of the Act;
- (d) becomes of unsound mind;
- (e) resigns his or her office by notice in writing to the company;
- (f) ceases to be a director by virtue of section 186 of the Act; or
- (g) is directly or indirectly interested in any contract with the company and fails to declare the nature of his or her interest in the manner required by section 200 of the Act.

A director shall not vote in respect of any contract in which he or she is interested or any matter arising thereout, and if he or she does so vote his or her vote shall not be counted.

Rotation of directors

- 39. At the first annual general meeting of the company, all the directors shall retire from office; and at the annual general meeting in every subsequent year, one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.
- 40. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 41. A retiring director shall be eligible for reelection.
- 42. The company at the meeting at which a director retires in the manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring director shall, if offering himself or herself for reelection, be deemed to have been reelected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the reelection of such director shall have been put to the meeting and lost.
- 43. No person other than a director retiring at the meeting shall unless recommended by the directors be eligible for election to the office of director at any general meeting unless, not less than three nor more than twenty-one days before the date appointed for the meeting, there shall have been left at the registered office of the company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his or her intention to propose such person for election, and also notice in writing signed by that person of his or her willingness to be elected.
- 44. The company may from time to time by ordinary resolution increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.
- 45. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these articles. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for reelection, but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.
- 46. The company may by ordinary resolution, of which special notice has been given in accordance with [section 142](#) of the Act, remove any director before the expiration of his or her period of office notwithstanding anything in these articles or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him or her and the company.
- 47. The company may by ordinary resolution appoint another person in place of a director removed from office under article 46. Without prejudice to the powers of the directors under article 45, the company in general meeting may appoint any person to be a director either to fill a casual vacancy or as an additional director. The person appointed to fill such a vacancy shall be subject to retirement at the same time as if he or she had become a director on the day on which the director in whose place he or she is appointed was last elected a director.

Proceedings of directors

48. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairperson shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from Uganda.
49. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two.
50. The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the articles of the company as the necessary quorum of directors, the continuing directors or director may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company, but for no other purpose.
51. The directors may elect a chairperson of their meetings and determine the period for which he or she is to hold office; but, if no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairperson of the meeting.
52. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.
53. A committee may elect a chairperson of its meetings; if no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairperson of the meeting.
54. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by majority of votes of the members present, and in the case of an equality of votes, the chairperson shall have a second or casting vote.
55. All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.
56. A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Secretary

57. The secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.
58. A provision of the Act or these articles requiring or authorising a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

The seal

59. The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

Accounts

60. The directors shall cause proper books of account to be kept with respect to—
- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
 - (b) all sales and purchases of goods by the company; and
 - (c) the assets and liabilities of the company.
- Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.
61. The books of account shall be kept at the registered office of the company, or, subject to [section 147\(3\)](#) of the Act, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.
62. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorised by the directors or by the company in general meeting.
63. The directors shall from time to time, in accordance with [sections 148, 150 and 157](#) of the Act, cause to be prepared and to be laid before the company in general meeting such profit and loss accounts, balance sheets, group accounts, if any, and reports as are referred to in those sections.
64. A copy of every balance sheet (including every document required by law to be annexed to it) which is to be laid before the company in general meeting, together with a copy of the auditor's report, shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the company; except that this article shall not require a copy of those documents to be sent to any person of whose address the company is not aware or to more than one of the joint holders of any debentures.

Audit

65. Auditors shall be appointed and their duties regulated in accordance with [sections 159 to 162](#) of the Act.

Notices

66. A notice may be given by the company to any member either personally or by sending it by post to him or her or to his or her registered address, or (if he or she has no registered address within Uganda) to the address, if any, within Uganda supplied by him or her to the company for the giving of notice to him or her. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.
67. Notice of every general meeting shall be given in any manner hereinbefore authorised to—
- (a) every member except those members who (having no registered address within Uganda) have not supplied to the company an address within Uganda for the giving of notices to them;
 - (b) every person being a personal representative or a trustee in bankruptcy of a member where the member but for his or her death or bankruptcy would be entitled to receive notice of the meeting; and
 - (c) the auditor of the company.
- No other person shall be entitled to receive notices of general meetings.

Names, postal addresses and occupations of subscribers	Signatures of subscribers
1.	
2.	
3.	
4.	
5.	
6.	
7.	

Dated the ____ day of _____, 20

Witness to the above signatures _____

Table D

Memorandum and articles of association of a company limited by guarantee, and having a share capital

Part I – Memorandum of association

1st. The name of the company is “The Elgon Hotel Company, Limited.”

2nd. The registered office of the company will be situate in Uganda.

3rd. The objects for which the company is established are “the facilitating travelling on Mount Elgon, by providing hotels and conveyances by land for the accommodation of travellers, and doing all such other things as are incidental or conducive to the attainment of the above object.”

4th. The liability of the members is limited.

5th. Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he or she is a member, or within one year afterwards, for payment of the debts and liabilities of the company, contracted before he or she ceases to be a member, and the costs, charges and expenses of winding up the same and for the adjustment of the rights of the contributories among themselves, such amount as may be required, not exceeding twenty pounds.

6th. The share capital of the company shall consist of five hundred thousand shillings divided into five thousand shares of one hundred shillings each

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

Names, postal addresses and occupations of subscribers	Number of shares taken by each subscriber	Signatures of subscribers
1.		
2.		
3.		
4.		
5.		
6.		
7.		
Total shares taken		

Dated the ____ day of _____, 20 ____

Witness to the above signatures _____

Part II – Articles of association to accompany preceding memorandum of association

1. The number of members with which the company proposes to be registered is fifty, but the directors may from time to time register an increase of members.
2. The regulations of Table A, Part I, set out in the First Schedule to the Companies Act, shall be deemed to be incorporated with these articles and shall apply to the company.

Names, postal addresses and occupations of subscribers	Signatures of subscribers
1.	
2.	
3.	
4.	
5.	
6.	
7.	

Dated the ____ day of _____, 20 ____

Witness to the above signatures _____

Table E

Memorandum and articles of association of an unlimited company having a share capital

Part I – Memorandum of association

1st. The name of the company is “The Patent Stereotype Company.”

2nd. The registered office of the company will be situate in Uganda.

3rd. The objects for which the company is established are “the working of a patent method of founding and casting stereotype plates, of which method John Smith of Kampala is the sole patentee, and doing of all such things as are incidental or conducive to the attainment of the above objects.”

We, the several persons whose names are subscribed, are desirous of being formed into a company, in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

Names, postal addresses and occupations of subscribers	Number of shares taken by each subscriber	Signatures of subscribers
1.		
2.		
3.		
4.		
5.		
6.		
7.		
Total shares taken		

Dated the ____ day of _____, 20__

Witness to the above signatures _____

Part II – Articles of association to accompany the preceding memorandum of association

1. The number of members with which the company proposes to be registered is twenty, but the directors may from time to time register an increase of members.
2. The share capital of the company is two thousand shillings divided into twenty shares of one hundred shillings each.
3. The company may by special resolution—
 - (a) increase the share capital by such sum to be divided into shares of such amount as the resolution may prescribe;
 - (b) consolidate its shares into shares of a larger amount than its existing shares;
 - (c) subdivide its shares into shares of a smaller amount than its existing shares;
 - (d) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person;
 - (e) reduce its share capital in any way.
4. The regulations of Table A, Part I, set out in the First Schedule to the Companies Act (other than regulations 40 to 46 inclusive) shall be deemed to be incorporated with these articles and shall apply to the company.

Names, postal addresses and occupations of subscribers	Signatures of subscribers
1.	
2.	
3.	
4.	
5.	
6.	
7.	

Dated the ____ day of _____, 20__

Witness to the above signatures _____

Second Schedule (s. 31)

Form of statement in lieu of prospectus to be delivered to the registrar by a private company on becoming a public company and reports to be set out in it

Part I – Form of statement and particulars to be contained in it

Statement in Lieu of Prospectus Delivered for Registration by

(insert the name of the company).

