

FIRST SCHEDULE

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SECOND SCHEDULE
FORM FOR REGISTRATION
OF A COMPANY.

s. 18

Name of the Company

Names of Subscribers 1.....

2.....

2.....

Address

Place of Business

Nature of Business

Proposed Share Capital

Signatures of subscribers 1.

2.

3.

TABLES.

ss. 2, 13, 294

*Table A.*PART I - REGULATIONS FOR THE MANAGEMENT OF
COMPANIES
LIMITED BY SHARES, NOT BEING A PRIVATE COMPANY.**Interpretation.**

1. In these Regulations—

“Act” means the Companies Act;

“seal” means the common seal of the company;

“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 of the Act 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 referred, 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 68 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. (1) Where 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 seventy five percent 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.

(2) To every separate general meeting referred to in subregulation (1) the provisions of these Regulations relating to general meetings shall apply, but 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 taken to be varied by the creation or issue of further shares ranking *pari passu* with those shares.

6. (1) The company may exercise the powers of paying commissions conferred by section 62 of the Act, except 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 ten percent of the price at which the shares in respect of which the commission is paid are issued or an amount equal to ten percent of such price, as the case may be.

(2) The 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.

(3) The company may on any issue of shares pay such brokerage as

may be lawful.

7. Except as required by law, a person shall not 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 of it 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 of the share in the registered holder.

8. (1) 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 lodgement 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..... shillings for every certificate after the first or such lesser sum as the directors shall from time to time determine.

(2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up on the shares.

(3) 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 is sufficient delivery to all the holders.

9. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of a fee ofshillings 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, 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 section 63 (2) of the Act.

Lien

11. (1) The company shall have a first and paramount lien on every share which is not being a fully paid share for all monies, whether immediately payable or not called or payable at a fixed time in respect of that share.

(2) 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 immediately payable by him or her or his or her estate to the company.

(3) The directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation.

(4) The company's lien, if any, on a share shall extend to all dividends payable on the share.

12. The company may sell, in such manner as the directors think fit, any shares on which the company has a lien, but a sale shall not be made unless a sum in respect of which the lien exists is immediately 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 immediately 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 insolvency.

13. (1) To give effect to the sale, the directors may authorise a person to transfer the shares sold to the purchaser of the shares.

(2) The purchaser shall be registered as the holder of the shares comprised in the 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 immediately payable, and the residue, if any, shall subject to a similar lien for sums not immediately 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. (1) The directors may from time to time make calls upon the members in respect of it, all or 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 of the shares made payable at fixed times.

(2) A call shall not exceed one-fourth of the nominal value of the share or be payable less than one month from the date fixed for the payment of the last preceding call.

(3) 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 specified the amount called on his or her shares.

(4) A call may be revoked or postponed as the directors may determine.

16. A call shall be taken to have been made at the time when the resolution of the directors authorizing the call was passed and may be required to be paid by instalments.

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 five percent per year as the directors may determine, but the directors may waive payment of such interest wholly or in part.

19. (1) A 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 taken to be a call duly made and payable on the date on which by the

terms of issue it becomes payable.

(2) In case of non-payment all the relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if the sum referred to in subregulation (1) 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 in respect of it, 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 advanced may until it would, but for that advance, become payable pay interest at such rate not exceeding unless the company in general meeting shall otherwise direct six percent per year, as may be agreed upon between the directors and the member paying that 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 taken 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 do 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 shillings 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. Where 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, except that the registration shall not be suspended for more than thirty days in a year

28. The company shall be entitled to charge a fee determined by the company 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. (1) 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.

(2) Nothing in this regulation 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 to these Regulations, 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 of the shares, 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.

31. (1) Where the person entitled under regulation 30 elects 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.

(2) Where he or she elects to have another person registered, he or she shall testify his or her election by executing to that person a transfer of the share.

(3) 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 a notice or transfer under this regulation if the death or bankruptcy of the member had not occurred and the notice or transfer were a notice or transfer signed by that member.

32. (1) Where a person becomes entitled to a share by reason of the death or bankruptcy of the holder that person is 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.

(2) The directors may at any time give notice requiring a person referred to in regulation 31 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 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. Where a member fails to pay any call or instalment of a call on the day appointed for payment of the call, the directors may, at any time after that when 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 if the payment is not made at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

35. Where the requirements of the notice referred to in regulation 34 are not complied with, any share in respect of which the notice has been given may at any time, 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 terms and in a manner 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 when the company receives payment in full of all those monies in respect of the shares.

38. (1) A statutory declaration stating that the declarant is a director or the secretary of the company, and that a share the company has been duly forfeited on a date stated in the statutory declaration, shall be conclusive evidence of the facts stated as against all persons claiming to be entitled to the share.

(2) The company may receive the consideration, if any, given for the share on a sale or disposition of it 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 upon 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 a 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 it 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 to it as circumstances admit; and the directors may from time to time fix the minimum amount of stock transferable but so that the minimum shall not exceed the nominal amount of the shares from which the stock arose.

42. (1) 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.

(2) A privilege or advantage other than participation in the dividends and profits of the company and in the assets on insolvency shall not be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

43. The regulations of the company applicable to paid-up shares apply to stock, and the words “share” and “shareholder” in those Regulations 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. Subject to section 71, a 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;
- (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. (1) 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 an annual general meeting in the notices calling it.

(2) Not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next.

(3) 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.

(4) 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. (1) 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 141 of the Act.

(2) 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 at least twenty-one days' notice in writing.

(2) The notice shall be exclusive of the day on which it is served or taken 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 a manner described in subregulation (3) 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.

(3) A meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in sub- regulation 1, be taken 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 ninety five percent in nominal value of the shares giving that right.

51. The accidental omission to give notice of a meeting to, or the non receipt 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 that is transacted at an extra ordinary general meeting and 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 shall be taken to be special.

53. (1) Business shall not be transacted at a general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(2) Except as otherwise provided in these Regulations, three members present in person shall be a quorum.

54. (1) 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.

(2) 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 (1) The chairperson of the board of directors shall preside at every general meeting of the company.

(2) If there is no chairperson, or if he or she is not 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 member 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 member to be chairperson of the meeting.

57. (1) The chairperson may, with the consent of any meeting at which a quorum is present and shall, if 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.

(2) 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.

(3) 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. (1) 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 than 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.

(2) Unless a poll is demanded under subregulation (1), 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 and 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 the resolution.

(3) A 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 a manner directed by the chairperson, and the result of the poll shall be taken to be the resolution of the meeting at which the poll is demanded.

60. Where the votes are equal, 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, is entitled to a second or casting vote.

61. (1) A poll demanded on the election of a chairperson or on a question of adjournment shall be taken immediately.

(2) 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 is 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 that 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. A member is not entitled to vote at a general meeting unless all calls or other sums immediately payable by him or her in respect of shares in the company have been paid.

66. (1) A member is not 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.

(2) An 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. (1) The instrument appointing a proxy shall be in writing signed by the appointer or his or her attorney duly authorised in writing, or, if the appointer is a corporation, either under seal, or signed by an officer or attorney duly authorised.

(2) 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 being 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 being 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, as the case may be] 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, as the case may be] 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 taken 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 the death, insanity, revocation or transfer has 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. A corporation which is a member of the company may by resolution of its directors or other governing body authorise a person 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 authorised is 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 the determination the signatories to the Memorandum of Association shall be the first directors.

76. (1) The remuneration of the directors shall from time to time be determined by the company in general meeting.

(2) The remuneration shall be taken to accrue from day to day.

(3) 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 unless and until so fixed no qualification is 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, that 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 of it, 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 moneys borrowed or secured by

the directors apart from temporary loans obtained from the company's bankers in the ordinary course of business shall not any time, without the

previous approval of the company in general meeting, exceed the nominal amount of the share capital of the company for the time being issued, but a lender or other person dealing with the company shall not be concerned to see or inquire whether the limit is observed.

(2) A debt incurred or security given in excess of the limit referred to in subregulation (1) is not 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 sub regulation (1) had been or was as a result exceeded.

Powers and duties of directors.

80. (1) 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 to these regulations and to the provisions of the Act and to such regulations, being not inconsistent with these Regulations or with the Act, as may be prescribed by the company in general meeting.

(2) A 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. (1) 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, authorises 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.

(2) The power of attorney referred to in subsection (1) 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 authorize the 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 59 of the Act with regard to having an official seal for use abroad, and those powers shall be vested in the directors.

83. The company may exercise the powers conferred upon the company by sections 130 to 133 (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 the branch 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 225 of the Act.

(2) A director shall not vote in respect of any contract of arrangement in which he or she is interested, and if he or she does so, his or her vote shall not be counted, nor shall he or she be counted in the quorum present at the meeting.

(3) But neither of the prohibitions referred to in subregulation (2) 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 obligation undertaken by him or her for the benefit of the company;
- (b) to 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 those 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.

(4) 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 a director or intending director shall not 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 is any director so contracting or being so interested liable to account to the company for any profit realised by the contract or arrangement by reason of that director holding that office or of the fiduciary relation thus established.

(5) A director, notwithstanding his or her interest, may be counted in the quorum present at a 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 their terms.

(6) A director may act by himself or herself or his or her firm in 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 were not a director; but nothing in this regulation 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 moneys 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.

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 all meetings of the company, and of the directors, and of committees of directors, and every director present at a 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 dependants and may make contributions to any fund and pay premiums for the purchase or provision of the 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 195 of the Act; or
- (b) becomes bankrupt or makes any arrangement or composition with his or her creditors generally; or
- (c) becomes prohibited from being a director by reason of any order made under section 201 of the Act; or
- (d) becomes of unsound mind; or
- (e) resigns his/her office by notice in writing to the company; or
- (f) is for more than six months 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 re-election.

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 that office, and in default the retiring director shall if offering himself or herself for re-election be taken to have been re-elected, unless at that meeting it is expressly resolved not to fill that vacated office or unless a resolution for the re-election of that director has been put to the meeting and lost.

93. A person other than a director retiring at the meeting is not unless recommended by the directors 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 has 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 the notice is given, of his or her intention to propose that person for election, and also a 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 in what rotation the increased or reduced number is to go out of office.

95. (1) The directors may at any time, temporarily, appoint a person to be a director, either to fill a casual vacancy or as an addition to the existing directors; but the total number of directors shall not at any time exceed the number fixed in accordance with these regulations.

(2) A director appointed under subregulation (1) shall hold office only until the next following annual general meeting, and shall then be eligible

for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

96. (1) The company may by ordinary resolution, of which special notice has been given in accordance with section 149 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 the director.

(2) A removal under this regulation shall be without prejudice to any claim the director may have for damages for breach of any contract of service between him or her and the company.

97. (1) The company may by ordinary resolution, appoint another person in place of a director removed from office under regulation 96.

(2) 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 temporary vacancy or as an additional director.

(3) A person appointed in place of a director removed or to fill that 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. (1) The directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit.

(2) Questions arising at a meeting shall be decided by a majority of votes.

(3) Where there is an equality of votes, the chairperson shall have a second or casting vote.

(4) A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

(5) It is not 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 if not fixed the quorum is 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 under 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 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. (1) The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit;

(2) A committee formed under subregulation (1) shall, in the exercise of the powers delegated conform to any regulations that may be imposed on it by the directors.

103. A committee may elect a chairperson of its meetings; but if no 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 members present may choose one of their number to be chairperson of the meeting.

104.(1) A committee may meet and adjourn as it thinks fit.

(2) Questions arising at a meeting shall be determined by a majority of votes of the members present, and where there is an equality of votes, the chairperson shall have a second or casting vote.

105. All acts done by a meeting of the directors or of a committee of

directors or by a person acting as a director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of that

director or person acting as director, 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, is valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Managing director.

107. (1) The directors may from time to time appoint one or more of their fellow directors 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 the appointment.

(2) A director appointed under subregulation (1) 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 those powers.

Secretary.

110. (1) The secretary shall be appointed by the directors on such terms and conditions as they may think fit.

(2) A secretary appointed under subregulation (1) may be removed by the directors.

111. A person shall not be appointed or hold office as secretary who is—

- (a) the sole director of the company; or
- (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. (1) The directors shall provide for the safe custody of the seal.

(2) The seal may only be used by the authority of the directors or of a committee of the directors authorised by the directors for the purpose.

(3) Every instrument to which the seal is 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 pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.

116. A dividend shall not be paid otherwise than out of profits.

117. (1) The directors may, before recommending a 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 that application may, at the discretion of the directors, 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.

(2) The directors may also without placing it to reserve carry forward any profits which they may think prudent not to divide.

118. (1) Subject to the rights of persons, 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.

(2) 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 that share shall rank for dividend accordingly.

119. The directors may deduct from any dividend payable to any member all sums of money, if any, immediately payable by him to the company on account of calls or otherwise in relation to the shares of the company.

120. (1) A general meeting declaring a dividend or bonus may by resolution direct payment of the 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 those ways.

(2) The directors shall give effect to the resolution under subregulation (1).

(3) Where a difficulty arises in regard to that distribution, the directors may settle it as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of those specific assets or any part of it and may determine that cash payments shall be made to any members upon the basis of the value so fixed in order to adjust the rights of

all parties, and may vest any of those specific assets in trustees as the directors may consider expedient.

121. (1) Any dividend, interest or other moneys 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, 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.

(2) Every cheque or warrant referred to in subregulation (1) shall be made payable to the order of the person to whom it is sent.

(3) Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders.

122. A dividend shall not bear interest against the company.

Accounts.

123. (1) 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.

(2) Proper books shall not be taken to be kept under these regulations 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 154(3) of the Act, at such other place or

places as the directors think fit, and shall always be open to the inspection by the directors.

125. (1) The directors shall 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 inspection by members who are not directors.

(2) A member who is not a director does not have any right to inspect any account or book or document of the company except where conferred by law or authorised by the directors or by the company in general meeting.

126. The directors shall in accordance with sections 151, 156 and 163 of the Act, cause to be prepared and to be laid before the company in a general meeting such profit and loss accounts, balance sheets, group accounts, if any, and reports as are referred to in those sections.

127. (1) A copy of every balance sheet including every document required by law to be annexed to the balance sheet 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, and every holder of debentures, the company and to every person registered under regulation 31.

(2) This regulation does not require a copy of the documents referred to in subregulation (1) 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. (1) 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.

(2) Where a company has resolved under subregulation (1), the sum resolved to be capitalized shall 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 it is not paid in cash but is applied either in or towards paying up any amounts for the time being

unpaid on any shares held by those 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 those members in those proportions, or partly in the one way and partly in the other, and the directors shall give effect to the resolution.

(3) 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.

Implementation of resolution under regulation 128

129. (1) Where a resolution is passed as described in regulation 128, the directors shall—

- (a) make all appropriations and applications of the undivided profits resolved by the resolution to be capitalised;
- (b) make all allotments and issues of fully-paid shares or debentures, if any; and
- (c) do all acts and things required to give effect to the resolution.

(2) For the purposes of regulation (1), the directors shall have full powers—

- (a) to issue fractional certificates;
- (b) to pay in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions;
- (c) to authorise any person to enter on behalf of all the members entitled to them into an agreement with the company providing—
 - (i) for the allotment to them respectively, credited as fully paid up of any further shares or debentures to which they may be entitled upon the capitalisation;
 - (ii) as the case may require for the payment up by the

company on their behalf, by the application to them 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.