Pursuant to section 31 of the Companies Act

Delivered for registration

The nominal share capital of the company	Shs.
Divided into	_____ shares of shs. ____ each _____ shares of shs. ____ each _____ shares of shs. ____ each
Amount (if any) of the above capital which consists of redeemable preference shares	_____ shares of shs. ____ each
The earliest date on which the company has power to redeem these shares	
Names, occupations and postal addresses of directors or proposed directors	
Amount of shares issued	_____ shares
Amount of commissions paid in connection therewith	
Amount of discount (if any) allowed on the issue of any shares, or so much thereof as has not been written off at the date of the statement	
Unless more than one year has elapsed since the date on which the company was entitled to commence business—	
Amount of preliminary expenses	shs. _____
By whom those expenses have been paid or are payable	
Amount paid to any promoter	Name of promoter Amount shs.
Consideration for the payment	Consideration
Any other benefit given to any promoter	Name of promoter Nature and value of benefit
Consideration for giving of benefit	Consideration

If the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively	
Number and amount of shares and debentures issued within the two years preceding the date of this statement as fully or partly paid-up otherwise than for cash or agreed to be so issued at the date of this statement	<p>_____ shares of shs. fully paid</p> <p>_____ shares upon which shs. per share credited as paid</p> <p>_____ debenture shs.</p>
Consideration for the issue of those shares or debentures	Consideration
Number, description and amount of any shares or debentures which any person has or is entitled to be given an option to subscribe for, or to acquire from a person to whom they have been allotted or agreed to be allotted with a view to his or her offering them for sale	____ shares of shs. and debentures of ____ shs.
Period during which option is exercisable	Until
Price to be paid for shares or debentures subscribed for or acquired upon option	
Consideration for option or right to option	Consideration
Persons to whom option or right to option was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures	Names and addresses
Names and postal addresses of vendors of property (1) purchased or acquired by the company within the two years preceding the date of this statement or (2) agreed or proposed to be purchased or acquired by the company, except where the contract for its purchase or acquisition was entered into in the ordinary course of business and there is no connection between the contract and the company ceasing to be a private company or where the amount of the purchase money is not material	
Amount (in cash, shares or debentures) paid or payable to each separate vendor	

Amount paid or payable in cash, shares or debentures for any such property, specifying the amount paid or payable for goodwill	<p>Total purchase price shs.</p> <p>Cash shs. ____</p> <p>Shares shs. ____</p> <p>Debentures shs. ____</p> <p>Goodwill shs. ____</p>
Short particulars of any transaction relating to any such property which was completed within the two preceding years and in which any vendor to the company or any person who is, or was at the time thereof, a promoter, director or proposed director of the company had any interest direct or indirect	
Dates of, parties to and general nature of every material contract (other than contracts entered into in the ordinary course of business or entered into more than two years before the delivery of this statement)	
Time and place at which the contracts or copies of the contracts may be inspected or (1) in the case of a contract not reduced into writing, a memorandum giving full particulars of the contracts, and (2) in the case of a contract wholly or partly in a foreign language, a copy of a translation thereof in English or embodying a translation in English of the parts in a foreign language, as the case may be, being a translation certified in the prescribed manner to be a correct translation	
Names and postal addresses of the auditors of the company	
Full particulars of the nature and extent of the interest of every director in any property purchased or acquired by the company within the two years preceding the date of this statement or proposed to be purchased or acquired by the company or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or her or to the firm in cash or shares, or otherwise, by any person either to induce him or her to become or to qualify him or her as, a director, or otherwise for services rendered or to be rendered to the company by him or her or by the firm	

Rates of the dividends (if any) paid by the company in respect of each class of shares in the company in each of the five financial years immediately preceding the date of this statement or since the incorporation of the company whichever period is the shorter	
Particulars of the cases in which no dividends have been paid in respect of any class of shares in any of these years	

Signatures of the persons above named as directors or proposed directors or of their agents authorised in writing.

Part II – Reports to be set out

1. If unissued shares or debentures of the company are to be applied in the purchase of a business, a report made by accountants (who shall be named in the statement) upon—
 - (a) the profits or losses of the business in respect of each of the five financial years immediately preceding the delivery of the statement to the registrar; and
 - (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.
2. (1) If unissued shares or debentures of the company are to be applied directly or indirectly in any manner resulting in the acquisition of shares in a body corporate which by reason of the acquisition or anything to be done in consequence thereof or in connection therewith will become a subsidiary of the company, a report made by accountants (who shall be named in the statement) with respect to the profits and losses and assets and liabilities of the other body corporate in accordance with subparagraph (2) or (3) of this paragraph, as the case requires, indicating how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the company, and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired.
- (2) If the other body corporate has no subsidiaries, the report referred to in subparagraph (1) of this paragraph shall—
 - (a) so far as regards profits and losses, deal with the profits or losses of the body corporate in respect of each of the five financial years immediately preceding the delivery of statement to the registrar; and
 - (b) so far as regards assets and liabilities, deal with the assets and liabilities of the body corporate at the last date to which the accounts of the body corporate were made up.

- (3) If the other body corporate has subsidiaries, the report referred to in subparagraph (1) of this paragraph shall—
- (a) so far as regards profits and losses, deal separately with the other body corporate's profits or losses as provided by subparagraph (2) of this paragraph, and, in addition, deal either—
 - (i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern members of the other body corporate; or
 - (ii) individually with the profits or losses of each subsidiary, so far as they concern members of the other body corporate, or, instead of dealing separately with the other body corporate's profits or losses, deal as a whole with the profits or losses of the other body corporate and, so far as they concern members of the other body corporate, with the combined profits or losses of its subsidiaries; and
 - (b) so far as regards assets and liabilities, deal separately with the other body corporate's assets and liabilities as provided by subparagraph (2) of this paragraph and, in addition, deal either—
 - (i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the other body corporate's assets and liabilities; or
 - (ii) individually with the assets and liabilities of each subsidiary, and shall indicate as respects the assets and liabilities of the subsidiaries the allowance to be made for persons other than members of the company.

Part III – Provisions applying to Parts I and II of this Schedule

3. In this Schedule, “vendor” includes a vendor as defined in Part III of the Third Schedule to this Act, and “financial year” has the meaning assigned to it in that Part of that Schedule.
4. If in the case of a business which has been carried on, or of a body corporate which has been carrying on business, for less than five years, the accounts of the business or body corporate have only been made up in respect of four years, three years, two years or one year, Part II of this Schedule shall have effect as if reference to four years, three years, two years or one year, as the case may be, were substituted for references to five years.
5. Any report required by Part II of this Schedule shall either indicate by way of note any adjustments as respects the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the persons making the report necessary or shall make those adjustments and indicate that adjustments have been made.
6. Any report by accountants required by Part II of this Schedule shall be made by accountants qualified under this Act for appointment as auditors of a company which is not a private company and shall not be made by any accountant who is an officer or servant, or a partner of or in the employment of an officer or servant, of the company, or of the company's subsidiary or holding company or of a subsidiary of the company's holding company; and for the purposes of this paragraph the expression “officer” shall include a proposed director but not an auditor.

Third Schedule (ss. 31, 39, 42, 49, 380)

Matters to be specified in prospectus and reports to be set out in it

Part I – Matters to be specified

1. The number of founders or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company.

2. The number of shares, if any, fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors.
3. The names, occupations and postal addresses of the directors or proposed directors.
4. Where shares are offered to the public for subscription, particulars as to—
 - (a) the minimum amount which, in the opinion of the directors must be raised by the issue of those shares in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums, required to be provided in respect of each of the following matters—
 - (i) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;
 - (ii) any preliminary expenses payable by the company, and any commission so payable to any person in consideration of his or her agreeing to subscribe for, or of his or her procuring or agreeing to procure subscriptions for, any shares in the company;
 - (iii) the repayment of any monies borrowed by the company in respect of any of the foregoing matters;
 - (iv) working capital; and
 - (b) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided.
5. The time of the opening of the subscription lists.
6. The amount payable on application and allotment on each share, and, in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the two preceding years, the amount actually allotted and the amount, if any, paid on the shares so allotted.
7. The number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the following particulars of the option—
 - (a) the period during which it is exercisable;
 - (b) the price to be paid for shares or debentures subscribed for under it;
 - (c) the consideration, if any, given or to be given for it or for the right to it;
 - (d) the names and postal addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.
8. The number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid-up otherwise than in cash, and in the latter case the extent to which they are so paid-up, and in either case the consideration for which these shares or debentures have been issued or are proposed or intended to be issued.
9.
 - (1) As respects any property to which this paragraph applies—
 - (a) the names and postal addresses of the vendors;
 - (b) the amount payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the company is a subpurchaser, the amount so payable to each vendor;
 - (c) short particulars of any transaction relating to the property completed within the two preceding years in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest direct or indirect.