(3) An agreement made under subsection (2)(c) shall be effective and binding on all the members referred to in that subsection.

Audit.

130. Auditors shall be appointed and their duties regulated in accordance with sections 167 to 170 of the Act.

Notices.

131. (1) 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, within Uganda supplied by him or her to the company for the giving of notice to him or her.

(2) Where a notice is sent by post, service of the notice shall be taken 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 similar description, at the address, if any, within Uganda supplied for the purpose by the persons claiming to be entitled, or until the address has been supplied

by giving the notice in any manner in which it might have been given if the death or bankruptcy had not occurred.

134. (1) Notice of every general meeting shall be given in any manner authorised in regulations 131 to 133 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.

(2) No other person other than those specified in subregulation (1) are entitled to receive notices of general meetings.

Insolvency.

135. (1) Where the company is declared insolvent, the liquidator may, with the approval of a special resolution of the company and any other approval 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 consist of property of the same kind or not and may, for that purpose set such value as he or she thinks fair upon any property to be divided and may determine how the division shall be carried out as between the members or different classes of members.

(2) The liquidator may, with the approval referred to in subregulation (1), vest the whole or any part of the assets in trustees upon such trust for the benefit of the contributories as the liquidator, with the approval, thinks fit, but a member shall not be compelled to accept shares or other securities on which 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 285 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 manner prescribed in this Part;
 - (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 that employment and have continued after the determination of the 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) an invitation to the public to subscribe for shares or debentures of the company is prohibited;
 - (d) the company does not have power to issue share warrants to bearer.
3. The directors may, in their absolute discretion and without assigning any reason for it, decline to register any transfer of any share, whether or not it is a fully-paid share.
4. (1) Business shall not be transacted at any general meeting unless a

quorum of members is present at the time when the meeting proceeds to business.

(2) Except as otherwise provided in these Regulations, 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 and to attend and vote at general meetings or being corporations by their duly authorised representatives shall be as valid and effective as if it 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 “.....(insert name of company limited.”
- 2nd. The registered office of the company will be situated in Uganda.
- 3rd. The objects for which the company is established are,“....., and of the doing all such other things as are incidental or conducive to the attainment of those objects.”
- 4th. The liability of the members is limited.
- 5th. The share capital of the company is (insert the amount of share capital) divided into.....shares of shillings each.

WE, the several persons whose names and addresses are subscribed, desire to be formed into a company, under this memorandum of association, and

Names, postal addresses and occupations of subscribers	Number of shares taken by each subscriber	Signature of subscribers
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
Total shares taken		

we respectively agree to take the number of shares in the capital of the company set opposite our respective names

Dated day of, 20.....

Witness to the above signatures

Table C.

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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 “..... (insert name of company) limited.”
2nd. The registered office of the company will be situated in Uganda.
3rd. The objects for which the company is established are and the doing all such other things as are incidental or conducive to the attainment of those objects.”
4th. The liability of the members is limited.
5th. Every member of the company undertakes to contribute to the assets of the company if it is 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 shillings.

Table with 2 columns: Names, postal addresses and occupations of subscribers; Signature of subscribers. Rows 1-7.

WE, the several persons whose names and addresses are subscribed, are

desire to be formed into a company, under this memorandum of association.
Dated day of, 20.....

Witness to the above signatures

**PART II—ARTICLES OF ASSOCIATION TO ACCOMPANY
PRECEDING MEMORANDUM OF ASSOCIATION**

Interpretation.

1. (1) In these articles—

“Act” means the Companies Act;

“seal” means the common seal of the company;

“secretary” means any person appointed to perform the duties of the secretary of the company.

(2) 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.

(3) 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 of the Act 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 meetings.

4. (1) 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.

(2) Not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next.

(3) So long as the company holds its first annual general meeting within eighteen months after its incorporation, it need not hold it in the year after its incorporation or in the following year.

(4) 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. (1) 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 141 of the Act.

(2) 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 at least twenty-one days' notice in writing.

(2) The notice shall be exclusive of the day on which it is served or taken 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 mentioned in this article or in any other manner, if any, 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.

(3) A meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this article be taken to have been duly called if it is 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 ninety-five per cent 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 non-receipt 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 that is transacted at an extraordinary general meeting, and also at an annual general meeting, with the exception of declaring dividends, 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 shall be taken to be special.

10. (1) Business shall not be transacted at a general meeting unless a quorum of members is constituted at the time when the meeting proceeds to business.

(2) Except otherwise provided in these articles, three members present in person shall be a quorum.

11. (1) Where within half an hour from the time appointed for the meeting a quorum is not constituted, the meeting, if convened upon the requisition

of members, shall be dissolved.

(2) In any other case the meeting 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.

(3) Where at the adjourned meeting a quorum is not constituted within half an hour from the time appointed for the meeting the members present shall constitute a quorum.

12. (1) The chairperson of the board of directors shall preside at every general meeting of the company.

(2) If there is no chairperson, or if he or she is not 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. Where 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. (1) The chairperson may, with the consent of any meeting at which a quorum is constituted and shall if directed by the meeting, adjourn the meeting from time to time and from place to place, but business shall not be transacted at any adjourned meeting other than the business left un-finished at the meeting from which the adjournment took place.

(2) 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.

(3) Except as provided for in this article, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting except otherwise is provided in this article.

15. (1) At a general meeting, a resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is demanded before or on the declaration of the result of the show of hands—

(a) by the chairperson; or

- (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.

(2) Unless a poll is demanded as referred to in subsection (1) 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 and an entry to the 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.

(3) 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 taken to be the resolution of the meeting at which the poll was demanded.

17. In the case of an equality of votes, whether by 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, is entitled to a second or casting vote.

18. (1) A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken immediately.

(2) 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 it had been passed at a general meeting of the company duly convened and held.

Votes of members.

20. Every member has 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 by a show of hands or on a poll, by his or her manager, and the manager may, on a poll, vote by proxy.

22. A member is not entitled to vote at a general meeting unless all moneys immediately 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. (1) The instrument appointing a proxy shall be in writing signed by the appointer or of his or her attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or signed by an officer or attorney duly authorised.

(2) 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 being 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 being 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—

“..... Limited.

I/We, of, being a member/members of the above-named company, appoint, of or failing him as my/our proxy to vote for me/us on my/our behalf at the [annual or extraordinary, as the case may be] general meeting of the company to be held on the day of, 20....., and at any adjournment of the 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—

“..... Limited

I/We, of, being a member/members of the above-named company, appoint, of or failing him,, ofas my/our proxy to vote for me/us on my/our behalf at the [annual or extraordinary, as the case may be] general meeting of the company to be held on the day of, 20....., and at any adjournment of the 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 taken 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 death or previous insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, if no intimation in writing of the death, insanity or revocation has 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. A corporation which is a member of the company may by resolution of its directors or other governing body authorise the person it thinks fit to act as its representative at any meeting of the company, and the person authorised is entitled to exercise the same powers on behalf of the corporation which he 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. (1) The remuneration of the directors shall be determined by the company in a general meeting.

(2) The remuneration of the directors shall be taken to accrue from day to day.

(3) 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 of it, 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. (1) 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 a general meeting, subject to the Act or to these articles and to such regulations not, being inconsistent with the Act or these articles, as may be prescribed by the company in a general meeting.

(2) Regulations made by the company in a general meeting shall not invalidate any prior act of the directors which would have been valid if regulations had not been made.

35. (1) 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.

(2) Any powers of attorney referred to in sub article (1) may contain such provisions for the protection and convenience of persons dealing with any of the attorneys as the directors may think fit and may also authorise the 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. (1) 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,

(2) 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 where the director—

- (a) without the consent of the company in a general meeting holds any other office of profit under the company;

- (b) becomes bankrupt or makes an arrangement or composition with his or her creditors generally;
- (c) becomes prohibited from being a director by reason of any order made under section 200 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 195 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 manner required by section 218 of the Act.

(2) A director shall not vote in respect of any contract in which he is interested or any matter arising out of it, 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 re-election.

42. The company may at the meeting at which a director retires in the manner described in articles 39 and 40, fill the vacated office by electing a person to that office, and in default the retiring director shall, if offering himself or herself for re-election, be taken to have been re-elected, unless at that meeting it is expressly

resolved not to fill the vacated office or unless a resolution for the re-election of that director has been put to the meeting and lost.

43. A person other than a director retiring at the meeting shall not unless recommended by the directors be eligible for election to the office of director at any general meeting unless, not less than three or not more than twenty-one days before the date appointed for the meeting, there shall have been left at the registered office of the company a notice in writing, signed by

a member duly qualified to attend and vote at the meeting for which that notice is given, of his or her intention to propose that 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. (1) The directors may at any time, appoint a person to be a director, either to fill a temporary vacancy or as an addition to the existing directors, but so that the total number of directors shall not any time exceed the number fixed in accordance with these articles.

(2) A director appointed under subarticle (1) shall hold office only until the next following annual general meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

46. (1) The company may by ordinary resolution, of which special notice has been given in accordance with section 149 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 that director.

(2) A removal under subarticle (1) shall be without prejudice to any claim that director may have for damages for breach of any contract of service between him or her and the company.

47. (1) The company may by ordinary resolution, appoint another person

in place of a director removed from office under article 46.

(2) Without prejudice to the powers of the directors under article 45, the company in a general meeting may appoint a person to be a director either to fill a casual vacancy or as an additional director.

(3) The person appointed to fill the 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. (1) The directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit.

(2) Questions arising at a meeting shall be decided by a majority of votes and where there is an equality of votes, the chairperson shall have a second or casting vote.

(3) A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

(4) It is not 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 if not fixed the quorum is 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 under 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 the 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 chairperson is elected, or if at a 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 chairperson of the meeting

52. (1) The directors may delegate any of their powers to committees consisting of such a member or members of their body as they think fit.

(2) A committee formed under subarticle (1) shall in the exercise of the powers delegated conform to any regulations that may be imposed on it by the directors.

53. (1) A committee may elect a chairperson of its meetings.

(2) If no 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 members present may choose one of their number to be chairperson of the meeting.

54. (1) A committee may meet and adjourn as it thinks fit.

(2) Questions arising at a meeting shall be determined by majority of votes of the members present, and where there is an equality of votes the chairperson shall have a second or casting vote.

55. All acts done by a meeting of the directors or of a committee of directors, or by a person acting as a director, are notwithstanding that it is afterwards discovered that there was some defect in the appointment of that director or person acting as director, or that they or any of them were disqualified, are 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, is valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Secretary.

57. (1) The secretary shall be appointed by the directors on such terms and conditions determined by the directors.

(2) A secretary appointed under subarticle (1) may be removed by the directors.

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. (1) The directors shall provide for the safe custody of the seal.

(2) The seal may only be used by the authority of the directors or of a committee of the directors authorised by the directors for the purpose.

(3) Every instrument to which the seal is 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. (1) The directors shall cause proper books of accounts 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
- (d) the assets and liabilities of the company.

(2) Proper books shall not be taken 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 154 (3) of the Act, at such other place or places as the directors think fit, and shall always be open to the inspection

by the directors.

62. (1) The directors shall 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 inspection by members who are not directors.

(2) A member who is not a director does not have a right to inspect any account or book or document of the company except where conferred by law or authorised by the directors or by the company in general meeting.

63. The directors shall from time to time in accordance with sections 154, 156, and 164 of the Act, cause to be prepared and to be laid before the company in a general meeting profit and loss accounts, balance sheets, group accounts, if any, and reports as referred to in those sections.

64. (1) 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 a 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, and every holder of debentures of, the company.

(2) This article does not require a copy of the documents referred to in subarticle (1) 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 167 to 170 of the Act.

Notice.

66. (1) A notice may be given by the company to any member either personally or by sending it to the member or to the members 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.

(2) Where a notice is sent by post, service of the notice shall be taken to be effected by properly addressing, pre-paying 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 it is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

67. (1) Notice of every general meeting shall be given in any manner authorised in article 66 to—

- (a) every member except those members who have no registered address within Uganda and who have not supplied to the company

Names, postal addresses and occupations of subscribers	Signature of subscribers
1.	
2.	
3.	
4.	
5.	
6.	
7.	

any address within Uganda for the giving of notices to them;

- (b) every person who is 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.

(2) A person not mentioned in subarticle (1) is not entitled to receive notices of general meetings.

Dated the day of, 20.....

Witness to the above signatures

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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 “.....
(insert name of company), Limited.”
- 2nd. The registered office of the company will be situated in Uganda.
- 3rd. The objects for which the company is established are “.....
.....,
and the doing all such other things as are incidental or conducive to
the attainment of those objects.”
- 4th. The liability of the members is limited.
- 5th. Every member of the company undertakes to contribute to the assets
of the company if it is 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 company and for
the adjustment of the rights of the contributories among themselves,

such amount as may be required, not exceedingshillings.

Names, postal addresses and occupations of subscribers	Number of shares taken by each subscriber	Signature of subscribers
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
Total shares taken		

6th. The share capital of the company shall consist of (insert amount of share capital) divided into shares of shillings each.

WE, the several persons whose names and addresses are subscribed, desire to be formed into a company, under 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.

PART II- ARTICLES OF ASSOCIATION TO ACCOMPANY

Names, postal addresses and occupations of subscribers	Signature of subscribers
1.	
2.	
3.	
4.	
5.	
6.	
7.	

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 Second Schedule to the Companies Act, shall be taken to be incorporated with these articles and shall apply to the company.

Dated the day of, 20.....

Witness to the above signatures

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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 “.....(insert name of company).”

Names, postal addresses and occupations of subscribers	Number of shares taken by each subscriber	Signature of subscribers
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
Total shares taken		

2nd. The registered office of the company will be situated in Uganda.

3rd. The objects for which the company is established are, “.....”

....., and the doing of all such things as are incidental or conducive to the attainment of those objects”.

WE, the several persons whose names are subscribed, desire to be formed into a company, under 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.

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;

Names, postal addresses and occupations of subscribers	Number of shares taken by each subscriber	Signature of subscribers
1.		
2.		
3.		
4.		
5.		
6.		
7.		

- (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 persons;

- (e) reduce its share capital in any way.

4. The regulations of Table A, Part I, set out in the Second Schedule to the Companies Act other than regulations 40 to 46 inclusive shall be taken to be incorporated with these articles and shall apply to the company.

Dated the..... day of, 20.....

Witness to the above signatures

Table F

Section 14

CODE OF CORPORATE GOVERNANCE

BOARDS AND DIRECTORS.

1. THE BOARD.

(1) The Board is accountable for the performance and affairs of the company, and in the performance of its duties is expected to act in good faith, with due diligence and care and in the interests of the company.

(2) The Board’s authority may be delegated to management and board committees but it remains the responsibility of directors

(3) The board shall be a unitary Board with executive and non-executive directors.