- (2) The property to which this paragraph applies is property purchased or acquired by the company or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds or acquisition of which has not been completed at the date of the issue of the prospectus, other than property —
- (a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the company's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or
 - (b) as respects which the amount of the purchase money is not material.
10. The amount, if any, paid or payable as purchase money in cash, shares or debentures for any property to which paragraph 9 applies, specifying the amount, if any, payable for goodwill.
11. The amount, if any, paid within the two preceding years or payable, as commission (but not including commission to subunderwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the company, or the rate of any such commission.
12. The amount or estimated amount of preliminary expenses and the persons by whom any of those expenses have been paid or are payable, and the amount or estimated amount of the expenses of the issue and the persons by whom any of those expenses have been paid or are payable.
13. Any amount or benefit paid or given within the two preceding years or intended to be paid or given to any promoter, and the consideration for the payment or the giving of the benefit.
14. The dates of, parties to and general nature of every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or a contract entered into more than two years before the date of issue of the prospectus.
15. The names and postal addresses of the auditors, if any, of the company.
16. Full particulars of the nature and extent of the interest, if any, of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or her or to the firm in cash or shares or otherwise by any person either to induce him or her to become, or to qualify him or her as, a director, or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of the company.
17. If the prospectus invites the public to subscribe for shares in the company and the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively.
18. In the case of a company which has been carrying on business, or of a business which has been carried on for less than three years, the length of time during which the business of the company or the business to be acquired, as the case may be, has been carried on.

Part II – Reports to be set out

19. (1) A report by the auditors of the company with respect to—
- (a) profits and losses and assets and liabilities, in accordance with subparagraph (2) or (3) of this paragraph, as the case requires; and
 - (b) the rates of the dividends, if any, paid by the company in respect of each class of shares in the company in respect of each of the five financial years immediately preceding the issue of the prospectus, giving particulars of each such class of shares on which such dividends have

been paid and particulars of the case in which no dividends have been paid in respect of any class of shares in respect of any of those years,

and, if no accounts have been made up in respect of any part of the period of five years ending on a date three months before the issue of the prospectus, containing a statement of that fact.

- (2) If the company has no subsidiaries, the report shall—
 - (a) so far as regards profits and losses, deal with the profits or losses of the company in respect of each of the five financial years immediately preceding the issue of the prospectus; and
 - (b) so far as regards assets and liabilities, deal with the assets and liabilities of the company at the last date to which the accounts of the company were made up.
 - (3) If the company has subsidiaries, the report shall—
 - (a) so far as regards profits and losses, deal separately with the company's profits or losses as provided by subparagraph (2), and, in addition, deal either—
 - (i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern members of the company; or
 - (ii) individually with the profits or losses of each subsidiary, so far as they concern members of the company, or, instead of dealing separately with the company's profits or losses, deal as a whole with the profits or losses of the company and, so far as they concern members of the company, with the combined profits or losses of its subsidiaries; and
 - (b) so far as regards assets and liabilities, deal separately with the company's assets and liabilities as provided by subparagraph (2) and, in addition, deal either—
 - (i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the company's assets and liabilities; or
 - (ii) individually with the assets and liabilities of each subsidiary, and shall indicate as respects the assets and liabilities of the subsidiaries the allowance to be made for persons other than members of the company.
20. If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants (who shall be named in the prospectus) upon—
- (a) the profits or losses of the business in respect of each of the five financial years immediately preceding the issue of the prospectus; and
 - (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.
21. (1) If—
- (a) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the company of shares in any other body corporate; and
 - (b) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith that body corporate will become a subsidiary of the company,
- a report made by accountants (who shall be named in the prospectus) upon—
- (c) the profits or losses of the other body corporate in respect of each of the five financial years immediately preceding the issue of the prospectus; and
 - (d) the assets and liabilities of the other body corporate at the last date to which the accounts of the body corporate were made up.

- (2) The report shall—
- (a) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the company and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired; and
 - (b) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by paragraph 19(3) of this Schedule in relation to the company and its subsidiaries.

Part III – Provisions applying to Parts I and II of the Schedule

22. Paragraphs 2, 3, 12 (so far as it relates to preliminary expenses) and 16 of this Schedule shall not apply in the case of a prospectus issued more than two years after the date at which the company is entitled to commence business.
23. Every person shall for the purposes of this Schedule be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where—
- (a) the purchase money is not fully paid at the date of the issue of the prospectus;
 - (b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus;
 - (c) the contract depends for its validity or fulfillment on the result of that issue.
24. Where any property to be acquired by the company is to be taken on lease, this Schedule shall have effect as if “vendor” included the lessor, and “purchase money” included the consideration for the lease, and “subpurchaser” included a sublessee.
25. References in paragraph 7 of this Schedule to subscribing for shares or debentures shall include acquiring them from a person to whom they have been allotted or agreed to be allotted with a view to his or her offering them for sale.
26. For the purposes of paragraph 9 of this Schedule, where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors.
27. If in the case of a company which has been carrying on business, or of a business which has been carried on for less than five years, the accounts of the company or business have only been made up in respect of four years, three years, two years or one year, Part II of this Schedule shall have effect as if references to four years, three years, two years or one year, as the case may be, were substituted for references to five years.
28. “Financial year” in Part II of this Schedule means the year in respect of which the accounts of the company or of the business, as the case may be, are made up; and where by reason of any alteration of the date on which the financial year of the company or business terminates the accounts of the company or business have been made up for a period greater or less than a year, that greater or less period shall for the purpose of that Part of this Schedule be deemed to be a financial year.
29. Any report required by Part II of this Schedule shall either indicate by way of note any adjustments as respects the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the persons making the report necessary or shall make those adjustments and indicate that adjustments have been made.
30. Any report by accountants required by Part II of this Schedule shall be made by accountants qualified under this Act for appointment as auditors of a company which is not a private company and shall not be made by any accountant who is an officer or servant, or a partner of or in the employment of an officer

or servant, of the company or of the company's subsidiary or holding company or of a subsidiary of the company's holding company; and for the purposes of this paragraph, "officer" includes a proposed director but not an auditor.

Fourth Schedule (s. 50)

**Form of statement in lieu of prospectus to be delivered to the registrar
by a company which does not issue a prospectus or which does not
go to allotment on a prospectus issued, and reports to be set out in it**

Part I – Form of statement and particulars to be contained in it

Statement in Lieu of Prospectus Delivered for Registration by

(insert the name of the company)

Pursuant to section 50 of the Companies Act.