(4) It is the responsibility of the Board to—

- (a) provide strategic direction;
- (b) retain full and effective control;
- (c) comply with laws and regulations;
- (d) define levels of materiality;
- (e) delegate certain powers to management;
- (f) if material, reserve powers to itself;
- (g) have access to company information and records;
- (h) agree on a procedure to allow directors to obtain independent professional advice;

- (i) decide on the number of directors required to make the board effective;
- (j) identify and monitor key risk and key performance areas;
- (k) identify and monitor non-financial aspects;
- (l) record facts and assumptions which lead it to conclude that the business will be a going concern in the next financial year and if not state what steps it is taking;
- (m) explain the effect of all proposed resolutions to be passed at shareholders meetings;
- (n) encourage shareowners to attend general meetings;
- (o) ensure that the chairperson of the audit and remuneration committee and as many directors as possible attend shareholders' meetings;
- (p) provide curriculum vitae of all directors who are to be appointed;
- (q) have a board charter setting out its responsibilities which shall be published in the annual report and should, at least, make the board responsible for—
 - (i) strategic plans;
 - (ii) monitoring operational performance;
 - (iii) monitoring performance of management;
 - (iv) determining policies and procedures;
 - (v) risk management;
 - (vi) internal controls;
 - (vii) communications policy;
 - (viii) director selection;
 - (ix) induction of directors; and
 - (x) evaluation of directors.
- (r) determine a balance between governance constraints and entrepreneurial performance;
- (s) review major plans of action;
- (t) review and guide annual budget and business plans of the company;
- (u) oversee major capital expenditures, acquisitions and divestiture;
- (v) ensure formal and transparent board nominations and elections;
- (w) ensure the integrity of the company's accounting and financial reporting systems; and
- (x) oversee the process of disclosure and communication.

2. BOARD COMPOSITION

The board shall be composed of—

- (a) a balance of executive and non-executive directors;
- (b) non-executive directors shall comprise the majority;
- (c) sufficient non-executive directors shall be 'independent' directors;
- (d) a nomination committee, consisting entirely of non-executive directors, with the majority independent directors and chaired by the board chairperson, is to select directors in a transparent manner; and
- (e) rotation of directors, to ensure continuity.

3. CHAIRPERSON AND CHIEF EXECUTIVE OFFICER (CEO).

(1) There shall be a division of responsibilities between Chief Executive Officer and Board Chairperson to ensure no one has unfettered power or authority.

(2) When the Chief Executive Officer and chairperson's roles are combined—

- (a) a deputy chairperson who is an independent director shall be appointed; or
- (b) there shall be a strong independent director component of the board and the combined roles shall be justified in each year's annual report.

(3) The performance of the chairperson shall be evaluated annually or on any other basis agreed by the board.

(4) If the role of chairperson and Chief Executive Officer are combined, an independent deputy chairperson shall lead the evaluation.

(5) The Chief Executive Officer's performance shall be evaluated by the chairperson or a sub-committee appointed by the board, not less than once a year.

(6) The remuneration committee shall take the performance appraisal into account when setting the Chief Executive Officer's remuneration.

4. DIRECTORS.

(1) No one block of directors shall dominate the Board. This shall be controlled by a division of power.

(2) Non-executive directors shall have the skill and experience to bring to bear on—

- (a) strategy;
- (b) performance;
- (c) standards of conduct; and
- (d) resources.

(3) The annual report shall categorise directors as—

- (a) executive director who is involved in the day-to-day management or are employed by the company or its subsidiaries;
- (b) non-executive director who is not an executive director; and
- (c) independent director being a non-executive director who—
 - (i) does not represent or is not nominated by a major shareholder;
 - (ii) is not employed by the company in the past 3 financial years;
 - (iii) is not an immediate family member of a person who is, or was in the past 3 financial years, employed in an executive capacity;
 - (iv) is not a professional advisor;
 - (v) is not a significant supplier to, or customer of the group;
 - (vi) has no significant contractual relationship with the group; and
 - (vii) is free from any business or other relationship, which could materially interfere with his or her ability to act independently.

(4) The practice of using 'shadow directors' is discouraged.

(5) Executive directors shall be encouraged to hold non-executive directorships in other companies.

(6) Non-executive directors shall consider the number of directorships they should hold, in order that they are able to perform effectively.

(7) A company shall organise an orientation programme to-

- (a) introduce new directors to the company; and
- (b) brief the directors on their fiduciary duties.

(8) Directors shall be briefed on new laws and regulations, from time to time by the company secretary.

5. REMUNERATION.

(1) To retain quality directors, sufficient remuneration shall be made to the directors.

(2) A remuneration committee shall be appointed by the board to consider executive remuneration.

(3) The committee shall—

- (a) consist preferably entirely but at least mainly of independent directors;
- (b) make recommendations to the Board.

(4) The Chief Executive Officer may attend meetings of the committees, by invitation, for most business, but shall excuse himself or herself while his or her remuneration is considered.

(5) An independent non-executive director shall be the chairperson of the remuneration committee.

(6) The annual report shall disclose membership of the remuneration committee.

(7) The chairperson of the remuneration committee shall attend annual general meetings, to answer questions from shareholders.

(8) The annual report shall contain a declaration of individual director's remuneration, share options and other benefits.

(9) Performance-related elements shall constitute a large portion of each executive's package.

(10) Any share options granted to non-executive directors shall be approved by shareholders, usually at the annual general meeting and be in

accordance with the Act.

(11) It is preferable to issue shares to directors, as part of their remuneration, rather than grant share options, to avoid the loss of independence by following the option route.

(12) For share options—

- (a) a vesting period is required for options to non-executive directors: to avoid short-term decision making and the consequences of resignation and removal and the impact on independence shall be evaluated by the board;
- (b) re-pricing of options shall only be done on the approval of shareholders;
- (c) any discount to ruling price will require shareholder approval.

(13) Full disclosure is required, for each director in respect of options and other share issues.

(14) An executive director's contract shall not be for more than three years otherwise shareholder approval is required.

(15) The annual report shall contain a 'Statement of Remuneration Philosophy'.

(16) Succession planning is necessary for the chief executive officer and executive management.

(17) The remuneration committee is to recommend pay for non-executive directors on a merit basis and accordingly, each non-executive director shall be paid an appropriate rate, which may be different from that of other non-executive directors.

(18) The board shall present the recommendations of the remuneration committee for the purposes of determining the remuneration of directors.

6. BOARD MEETINGS

(1) The board shall meet at least once every three months.

(2) The annual report shall record—

- (a) the number of meetings; and
- (b) attendance of each director at meetings.

(3) The board members shall be briefed prior to each board meeting.

(4) Non-executive directors shall have access to management, without executive directors being present.

(5) The whole board shall set the policy and procedure for the access.

(6) The board shall regularly—

- (a) review processes and procedures; and
- (b) ensure the effectiveness of internal controls.

(7) The board shall ensure that it receives non-financial information, to address broader stakeholder issues and measures.

7. BOARD COMMITTEES.

(1) The board committees shall assist the board in the performance of its duties; but the directors shall remain responsible notwithstanding delegation to a committee.

(2) A formal procedure for delegation shall exist to discharge the board's duties and to facilitate decision making.

(3) The board committees' terms of reference or mandates shall state their lifespan.

(4) There shall be transparency and full disclosure of committee matters.

(5) All companies shall have, at least—

- (a) an audit committee; and
- (b) a remuneration committee.

(6) Non-executive directors shall play an important role in committees.

(7) An audit committee shall be composed of chairperson and at least

three other persons of reputable integrity not being members of the board.

(7) Board committees, with the exception of operational committees, shall be chaired by an independent non-executive director.

(8) Independent outside professional advice may be sought by board committees.

(9) The annual report shall state—

- (a) the members of board committees; and
- (b) the number of meetings held.

(10) Chairpersons of board committees shall attend the annual general meetings.

(11) The board committees' performance shall be regularly evaluated.

8. BOARD AND DIRECTOR EVALUATION.

(1) The board through the nominations committee or other board committee shall regularly, through self-evaluation by all directors, review the board's effectiveness and its composition by—

- (a) a mix of skills;
- (b) experience;
- (c) demographics; and
- (d) diversity.

(2) The evaluation shall be done at least once a year.

9. DEADLINES IN SECURITIES.

The board shall have a practice of—

- (a) prohibiting directors and officers from trading in the period between the end of an accounting period and the date on which results are published; and

- (b) the company secretary shall implement the practice.

10. COMPANY SECRETARY.

(1) The company secretary shall have a pivotal role in the corporate governance.

(2) The company secretary shall be empowered by the board to enable him or her to properly perform his or her duties; and shall—

- (a) provide directors individually and collectively with detailed guidance on discharging their responsibilities;
- (b) shall induct or participate in the induction of directors;
- (c) assist the chairperson and the chief executive officer in setting the annual board plan; and
- (d) administer other strategic board level matters;
- (e) provide a central source of guidance on ethics and good governance;
- (f) be subject to a fit and proper test, as also directors.

RISK MANAGEMENT**11. RESPONSIBILITY**

(1) The board is responsible for the total process of risk.

(2) Management is responsible to the board in respect of risk management processes for designing, implementing and monitoring.

(3) The board in liaison with management shall-

- (a) set risk management policies; and
- (b) ensure those policies are communicated to and implemented by all employees.

(4) The board shall—

- (a) decide on the risk tolerance levels and
- (b) implement an ongoing process to—
 - (i) identify risk;
 - (ii) measure risk; and
 - (iii) proactively manage risks.

(5) The board shall use recognized models to provide reasonable assurance that risk management and internal controls are serving objectives to—

- (a) provide effective and efficient operations;
- (b) safeguard assets;
- (c) comply with laws and regulations;
- (d) ensure business is sustainable;
- (e) reliable reporting; and
- (f) a responsible attitude to stakeholders.

(6) In order to make an annual statement on risk management in the company a systematic, documented assessment of key risks shall be undertaken.

(7) The board shall regularly receive reports on risk management on the following risks—

- (a) physical and operational;
- (b) human resources;
- (c) technology;
- (d) business continuity;
- (e) credit;
- (f) market;
- (g) compliance;
- (h) disaster recovery plans, which often involve insurance and risk funding planning, should be addressed.

(8) The risk management process and evaluation of risks shall be addressed by a special committee, or a board committee, which shall report to the board.

(9) Risk management and internal controls shall be embedded in the day- to-day activities.

(10) A ‘whistle blowing’ process, which allows protected reporting, shall be considered, to enable employees and others to report misdemeanours.

12. APPLICATION AND REPORTING.

(1) Controls, including ethical value, shall be in place to reduce risk and attain objectives.

(2) Risk shall be assessed in a continuous manner and controls instituted to respond to risk.

(3) Risk management systems shall manage risks, protect and enhance the interests of shareholders and stakeholders.

(4) The systems shall deliver—

- (a) risk identification;
- (b) a management commitment to the process;
- (c) risk mitigation activities;
- (d) documented risk communications;
- (e) documentation of the costs of non-compliance and losses;
- (f) documented internal control and risk management;
- (g) assurance of efforts to risk profile; and
- (h) a register of key risks.

(5) Key risk areas and key performance indicators must be identified by the board.

(6) Management shall report to the board on—

- (a) effectiveness of internal controls;

- (b) significant control weaknesses identified; and
 - (c) action taken to reduce control weaknesses and to reduce risk.
- (7) The board shall disclose that—
- (a) it is responsible for internal control systems and risk management, which are regularly reviewed;
 - (b) an ongoing process for identifying, evaluating and managing significant risks is and has been in place;
 - (c) an adequate system of internal control to provide reasonable, but not absolute assurance exists to manage risk and to achieve business objectives;
 - (d) a documented and tested disaster recovery plan exists;
 - (e) material joint ventures have been—
 - (i) dealt with as part of the group risk management; or
 - (ii) by other means, details of which shall be provided; and
 - (f) any additional appropriate information on the risk management process shall be provided.

(8) If the board is not able to make any of the disclosures described in this paragraph this should be explained.

(9) The review of processes may identify areas in which risk management can be turned to competitive advantage.

INTERNAL AUDIT

13. STATUS AND ROLE

(1) When the board decides not to implement internal audit, the annual report shall explain why and how effectiveness of processes and systems will be tested.

(2) The internal auditors shall comply with the code of ethics issued by the institute.

(3) Internal audit shall—

- (a) report to all audit committee meetings;
- (b) have access to the chairperson of the audit committee;
- (c) have access to the chairperson of the board; and
- (d) report to the chief executive officer.

(4) The audit committee shall concur with any decision to appoint or dismiss the head of internal audit.

(5) When internal and external audit are provided by the same auditing firm, segregation between the functions to ensure independence, shall be agreed by the board, and audit committee.

14. SCOPE OF INTERNAL AUDIT

(1) Internal audit is an independent objective assurance activity which brings a disciplined approach to evaluate risk management, control and governance.

(2) Effective internal audit shall provide assurance that—

- (a) risk is adequately identified and monitored;
- (b) internal control systems are effective;
- (c) feedback on risk matters is effective; and
- (d) management generated information is reliable.

(3) The internal audit plan shall be based on a risk assessment and shall include emerging and existing risks;

(4) The risk assessment shall be formally reviewed not less than once a year.

(5) Internal audit work plan must be approved by the audit committee.

(6) Internal audit shall ensure that comprehensive assurance reviews are conducted by experts, without any duplication.

INTEGRATED SUSTAINABILITY REPORTING**15. SUSTAINABILITY REPORTING**

(1) A company shall report on its policies and procedures and systems and commitments to the following—

- (a) social;
- (b) ethical;
- (c) safety;
- (d) health; and
- (e) environment.

(2) Stakeholder reporting requires an integrated approach and issues shall be categorised into the following reporting levels—

- (a) first level: matters arising from documents,
- (b) second level: implementation of practices and the steps taken to implement, and
- (c) third level: demonstrate the benefit of changes.

(3) The boards shall consider the following—

- (a) nature of the organization;
- (b) performance expectations consequent upon the going concern concept;
- (c) extent to which the company's action, or lack of action led to the reported matter;
- (d) non-financial information shall be reliable, relevant, clear and unambiguous, verifiable and timeless, and
- (e) guidelines for materiality shall be developed, to ensure consistent reporting.

(4) The following matters shall require specific consideration-

- (a) safety and occupational health objectives issues, including

HIV/AIDS;

- (b) environmental reporting and following the option with the least impact on the environment;
- (c) human capital development, including—
 - (i) number of staff; and
 - (ii) training.

16. ORGANISATIONAL INTEGRITY OR CODE OF ETHICS.

(1) A code of ethics shall be set for all stakeholders.

(2) There is need to ensure commitment to the code of ethics at a high level including—

- (a) procedures to implement, monitor and enforce the code of ethics at a high level;
- (b) assessing integrity when promoting; and
- (c) training on company values.

(3) The disclosure shall include the directors' opinion as to the extent to which ethical standards are met.

(4) Continuing relationships with those with lower ethical standards shall be re-evaluated.

ACCOUNTING AND AUDITING.

17. AUDITING AND NON-AUDIT SERVICES.

(1) Financial statements shall be presented in line with applicable national laws and in accordance with International Financial Reporting Standards unless otherwise allowed by the Institute of Certified Public Accountant Uganda.

(2) Auditors' independence should not be impaired.

(3) Internal and external audit services shall supplement one another

through good audit processes.

(4) Internal and external auditors shall consult and co-ordinate effort.

(5) The audit committee shall set the principles for the use of external auditors for non-audit services.

(6) Separate disclosure shall be made to members of the non-audit services provided by the external auditor.

18. REPORTING OF FINANCIAL AND NON-FINANCIAL INFORMATION

(1) The Audit committee shall determine whether or not interim reports should be audited.

(2) If interims are not audited, the audit committee shall report to the board on the reasons for the non audit after which the interims are to be adopted by the board.

(3) The board should encourage internal or external audit consultation.

(4) Non-financial reports: any external validation shall be reported in the annual report.