Delivered for registration by

The nominal share capital of the company	Shs.
Divided into	____ shares of shs. ____ each ____ shares of shs. ____ each ____ shares of shs. ____ each
Amount (if any) of above capital which consists of redeemable preference shares	____ shares of shs. ____ each
The earliest date on which the company has power to redeem these shares	
Names, occupations and postal addresses of directors or proposed directors	
If the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively	
Number and amount of shares and debentures agreed to be issued as fully or partly paid up otherwise than in cash	____ shares of shs. ____ fully paid ____ shares upon which shs. ____ per share credited as paid ____ debenture shs. ____
The consideration for the intended issue of those shares and debentures	Consideration
Number, description and amount of any shares or debentures which any person has or is entitled to be given an option to subscribe for, or to acquire from a person to whom they have been allotted or agreed to be allotted with a view to his or her offering them for sale	____ shares of shs. ____ and ____ debentures of shs. ____
Period during which option is exercisable	Until
Price to be paid for shares or debentures subscribed for or acquired under option	
Consideration for option or right to option	Consideration

Persons to whom option or right to option was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures	Names and addresses
Names and postal addresses of vendors of property purchased or acquired, or proposed to be purchased or acquired by the company except where the contract for its purchase or acquisition was entered into in the ordinary course of the business intended to be carried on by the company or the amount of the purchase money is not material	
Amount (in cash, shares or debentures) payable to each separate vendor	
Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any) paid or payable for goodwill	Total purchase price shs. Cash shs. ____ Shares shs. ____ Debentures shs. ____ Goodwill shs. ____
Short particulars of any transaction relating to any such property which was completed within the two preceding years and in which any vendor to the company or any person who is, or was at the time thereof, a promoter, director or proposed director of the company had any interest direct or indirect	
Amount (if any) paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in the company or	Amount paid Amount payable
Rate of the commission	Rate percent
The number of shares, if any, which persons have agreed for a commission to subscribe absolutely	
Estimated amount of preliminary expenses	shs.
By whom those expenses have been paid or are payable	
Amount paid or intended to be paid to any promoter	Name of promoter Amount shs.

Consideration for the payment	Consideration
Any other benefit given or intended to be given to any promoter	Name of promoter Nature and value of benefit
Consideration for giving of benefit	Consideration
Dates of, parties to and general nature of every material contract (other than contract entered into in the ordinary course of the business intended to be carried on by the company or entered into more than two years before the delivery of this statement)	
Time and place at which the contract or copies of the contracts may be inspected or (1) in the case of a contract not reduced into writing, a memorandum giving full particulars thereof, and (2) in the case of a contract wholly or partly in a foreign language, a copy of a translation thereof in English or embodying a translation in English of the parts in a foreign language, as the case may be, being a translation certified in the prescribed manner to be a correct translation	
Names and postal addresses of the auditors of the company (if any)	
Full particulars of the nature and extent of the interest of every director in the promotion of or in the property proposed to be acquired by the company, or where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or her or to the firm in cash or shares, or otherwise, by any person either to induce him or her to become, or to qualify him or her as, a director, or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of the company	

Signatures of the persons above-named as directors or proposed directors, or of their agents authorised in writing.

Date

Part II – Reports to be set out

1. Where it is proposed to acquire a business, a report made by accountants (who shall be named in the statement) upon—
 - (a) the profits or losses of the business in respect of each of the five financial years immediately preceding the delivery of the statement to the registrar; and
 - (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.
2. (1) Where it is proposed to acquire shares in a body corporate which by reason of the acquisition or anything to be done in consequence thereof or in connection therewith will become a subsidiary of the company, a report made by accountants (who shall be named in the statement) with respect to the profits and losses and assets and liabilities of the other body corporate in accordance with subparagraph (2) or (3) of this paragraph, as the case requires, indicating how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the company, and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired.
 - (2) If the other body corporate has no subsidiaries, the report referred to in subparagraph (1) shall—
 - (a) so far as regards profits and losses, deal with the profits or losses of the body corporate in respect of each of the five financial years immediately preceding the delivery of the statement to the registrar; and
 - (b) so far as regards assets and liabilities, deal with the assets and liabilities of the body corporate at the last date to which the accounts of the body corporate were made up.
 - (3) If the other body corporate has subsidiaries, the report referred to in subparagraph (1) of this paragraph shall—
 - (a) so far as regards profits and losses, deal separately with the other body corporate's profits or losses as provided by subparagraph (2), and, in addition, deal either—
 - (i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern members of the other body corporate; or
 - (ii) individually with the profits or losses of each subsidiary, so far as they concern members of the other body corporate,or, instead of dealing separately with the other body corporate's profits or losses, deal as a whole with the profits or losses of the other body corporate and, so far as they concern members of the other body corporate, with the combined profits or losses of its subsidiaries; and
 - (b) so far as regards assets and liabilities, deal separately with the other body corporate's assets and liabilities as provided by subparagraph (2) and, in addition, deal either—
 - (i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the other body corporate's assets and liabilities; or
 - (ii) individually with the assets and liabilities of each subsidiary, and shall indicate as respects the assets and liabilities of the subsidiaries the allowance to be made for persons other than members of the company.

Part III – Provisions applying to Parts I and II of this Schedule

3. In this Schedule, “vendor” includes a vendor as defined in Part III of the Third Schedule to this Act, and “financial year” has the meaning assigned to it in that Part of that Schedule.
4. If in the case of a business which has been carried on, or of a body corporate which has been carrying on business, for less than five years, the accounts of the business or body corporate have only been made up in respect of four years, three years, two years or one year, Part II of this Schedule shall have effect as if references to four years, three years, two years or one year, as the case may be, were substituted for references to five years.
5. Any report required by Part II of this Schedule shall either indicate by way of note any adjustments as respects the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the persons making the report necessary or shall make those adjustments and indicate that adjustments have been made.
6. Any report by accountants required by Part II of this Schedule shall be made by accountants qualified under this Act for appointment as auditors of a company which is not a private company and shall not be made by any accountant who is an officer or servant, or a partner of or in the employment of an officer or servant, of the company or of the company’s subsidiary or holding company or of a subsidiary of the company’s holding company; and for the purposes of this paragraph the expression “officer” shall include a proposed director but not an auditor.

Fifth Schedule (s. 125)

Contents and form of annual return of a company having a share capital

Part I – Contents

1. The situation of the registered office of the company and the company’s registered postal address.
2.
 - (1) If the register of members is, under this Act, kept elsewhere than at the registered office of the company, the address of the place where it is kept.
 - (2) If any register of holders of debentures of the company or any duplicate of any such a register or part of any such register is, under the provisions of this Act, kept elsewhere than at the registered office of the company, the address of the place where it is kept.
3. A summary, distinguishing between shares issued for cash and shares issued as fully or partly paid-up otherwise than in cash, specifying the following particulars—
 - (a) the amount of the share capital of the company and the number of shares into which it is divided;
 - (b) the number of shares taken from the commencement of the company up to the date of the return;
 - (c) the amount called up on each share;
 - (d) the total amount of calls received;
 - (e) the total amount of calls unpaid;
 - (f) the total amount of the sums (if any) paid by way of consideration in respect of any shares or debentures;
 - (g) the discount allowed on the issue of any shares issued at a discount or so much of that discount as has not been written off at the date on which the return is made;

- (h) the total amount of the sums (if any) allowed by way of discount in respect of any debentures since the day of the last return;
 - (i) the total number of shares forfeited;
 - (j) the total amount of shares for which share warrants are outstanding at the date of the return and of share warrants issued and surrendered respectively since the date of the last return, and the number of shares comprised in each warrant.
4. Particulars of the total amount of the indebtedness of the company as at the date of this return in respect of all mortgages and charges which are required to be registered with the registrar under this Act.
 5. A list—
 - (a) containing the names and postal addresses of all persons who, on the fourteenth day after the company's annual general meeting for the year, are members of the company, and of persons who have ceased to be members since the date of the last return or, in the case of the first return, since the incorporation of the company;
 - (b) stating the number of shares held by each of the existing members at the date of the return, specifying shares transferred since the date of the last return (or, in the case of the first return, since the incorporation of the company) by persons who are still members and have ceased to be members respectively and the dates of registration of the transfers;
 - (c) if the names aforesaid are not arranged in alphabetical order, having annexed thereto an index sufficient to enable the name of any person therein to be easily found.
 6. All such particulars with respect to the persons who at the date of the return are the directors of the company and any person who at that date is the secretary of the company as are by this Act required to be contained with respect to directors and the secretary respectively in the register of the directors and secretaries of a company.

Part II – Form

Annual return of _____ Limited, made up to the _____ day of _____, 20____, (being the fourteenth day after the date of the annual general meeting for the year 20____).

1. Address

(Situation and postal address of the registered office of the company.)