19. AUDIT COMMITTEE

(1) The audit committee shall consist of a chairperson and at least three other persons of reputable integrity coming from outside the Board.

(2) Written terms of reference shall be given to the audit committee to deal with membership, authority and duties.

(3) Written terms of reference shall be given to the audit committee to deal with membership, authority and duties.

(4) The annual report shall indicate if the—

(a) written terms of reference are given; and

(b) committee has complied with its terms of reference.

(5) The annual report shall disclose membership.

(6) The chairperson of the audit committee shall attend the annual general meeting to answer relevant questions.

20. RELATIONS WITH SHAREOWNERS

(1) Dialogue with institutional investors by constructive engagement will assist in understanding objectives.

(2) Institutional investors should take all relevant factors into account.

(3) Notices of general meetings shall explain the effect of all items of special business and reasonable time shall be allowed for discussion at general meetings.

(4) The use of a poll at general meetings shall be considered for contentious issues, and the results of decisions shall be published.

21. COMMUNICATION

(1) The board shall report, on significant and relevant matters, in a balanced and understandable manner.

(2) Reports shall be—

- (a) transparent;
- (b) reflect accountability;
- (c) objective; and
- (d) comprehensive.

(3) A balance between positive and negative is required to ensure a full, fair and honest account of performance.

(4) The directors' report shall contain—

- (a) directors' responsibility to report fairly;
- (b) an auditor's report on financial statements;
- (c) adequate,
 - (i) accounting records kept;
 - (ii) internal control; and

- (iii) risk management;
- (d) consistent and appropriate accounting policies and prudent judgments have been applied;
- (e) accounting standards which were followed with departures quantified and explained;
- (f) a statement that there is no reason to believe that the company will not be a going concern in the year ahead; and
- (g) the provisions of the Code of Corporate Practice and Conduct followed.

22. IMPLEMENTATION OF THE CODE.

All boards and individual directors shall ensure that the principles contained in the Code are observed.

THIRD SCHEDULE**ss. 134****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. (a) 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.

(b) If any register of holders of debentures of the company or any duplicate of any such register or part of the register is, under 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 commission 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 date 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; and
- (c) if the names are not arranged in alphabetical order, having annexed to it an index sufficient to enable the name of any person in it 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 required by this Act 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 that register or part of the register which is kept outside Uganda*).
3. Summary of share capital and debentures.
 - (a) Nominal share capital.
Nominal share capital shs. divided into:

	Number	Class	
Number of shares of each class taken up to the date of this return and the 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
			Shares
			Shares
Number of shares of each class issued as fully paid-up for a consideration other than cash			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 of shares (if any) of each class issued at a discount			
Amount of discount on the issue of shares which has not been written off at the date of this return shs.			shs.

Amount called up on number of shares of each class shs._____per share on shs._____per share on 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	
Total amount if any agreed to be considered as paid on number of shares of each class issued as fully paid up for a consideration other than cash			shares
			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 each class forfeited			shares
			shares
			shares
			shares

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			

(Insert number and class) shares of each
 shares of each
 shares of each
 shares of each

(b) Issued share capital and debentures.

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) persons who have ceased to be members	
		Number	Date of registration of transfer	
			(a) (b)	

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 in the company at any time since the date of the last return, or in the case of the first return, of the incorporation of the company.

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

Name in the case of an individual, present first name or names and surname. In the case of a corporation, the corporate name	Any former first name or names and surname	Nationality	Usual postal and residential address in the case of a corporation, the registered or principal office	Business occupation and particulars of other directorships	Date of birth

immediately opposite the particulars of each transfer.

Notes

1. If the return for either of the two immediately preceding years has given as

Name in the case of an individual, present first name or names and surname; in the case of a corporation the corporate name	Any former first name or names and surname	Usual postal address (in the case of a corporation the registered office)

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.

Particulars of the person who is secretary of the company at the date of this return

Signed, Director.

Signed, Secretary.

Notes.

1. "director" includes any person who occupies the position of a director by whatsoever name called, and any person in accordance with whose directions or instructions the directors of the company are accustomed to act.

2. "first 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 first name” and “former surname” do not include—
 - (a) in the case of any person, a former first 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
 - (b) 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 taken to be the wholly owned subsidiary of another if it has no members except that other and that other" 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 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.

Further certificate to be given 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 paragraph (b) of subsection (1) of section 46 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 135 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 so certified of the report of the auditors on, and of the report of the directors accompanying, each such balance sheet.

* 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.

If the 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 the balance sheet or document required by law to be annexed to it did not comply with the requirements of the 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 the balance sheet or document required by law to be annexed to it did not comply with the requirements as in force at the date of the audit with respect to the form of balance sheet or documents, 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 the those requirements, and the fact that the copy has been so amended must be stated on it.

*This should be printed at the bottom of the first page of the return.

+ In the case of the first return strike out the second alternative. In the case of a second or subsequent return strike out the first alternative.

FOURTH SCHEDULE

ss. 156, 159, 165, 294.

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 holding company and by Part III in the case of companies of the classes mentioned in this Part; and this Schedule has effect in addition to the provisions of sections 216 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 may 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; and
 - (b) where any assets of one class are not separable from assets of another class, those assets may be included under the same heading;
 - (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 (3), 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,

(2) 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.

(3) Sub-paragraphs (1) and (2) do 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; or
- (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 made; or
 - (ii) by charging the cost of replacement direct to revenue; or
- (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.

(4) For the assets under each heading whose amount is arrived at in accordance with sub-paragraphs (1) and (2), there shall be shown -

- (a) the aggregate of the amounts referred to in paragraph (a) of that sub-paragraph; and
- (b) the aggregate of the amounts referred to in paragraph (b) thereof.

(5) As respects the assets under each heading whose amount is not arrived at in accordance with the sub-paragraphs (1) and (2) because of their replacement is provided for as mentioned in sub-paragraph (2) (b), 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 does not require a separate statement of any of the 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 stated in this paragraph 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 it, 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 of that financial year, the application of the amounts derived from the difference.

(2) Where the heading showing any of the reserves or provisions referred to in subparagraph (1) is divided into sub-headings, this paragraph shall apply to each of the separate amounts shown in the sub-headings instead of applying to their aggregate amount.

- 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 amounts 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 the property, the amount so shown or ascertained so far as not written off or, as the case may be, that 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 bank loans and overdrafts;

- (d) the net aggregate amount after deduction of income tax which is recommended for distribution by way of dividend;
- (e) The basis on which the charge for income tax is computed.

(2) 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.

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 subparagraph (2) to (11) of this paragraph 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.....

(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 total 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 aside to, or withdrawn from, reserves;
 - (f) subject to subparagraph (2) of this paragraph, the amount, if material, set aside to 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 (1)(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) of this paragraph

shall be stated by way of note, if not otherwise shown.

(2) If depreciation or replacement of fixed assets is provided for some method other than a depreciation charge or provisions for renewals, or not provided for, the method by which it is provided for or the fact that 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 total 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) paragraph 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' profit 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 if 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) of this paragraph shall apply to profits and losses of a subsidiary which may properly be treated in the holding company's accounts as revenue profits and 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 and 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;
- (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 and 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 taken to be a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is the other's subsidiary.

Consolidated Accounts of Holding Company and Subsidiaries

17. Subject to the following paragraphs 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 to this Part 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. Section 216 shall not, by virtue of paragraphs 17 and 18, apply for the purpose of the consolidated accounts.

20. Paragraph 7 of this Schedule does 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) Sub-paragraphs 15(2) and (3) of this Schedule 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 a similar statement as is required by paragraph 15(4) where there are no ground accounts, but as if references in it 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 a similar statement as is required by paragraph 15(6) 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 that 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.

(2) 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 that bank shall comply with the requirements of Part I of this Schedule.