2. Situation of registers of members and debenture holders

- (a) (Address of place at which the register of members is kept, if other than the registered office of the company.)
- (b) (Address of any place in Uganda other than the registered office of the company at which is kept any register of holders of debentures of the company or any duplicate of any such register or part of any such register which is kept outside Uganda.)

3. Summary of share capital and debentures

- (a) Nominal share capital.
Nominal share capital shs. ____ divided into:
(Insert number and class)
_____ shares of _____ each

_____ shares of _____ each

_____ shares of _____ each

_____ shares of _____ each

(b) Issued share capital and debentures.

	Number	Class	
Number of shares of each class taken up to the date of this return (which number must agree with the total shown in the list as held by existing members)			shares
			shares
			shares
			shares
Number of shares of each class issued subject to payment wholly in cash			shares
			shares
			shares
			shares
Number of shares of each class issued as fully paid-up for a consideration other than cash			shares
			shares
			shares
			shares
Number of shares issued as partly paid-up for a consideration other than cash and extent to which each such share is so paid up			shares issued as paid up to the extent of ____ shs. per share
			shares issued as paid up to the extent of ____ shs. per share
			shares issued as paid up to the extent of ____ shs. per share
			shares issued as paid up to the extent of ____ shs. per share

	Number	Class			
Number of shares (if any) of each class issued at a discount			shares		
			shares		
			shares		
			shares		
Amount of discount on the issue of shares which has not been written off at the date of this return	shs.				
Amount called up on number of shares of each class shs. _____ per share on shs. _____ per share on	Number	Class			
			shares		
			shares		
			shares		
			shares		
Total amount of calls received, including payments on application and allotment and any sums received on shares forfeited	shs.				
	Shs. on	Number	Class		
Total amount (if any) agreed to be				shares	

considered as paid on number of shares of each class issued as fully paid up for a consideration other than cash.				shares
				shares
				shares
Total amount (if any) agreed to be considered as paid on number of shares of each class issued as partly paid up for a consideration other than cash.				shares
				shares
				shares
				shares
Total amount of calls unpaid	shs.			
Total amount of the sums (if any) paid by way of commission in respect of any shares or debentures	shs.			
Total amount of the sums (if any) allowed by way of discount in respect of any debentures since the date of the last return	shs.			
Total number of shares of	Number	Class		

each class forfeited			shares
			shares
			shares
			shares
Total amount paid (if any) on shares forfeited	shs.		
Total amount of shares for which share warrants to bearer are outstanding	shs.		
Total amount of share warrants to bearer issued and surrendered respectively since the date of the last return	Issued:		shs.
	Surrendered:		shs.
Number of shares comprised in each share warrant to bearer, specifying in the case of warrants of different kinds, particulars of each kind			

4. Particulars of indebtedness

Total amount of indebtedness of the company in respect of all mortgages and charges which are required to be registered with the registrar of companies under the Companies Act. shs. _____

5. List of past and present members

List of persons holding shares or stock in the company on the fourteenth day after the annual general meeting for 20 ____, and of persons who have held shares or stock therein at any time since the date of the last return, or in the case of the first return, of the incorporation of the company.

Folio in register ledger containing particulars	Names and postal addresses	Account of shares				Remarks
		Number of shares held by existing members at date of return *†	Particulars of shares transferred since the date of the last return, or, in the case of the first return, of the incorporation of the company, by (a) persons who are still members and (b) person who have ceased tp be members ‡			
			Number †	Date of registration of transfer		
				(a)	(b)	

* The aggregate number of shares held by each member must be stated, and the aggregates must be added up so as to agree with the number of shares stated in the summary of share capital and debentures to have been taken up.

† When the shares are of different classes, these columns should be subdivided so that the number of each class held, or transferred, may be shown separately. Where any shares have been converted into stock, the amount of stock held by each member must be shown.

‡ The date of registration of each transfer should be given as well as the number of shares transferred on each date. The particulars should be placed opposite the name of the transferor and not opposite that of the transferee, but the name of the transferee may be inserted in the "Remarks" column immediately opposite the particulars of each transfer.

Notes

1. If the return for either of the two immediately preceding years has given as at the date of that return the full particulars required as to past and present members and the shares and stock held and transferred by them, only such of the particulars need be given as relate to persons ceasing to be or becoming members since the date of the last return and to shares transferred since that date or to changes as compared with that date in the amount of stock held by a member.
2. If the names in the list are not arranged in alphabetical order an index sufficient to enable the name of any person to be readily found must be annexed.

6. Particulars of directors and secretaries

Particulars of the persons who are directors of the company at the date of this return.

Name (in the case of an individual, present Christian name or names and surname; in the case of a corporation, the corporate name)	Any former Christian name or names and surname	Nationality	Usual postal and residential address (in the case of a corporation, the registered office)	Business occupation and particulars of other directorships	Date of birth

Particulars of the person who is secretary of the company at the date of this return.

Name (in the case of an individual, present Christian name or names and surname; (in the case of a corporation the corporate name)	Any former Christian name or names and surname	Usual postal address (in the case of a corporation the registered office)

Signed _____,

Director

Signed _____,

Secretary

Notes

1. “Director” includes any person who occupies the position of a director by whatever name called, and any person in accordance with whose directions or instructions the directors of the company are accustomed to act.
2. “Christian name” includes a forename, and “surname”, in the case of a peer or person usually known by a title different from his or her surname, means that title.
3. “Former Christian name” and “former surname” do not include—
 - (a) in the case of a peer or a person usually known by a British title different from his or her surname, the name by which he or she was known previous to the adoption of or succession to the title;
 - (b) in the case of any person, a former Christian name or surname where that name or surname was changed or disused before the person bearing the name attained the age of eighteen years or has been changed or disused for a period of not less than twenty years; or

- (c) in the case of a married woman, the name or surname by which she was known previous to the marriage.

The names of all bodies corporate incorporated in Uganda of which the director is also a director, should be given, except bodies corporate of which the company making the return is the wholly-owned subsidiary or bodies corporate which are the wholly-owned subsidiaries either of the company or of another company of which the company is the wholly-owned subsidiary. A body corporate is deemed to be the wholly-owned subsidiary of another if it has no members except that other and that other's wholly-owned subsidiaries and its or their nominees. If the space provided in the form is insufficient, particulars of other directorships should be listed on a separate statement attached to this return.

Dates of birth need only be given in the case of a company which is subject to section 186 of the Companies Act, namely, a company which is not a private company or which, being a private company, is the subsidiary of a body corporate incorporated in Uganda which is not a private company.

Where all the partners in a firm are joint secretaries, the name and principal office of the firm may be stated.

*Delivered for filing by _____

**This should be printed at the bottom of the first page of the return.*

Certificates and other documents accompanying annual return

Certificate to be given by a director and the secretary of every private company

We certify that the company has not since the date of † (the incorporation of the company/the last annual return) issued any invitation to the public to subscribe for any shares or debentures of the company.

Signed _____,

Director

Signed _____,

Secretary

† In the case of the first return strike out the second alternative. In the case of the second or subsequent return strike out the first alternative.

Further certificate to be given as aforesaid if the number of members of the company exceeds fifty.

We certify that the excess of the number of members of the company over fifty consists wholly of persons who, under section 29(1)(b) of the Companies Act, are not to be included in reckoning the number of fifty.

Signed _____,

Director

Signed _____,

Secretary

Certified copies of accounts

In the case of any company to which [section 128](#) of this Act applies, there shall be annexed to this return a written copy, certified both by a director and by the secretary of the company to be a true copy, of every balance sheet laid before the company in general meeting during the period to which this return relates (including every document required by law to be annexed to the balance sheet) and a copy (certified as aforesaid) of the report of the auditors on, and of the report of the directors accompanying, each such

balance sheet. If any such balance sheet or document required by law to be annexed to it is in a foreign language, there must also be annexed to that balance sheet a translation in English of the balance sheet or document certified in the prescribed manner to be a correct translation. If any such balance sheet as aforesaid or document required by law to be annexed to it did not comply with the requirements of the law as in force at the date of the audit with respect to the form of balance sheet or documents aforesaid, as the case may be, there must be made such additions to and corrections in the copy as would have been required to be made in the balance sheet or document in order to make it comply with those requirements, and the fact that the copy has been so amended must be stated on it.

Sixth Schedule (ss. 58, 149, 152, 157, 407)

Accounts

Preliminary

1. Paragraphs 2 to 11 of this Schedule apply to the balance sheet and 12 to 14 to the profit and loss account, and are subject to the exceptions and modifications provided for by Part II of this Schedule in the case of a holding company and by Part III thereof in the case of companies of the classes there mentioned; and this Schedule has effect in addition to the provisions of [sections 197](#) and [198](#) of this Act.

Part I – General provisions as to balance sheet and profit and loss account

Balance sheet

2. The authorised share capital, issued share capital, liabilities and assets shall be summarised, with such particulars as are necessary to disclose the general nature of the assets and liabilities, and there shall be specified—
 - (a) any part of the issued capital that consists of redeemable preference shares, and the earliest date on which the company has power to redeem those shares;
 - (b) so far as the information is not given in the profit and loss account, any share capital on which interest has been paid out of capital during the financial year, and the rate at which interest has been so paid;
 - (c) the amount of the share premium account;
 - (d) particulars of any redeemed debentures which the company has power to reissue.
3. There shall be stated under separate headings, so far as they are not written off—
 - (a) the preliminary expenses;
 - (b) any expenses incurred in connection with any issue of share capital or debentures;
 - (c) any sums paid by way of commission in respect of any shares or debentures;
 - (d) any sums allowed by way of discount in respect of any debentures; and
 - (e) the amount of the discount allowed on any issue of shares at a discount.
4. (1) The reserves, provisions, liabilities and fixed and current assets shall be classified under headings appropriate to the company's business; except that—
 - (a) where the amount of any class is not material, it may be included under the same heading as some other class;
 - (b) where any assets of one class are not separable from assets of another class, those assets may be included under the same heading; and

- (c) where any asset cannot properly be described either as “fixed” or as “current”, it shall be separately classified and described.
- (2) Fixed assets shall also be distinguished from current assets.
- (3) The method or methods used to arrive at the amount of the fixed assets under each heading shall be stated.
- 5. (1) The method of arriving at the amount of any fixed asset shall, subject to subparagraph (2), be to take the difference between—
 - (a) its cost or, if it stands in the company’s books at a valuation, the amount of the valuation; and
 - (b) the aggregate amount provided or written off since the date of acquisition or valuation, as the case may be, for depreciation or diminution in value,

and for the purposes of this paragraph the net amount at which any assets stand in the company’s books at the commencement of this Act (after deduction of the amounts previously provided or written off for depreciation or diminution in value) shall, if the figures relating to the period before the commencement of this Act cannot be obtained without unreasonable expense or delay, be treated as if it were the amount of a valuation of those assets made at the commencement of this Act and, where any of those assets are sold, the net amount less the amount of the sales shall be treated as if it were the amount of a valuation so made of the remaining assets.
- (2) Subparagraph (1) of this paragraph shall not apply—
 - (a) to assets for which the figures relating to the period beginning with the commencement of this Act cannot be obtained without unreasonable expense or delay;
 - (b) to assets the replacement of which is provided for wholly or partly—
 - (i) by making provision for renewals and charging the cost of replacement against the provision so made; or
 - (ii) by charging the cost of replacement direct to revenue;
 - (c) to any investments of which the market value (or, in the case of investments not having a market value, their value as estimated by the directors) is shown either as the amount of the investments or by way of note; or
 - (d) to goodwill, patents or trademarks.
- (3) For the assets under each heading whose amount is arrived at in accordance with subparagraph (1) of this paragraph, there shall be shown—
 - (a) the aggregate of the amounts referred to in paragraph (a) of that subparagraph; and
 - (b) the aggregate of the amounts referred to in paragraph (b) thereof.
- (4) As respects the assets under each heading whose amount is not arrived at in accordance with subparagraph (1) of this paragraph because their replacement is provided for as mentioned in subparagraph (2)(b) of this paragraph, there shall be stated—
 - (a) the means by which their replacement is provided for; and
 - (b) the aggregate amount of the provision (if any) made for renewals and not used.
- 6. The aggregate amounts respectively of capital reserves, revenue reserves and provisions (other than provisions for depreciation, renewals or diminution in value of assets) shall be stated under separate headings; except that—
 - (a) this paragraph shall not require a separate statement of any of those three amounts which is not material; and

- (b) the registrar may direct that it shall not require a separate statement of the amount of provisions where he or she is satisfied that that is not required in the public interest and would prejudice the company, but subject to the condition that any heading stating an amount arrived at after taking into account a provision (other than as aforesaid) shall be so framed or marked as to indicate that fact.
- 7. (1) There shall also be shown (unless it is shown in the profit and loss account or a statement or report annexed to that account, or the amount involved is not material)—
 - (a) where the amount of the capital reserves, of the revenue reserves or of the provisions (other than provisions for depreciation, renewals or diminution in value of assets) shows an increase as compared with the amount at the end of the immediately preceding financial year, the source from which the amount of the increase has been derived; and
 - (b) where—
 - (i) the amount of the capital reserves or of the revenue reserves shows a decrease as compared with the amount at the end of the immediately preceding financial year; or
 - (ii) the amount at the end of the immediately preceding financial year of the provisions (other than provisions for depreciation, renewals or diminution in value of assets) exceeded the aggregate of the sums since applied and amounts still retained for the purposes thereof, the application of the amounts derived from the difference.
- (2) Where the heading showing any of the reserves or provisions aforesaid is divided into subheadings, this paragraph shall apply to each of the separate amounts shown in the subheadings instead of applying to the aggregate amount thereof.
- 8. (1) There shall be shown under separate headings—
 - (a) the aggregate amounts respectively of the company's trade investments, quoted investments other than trade investments and unquoted investments other than trade investments;
 - (b) if the amount of the goodwill and of any patents and trademarks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the company, or from any contract for the sale or purchase of any property to be acquired by the company, or from any documents in the possession of the company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, that amount so shown or ascertained so far as not written off or, as the case may be, the amount so far as it is so shown or ascertainable and as so shown or ascertained, as the case may be;
 - (c) the aggregate amount of any outstanding loans made under the authority of [section 56\(2\)\(b\)](#) and (c) of this Act;
 - (d) the aggregate amount of bank loans and overdrafts;
 - (e) the net aggregate amount (after deduction of income tax) which is recommended for distribution by way of dividend.
- (2) Nothing in paragraph 8(1)(b) of this Part of this Schedule shall be taken as requiring the amount of the goodwill, patents and trademarks to be stated otherwise than as a single item.
- (3) The heading showing the amount of the quoted investments other than trade investments shall be subdivided, where necessary, to distinguish the investments as respects which there has, and those as respects which there has not, been granted a quotation or permission to deal on a stock exchange of repute.
- 9. Where any liability of the company is secured otherwise than by operation of law on any assets of the company, the fact that that liability is so secured shall be stated, but it shall not be necessary to specify the assets on which the liability is secured.

10. Where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the books of the company shall be stated.
11. (1) The matters referred to in subparagraphs (2) to (11) shall be stated by way of note, or in a statement or report annexed, if not otherwise shown.
- (2) The number, description and amount of any shares in the company which any person has an option to subscribe for, together with the following particulars of the option—
- (a) the period during which it is exercisable;
- (b) the price to be paid for shares subscribed for under it.
- (3) The amount of any arrears of fixed cumulative dividends on the company's shares and the period for which the dividends or, if there is more than one class, each class of them are in arrear, the amount to be stated before deduction of income tax, except that in the case of tax-free dividends, the amount shall be shown free of tax and the fact that it is so shown shall also be stated.
- (4) Particulars of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.
- (5) The general nature of any other contingent liabilities not provided for and, where practicable, the aggregate amount or estimated amount of those liabilities, if it is material.
- (6) Where practicable, the aggregate amount or estimated amount, if it is material, of contracts for capital expenditure, so far as not provided for.
- (7) If in the opinion of the directors any of the current assets have not a value, on realisation in the ordinary course of the company's business, at least equal to the amount at which they are stated, the fact that the directors are of that opinion.
- (8) The aggregate market value of the company's quoted investments, other than trade investments, where it differs from the amount of the investments as stated, and the stock exchange value of any investments of which the market value is shown (whether separately or not) and is taken as being higher than their stock exchange value.
- (9) The basis on which foreign currencies have been converted into East African currency, where the amount of the assets or liabilities affected is material.
- (10) The amount or the estimated amount of any liability to income tax in respect of the profits made by the company to the date of the balance sheet, together with the basis on which such amount, if any, set aside for income tax is computed.
- (11) Except in the case of the first balance sheet laid before the company after the commencement of this Act, the corresponding amounts at the end of the immediately preceding financial year for all items shown in the balance sheet.

Profit and loss account

12. (1) There shall be shown—
- (a) the amount charged to revenue by way of provision for depreciation, renewals or diminution in value of fixed assets;
- (b) the amount of the interest on the company's debentures and other fixed loans;
- (c) the amount of the charge for income tax and any other taxation on profits to date;
- (d) the amounts respectively provided for redemption of share capital and for redemption of loans;
- (e) the amount, if material, set aside or proposed to be set aside to, or withdrawn from, reserves;

- (f) subject to subparagraph (2) of this paragraph, the amount, if material, set aside to provisions other than provisions for depreciation, renewals or diminution in value of assets or, as the case may be, the amount, if material, withdrawn from such provisions and not applied for the purposes thereof;
 - (g) the amount of income from investments, distinguishing between trade investments and other investments;
 - (h) the aggregate amount of the dividends paid and proposed.
- (2) The registrar may direct that a company shall not be obliged to show an amount set aside to provisions in accordance with subparagraph (f) of this paragraph, if he or she is satisfied that that is not required in the public interest and would prejudice the company, but subject to the condition that any heading stating an amount arrived at after taking into account the amount set aside as aforesaid shall be so framed or marked as to indicate that fact.
- 13. If the remuneration of the auditors is not fixed by the company in general meeting, the amount thereof shall be shown under a separate heading, and for the purposes of this paragraph, any sums paid by the company in respect of the auditors' expenses shall be deemed to be included in the word "remuneration".
- 14.
 - (1) The matters referred to in subparagraphs (2) to (6) shall be stated by way of note, if not otherwise shown.
 - (2) If depreciation or replacement of fixed assets is provided for by some method other than a depreciation charge or provision for renewals, or is not provided for, the method by which it is provided for or the fact that it is not provided for, as the case may be.
 - (3) The basis on which the charge for income tax is computed.
 - (4) Whether or not the amount stated for dividends paid and proposed is for dividends subject to deduction of income tax.
 - (5) Except in the case of the first profit and loss account laid before the company after the commencement of this Act, the corresponding amounts for the immediately preceding financial year for all items shown in the profit and loss account.
 - (6) Any material respects in which any items shown in the profit and loss account are affected—
 - (a) by transactions of a sort not usually undertaken by the company or otherwise by circumstances of an exceptional or nonrecurrent nature; or
 - (b) by any change in the basis of accounting.

Part II – Special provisions where the company is a holding or subsidiary company

Modifications of and additions to requirements as to company's own accounts

- 15.
 - (1) This paragraph shall apply where the company is a holding company, whether or not it is itself a subsidiary of another body corporate.
 - (2) The aggregate amount of assets consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, the company's subsidiaries, distinguishing shares from indebtedness, shall be set out in the balance sheet separately from all the other assets of the company, and the aggregate amount of indebtedness (whether on account of a loan or otherwise) to the company's subsidiaries shall be so set out separately from all its other liabilities and—
 - (a) the references in Part I of this Schedule to the company's investments shall not include investments in its subsidiaries required by this paragraph to be separately set out; and
 - (b) paragraphs 5, 12(1)(a), and 14(2) of this Schedule shall not apply in relation to fixed assets consisting of interests in the company's subsidiaries.

- (3) There shall be shown by way of note on the balance sheet or in a statement or report annexed thereto the number, description and amount of the shares in and debentures of the company held by its subsidiaries or their nominees, but excluding any of those shares or debentures in the case of which the subsidiary is concerned as personal representative or in the case of which it is concerned as trustee and neither the company nor any subsidiary thereof is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.
- (4) Where group accounts are not submitted, there shall be annexed to the balance sheet a statement showing—
- (a) the reasons why subsidiaries are not dealt with in group accounts;
 - (b) the net aggregate amount, so far as it concerns members of the holding company and is not dealt with in the company's accounts, of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—
 - (i) for the respective financial years of the subsidiaries ending with or during the financial year of the company; and
 - (ii) for their previous financial years since they respectively became the holding company's subsidiary;
 - (c) the net aggregate amount of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—
 - (i) for the respective financial years of the subsidiaries ending with or during the financial year of the company; and
 - (ii) for their other financial years since they respectively became the holding company's subsidiary, so far as those profits are dealt with, or provision is made for those losses, in the company's accounts;
 - (d) any qualifications contained in the report of the auditors of the subsidiaries on their accounts for their respective financial years ending as aforesaid, and any note or saving contained in those accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, insofar as the matter which is the subject of the qualification or note is not covered by the company's own accounts and is material from the point of view of its members,
- or, insofar as the information required by this subparagraph is not obtainable, a statement that it is not obtainable; except that the registrar may, on the application or with the consent of the company's directors, direct that in relation to any subsidiary this subparagraph shall not apply or shall apply only to such extent as may be provided by the direction.
- (5) Subparagraph (4)(b) and (c) shall apply only to profits and losses of a subsidiary which may properly be treated in the holding company's accounts as revenue profits or losses, and the profits or losses attributable to any shares in a subsidiary for the time being held by the holding company or any other of its subsidiaries shall not (for that or any other purpose) be treated as aforesaid so far as they are profits or losses for the period before the date on or as from which the shares were acquired by the company or any of its subsidiaries, except that they may in a proper case be so treated where —
- (a) the company is itself the subsidiary of another body corporate; and
 - (b) the shares were acquired from that body corporate or a subsidiary of it,
- and for the purposes of determining whether any profits or losses are to be treated as profits or losses for that period, the profit or loss for any financial year of the subsidiary may, if it is not practicable to apportion it with reasonable accuracy by reference to the facts, be treated as accruing from day to day during that year and be apportioned accordingly.

- (6) Where group accounts are not submitted, there shall be annexed to the balance sheet a statement showing, in relation to the subsidiaries (if any) whose financial years did not end with that of the company—
- (a) the reasons why the company's directors consider that the subsidiaries' financial years should not end with that of the company; and
 - (b) the date on which the subsidiaries' financial years ending last before that of the company respectively ended or the earliest and latest of those dates.
16. (1) The balance sheet of a company which is a subsidiary of another body corporate, whether or not it is itself a holding company, shall show the aggregate amount of its indebtedness to all bodies corporate of which it is a subsidiary or a fellow subsidiary and the aggregate amount of the indebtedness of all such bodies corporate to it, distinguishing in each case between indebtedness in respect of debentures and otherwise.
- (2) For the purposes of this paragraph, a company shall be deemed to be a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is the other's.

Consolidated accounts of holding company and subsidiaries

17. Subject to paragraphs 18 to 22 of this Part of this Schedule, the consolidated balance sheet and profit and loss account shall combine the information contained in the separate balance sheets and profit and loss accounts of the holding company and of the subsidiaries dealt with by the consolidated accounts, but with such adjustments (if any) as the directors of the holding company think necessary.
18. Subject as aforesaid and to Part III of this Schedule, the consolidated accounts shall, in giving the information referred to in paragraph 17, comply, so far as practicable, with the requirements of this Act as if they were the accounts of an actual company.
19. Sections 197 and 198 of this Act shall not, by virtue of paragraphs 17 and 18, apply for the purpose of the consolidated accounts.
20. Paragraph 7 of this Schedule shall not apply for the purpose of any consolidated accounts laid before a company with the first balance sheet so laid after the commencement of this Act.
21. In relation to any subsidiaries of the holding company not dealt with by the consolidated accounts—
- (a) Paragraph 15(2) and (3) of this Schedule shall apply for the purpose of those accounts as if those accounts were the accounts of an actual company of which they were subsidiaries; and
 - (b) there shall be annexed the like statement as is required by paragraph 15(4) where there are no group accounts, but as if references therein to the holding company's accounts were references to the consolidated accounts.
22. In relation to any subsidiaries (whether or not dealt with by the consolidated accounts), whose financial years did not end with that of the company, there shall be annexed the like statement as is required by paragraph 15(6) of this Schedule where there are no group accounts.

Part III – Exception for scheduled banks and for insurance companies

23. (1) So long as any scheduled bank complies with the requirements of any enactment in force in the country of the incorporation of such bank relating to the keeping of accounts by a banking company, it shall not be subject to the requirements of Part I of this Schedule; but if the Minister is satisfied that any scheduled bank is not complying with the requirements of any such enactment of its country of incorporation, he or she may by order direct that such bank shall comply with the requirements of Part I of this Schedule.

- (2) For the purposes of this Part of this Schedule, “scheduled bank” means—
- (a) Bank of Baroda, Limited;
 - (b) Bank of India, Limited;
 - (c) Barclays Bank (D.C. & O.);
 - (d) National Bank of India, Limited;
 - (e) Nederlandsche Handel-Maalschappi, N.V. (Netherlands Trading Company); and
 - (f) Standard Bank of South Africa, Limited.
24. A company carrying on insurance business under the Insurance Act, which is subject to the requirements of that Act as respects the preparation and deposit with the Uganda Insurance Commission of a balance sheet and profit and loss account, shall not, so long as it complies with those requirements, be subject to the requirements of Part I of this Schedule, other than—
- (a) as respects its balance sheet those of paragraphs 2 and 3, paragraph 4 (so far as it relates to fixed and current assets), paragraph 8 (except subparagraphs (1)(a) and (d) and (3)), paragraphs 9 and 10 and paragraph 11 (except subparagraphs (4) to (8) inclusive and subparagraph (10)); and
 - (b) as respects its profit and loss account, those of paragraphs 12(1)(h), 13 and 14(1), (4) and (5).

Part IV – Interpretation of the Schedule

25. (1) For the purposes of this Schedule, unless the context otherwise requires—
- (a) subject to subparagraph (2) of this paragraph, “provision” means any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy;
 - (b) subject as aforesaid, “reserve” shall not include any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability;
 - (c) “capital reserve” shall not include any amount regarded as free for distribution through the profit and loss account and “revenue reserve” shall mean any reserve other than a capital reserve, and in this paragraph, “liability” includes all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.
- (2) Where—
- (a) any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, not being an amount written off in relation to fixed assets before the commencement of this Act; or
 - (b) any amount retained by way of providing for any known liability, is in excess of that which in the opinion of the directors is reasonably necessary for the purpose, the excess shall be treated for the purposes of this Schedule as a reserve and not as a provision.
26. For the purposes aforesaid, “quoted investment” means an investment as respects which there has been granted a quotation or permission to deal on any stock exchange of repute and “unquoted investment” shall be construed accordingly.

Seventh Schedule (s. 162)

Matters to be expressly stated in the auditors’ report

1. Whether they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purposes of their audit.
2. Whether, in their opinion, proper books of account have been kept by the company, so far as appears from their examination of those books, and proper returns adequate for the purposes of their audit have been received from branches not visited by them.
3.
 - (1) Whether the company's balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account dealt with by the report are in agreement with the books of account and returns.
 - (2) Whether, in their opinion and to the best of their information and according to the explanations given them, the accounts give the information required by this Act in the manner so required and give a true and fair view—
 - (a) in the case of the balance sheet, of the state of the company's affairs as at the end of its financial year; and
 - (b) in the case of the profit and loss account, of the profit or loss for its financial year,or, as the case may be, give a true and fair view thereof subject to the nondisclosure of any matters (to be indicated in the report) which by virtue of Part III of the Sixth Schedule to this Act are not required to be disclosed.
 - (3) In the case of a holding company submitting group accounts whether, in their opinion, the group accounts have been properly prepared in accordance with the provisions of this Act so as to give a true and fair view of the state of affairs and profit or loss of the company and its subsidiaries dealt with thereby, so far as concerns members of the company, or, as the case may be, so as to give a true and fair view thereof subject to the nondisclosure of any matters (to be indicated in the report) which by virtue of Part III of the Sixth Schedule to this Act are not required to be disclosed.

Eighth Schedule (s. 312)

Provisions of this Act which do not apply in the case of a winding up subject to supervision of the court

Section	Subject matter
235.	Statement of the company's affairs to be submitted to the official receiver.
236.	Report by the official receiver.
237.	Power of the court to appoint liquidators.
238.	Appointment and powers of a provisional liquidator.
239.	Appointment, style, etc. of liquidators.
240.	Provisions where a person other than the official receiver is appointed liquidator.
241.	General provisions as to liquidators. (Except subsection (5)).
245.	Exercise and control of the liquidator's powers.
246.	Books to be kept by the liquidator.
247.	Payments by the liquidator to the official receiver of a bank.
248.	Audit of the liquidator's accounts.
249.	Control over liquidators.
250.	Release of liquidators.
251.	Meetings of creditors and contributories to determine whether a committee of inspection shall be appointed.

252.	Constitution and proceedings of a committee of inspection.
253.	Powers of a committee of inspection in the absence of a committee.
261.	Appointment of a special manager.
268.	Power to order public examination of promoters and officers.
271.	Delegation to the liquidator of certain powers of the court.
351.	Power to appoint the official receiver as receiver for debenture holders or creditors.

Ninth Schedule (ss. 390, 407)

Form of statement to be published by insurance companies and deposit, provident or benefit societies

The share capital of the company is _____, divided into ____ shares of _____ each.*

The number of shares issued is _____.

Calls to the amount of _____ shillings per share have been made, under which the sum of _____ shillings has been received.

The liabilities of the company on the first day of January (or July) were—

Debts owing to sundry persons by the company—

On decree, shs.

On notes or bills, shs.

On contracts, shs.

On estimated liabilities, shs. The assets of the company on that day were—

Government securities (*stating them*).

Bills of exchange and promissory notes, shs.

Cash at the bankers, shs.

Other securities, shs.

*If the company has no share capital, the portion of the statement relating to capital and shares must be omitted.

Tenth Schedule (s. 396)

*Provisions referred to in **section 396** of this Act*

Section or provision of Schedule	Subject matter
16.	Evidence of compliance with registration requirements.
31.	Statement in lieu of prospectus to be delivered to the registrar by a company on ceasing to be a private company.
39.	Matters to be stated and reports to be set out in a prospectus.
50.	Prohibition of allotment in certain cases unless statement in lieu of a prospectus is delivered to the registrar.
54.	Return as to allotments.
96.	Registration of charges.
97(1).	Duty of a company to register charges created by the company.
98.	Duty of a company to register charges existing on property acquired.
111.	Restrictions on commencement of business.
126.	Particulars in annual return of company not having a share capital. (Except subsection (1)(a)).
129.	Certificates to be sent by a private company with the annual return.
130.	Statutory meeting and statutory report.
162(1), (3).	Auditors' report and right to information and explanations.
182.	Restrictions on appointment or advertisement of directors.
303.	Notice by a liquidator of his or her appointment.

355(2).	Abstract of receiver's receipts and payments.
357.	Delivery to registrar of accounts of receivers and managers.
370.	Documents, etc. to be delivered to the registrar by foreign companies carrying on business in Uganda.
372.	Returns to be delivered to the registrar by a foreign company.
374.	Accounts of a foreign company.
375.	Obligation to state name of a foreign company, whether limited and country where incorporated.

Fifth Schedule, Part I, paragraphs 2, 4, 6.

Particulars in annual return of company having a share capital.