(3) For the purposes of this Part “scheduled bank” has the same meaning as in the Financial Institutions Act.

24. An insurance company within the meaning of the Insurance Act which is subject to the requirements of that Act as respects the preparation and deposit with the registrar of insurance companies 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, other than—

- (a) as respects its balance sheet, those of paragraphs 2 and 3, paragraph 4 so far as it related to fixed and current assets, paragraph 8 except sub-paragraph (1) (a) and (d) and sub-paragraph (3), paragraphs 9 and 10 and paragraph 11 (except sub-paragraphs (4) to (8) inclusive and sub-paragraph(10); and
- (b) as respects its profit and loss account, those of paragraph 12(1) (h), paragraph 13 and paragraphs 14(1), (4) and (5).

PART IV - INTERPRETATION OF SCHEDULE

25. (1) For purposes of this Schedule, unless the context otherwise requires—

- (a) subject to sub-paragraph (2), “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 to sub-paragraph (a) “reserve” does not include an 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” does not include any amount regarded as free for distribution through the profit and loss account and “revenue reserve” means any reserve other than a capital reserve.

(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.

(3) In this paragraph, “liability” includes all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.

26. In this Schedule, “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.

FIFTH SCHEDULE

Section 170

PART I—MATTERS TO BE EXPRESSLY STATED IN 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 to 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, given a true and fair view of the accounts subject to the non-disclosure of any matters, to be indicated in the report which by virtue of Part III of the Seventh Schedule to this Act are not required to be disclosed.

4. 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 by it, so as to give a true and fair view of the accounts subject to the non-disclosure of any matters to be indicated in the report which by virtue of Part III of the Seventh Schedule to this Act are not required to be disclosed.

5. 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.

6. (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 used to arrive at the amount of the fixed assets under each heading shall be stated.

7. (1) The method of arriving at the amount of any fixed asset shall, subject to paragraph (6) (3), 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 total amount provided or written off since the date of acquisition or valuation, as the case may be, for depreciation or diminution in value,

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) does 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 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 trade marks.

(3) For the assets under each heading whose amount is arrived at in accordance with subparagraphs (1) and (2), there shall be shown—

- (a) the total of the amounts referred to in subparagraph (2)(a); and
- (b) the total to the amounts referred to in subparagraph (2)(b).

(4) As respects the assets under each heading whose amount is not arrived at in accordance with sub-paragraphs (1) and (2) because their replacement is provided for as mentioned in sub-paragraph (2)(b), there shall be stated—

- (a) the means by which their replacement is provided for; and
- (b) the total amount of the provision if any made for renewals and not used.

8. The total 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 does not require a separate statement of any of the 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 stated in this paragraph shall be so framed or marked as to indicate that fact.

9. (1) There shall also be shown unless it is shown in the profit and loss account or a statement or report annexed to it, 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 total of the sums since applied and amounts still retained for the purposes of that preceding financial year, the application of the amounts derived from the difference.

(2) Where the heading showing any of the reserves or provisions referred to in subparagraph (1) is divided into subheadings, this paragraph shall apply to each of the separate amounts shown in the sub-headings instead of applying to their total amount.

10. (1) There shall be shown under separate headings—

- (a) the total 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 trade marks 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 contract or the conveyance of the property, the amount shown or ascertained so far as not written off or, as the case may be, the amount so far as it is shown or ascertainable and as shown or ascertained, as the case may be;
- (c) the total amount of bank loans and overdrafts;
- (d) the net total amount (after deduction of income tax) which is recommended for distribution by way of dividend; and
- (e) the basis on which the charge for income tax is computed.

(2) Nothing in paragraph 10 (b) shall be taken as requiring the amount of the goodwill, patents and trade marks 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.

11. 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.

12. 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.

13. (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 arrears, 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 total 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 total 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 that 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

14. (1) There shall be shown—

- (a) the amount charged to revenue by way of provision for depreciation, renewals and 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 sub-paragraph (2), 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 those provisions and not applied for the purposes of those provisions;

- (g) the amount of income from investments, distinguishing between trade investments and other investments; and
- (h) the total 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 sub-paragraph (1) (f), 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 shall be so framed or marked as to indicate that fact.

15. If the remuneration of the auditors is not fixed by the company in general meeting, the amount of the remuneration 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 taken to be included in the word "remuneration".

16. (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 provisions 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 non-recurrent nature; or

- (b) by any change in the basis of accounting.

PART II—SPECIAL PROVISIONS WHERE THE COMPANY IS A HOLDING OR SUBSIDIARY COMPANY

17. (1) This paragraph applies where the company is a holding company, whether or not it is itself a subsidiary of another body corporate.

(2) The total 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 total 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 to the company's investments shall not include investments in its subsidiaries required by this paragraph to be separately set out; and
- (b) paragraph 5, paragraph (14) (1) (a), and paragraph (16) (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 to it 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 of it 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 total 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 total 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 with or during the financial year of the company, 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, in so far 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, in so far 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) Subparagraphs (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 and 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 so far as they are profits and 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 and 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.

18. (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 total amount of its indebtedness to all bodies corporate of which it is a subsidiary or a fellow subsidiary and the total 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 taken to be a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is the other's subsidiary.

PART III—CONSOLIDATED ACCOUNTS OF HOLDING COMPANY AND SUBSIDIARIES

19. Subject to paragraphs 20 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.

20. Subject to paragraph 19 of this Part of this Schedule and to Part III of this Schedule, the consolidated accounts shall, in giving the information referred to in paragraph 19, comply, so far as practicable, with the requirements of the Act as if they were the accounts of an actual company.

21. Section 216 of this Act shall not, by virtue of paragraphs 19 and 20, apply for the purpose of the consolidated accounts.

22. In relation to any subsidiaries of the holding company not dealt with by the consolidated accounts there shall be annexed a similar statement as is required by paragraph 17 (6) where there are no group accounts, but as if references in it to the holding company's accounts where references to the consolidated accounts.

PART IV—EXCEPTION FOR SCHEDULED BANKS AND FOR INSURANCE COMPANIES

23. (1) So long as any scheduled bank complies with the requirements relating to the keeping of accounts by a banking company it shall not be subject to the requirements of Part I of this Schedule.

(2) If the Minister is satisfied that any scheduled bank is not complying with the requirements referred to in sub-paragraph (1), the Minister may by order direct that the bank shall comply with the requirements of Part I of this Schedule.

(3) For the purposes of this Part of this Schedule "scheduled bank" has the same meaning as in the Financial Institutions Act.

24. An insurance company as defined in the Insurance Act and which is subject to the requirements of that Act as respects the preparation and deposit

with the registrar of insurance companies 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 5 and 6 so far as it relates to fixed and current assets, paragraph 10 except subparagraph (1) (a) and (d) and subparagraph (3), paragraphs 11 and 12 and paragraph 13 (except sub-paragraphs (4) to (8) inclusive and sub-paragraph (10)); and
- (b) as respects its profit and loss account, those of paragraphs 14(1) (h), paragraph 15 and paragraphs 16(1), (4) and (5).

PART V—INTERPRETATION OF SCHEDULE

25. (1) For the purposes of this Schedule, unless the context otherwise requires—

- (a) subject to sub-paragraph (2), "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 to sub-paragraph (2), "reserve" does not include an 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" does not include an amount regarded as free for distribution through the profit and loss account; and
- (d) "revenue reserve" means any reserve other than a capital reserve.

(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.

(3) In this paragraph, "liability" includes all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.

26. For the purposes of this Schedule "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.

SIXTH SCHEDULE

ss. 266 and 294

FORM OF STATEMENT TO BE FILED AND 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 various 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.-----

SEVENTH SCHEDULE

s. 276

PROVISIONS REFERRED TO IN SECTION 278 OF THIS ACT

Section or Provision of Schedule.	Subject matter
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Section of Act

22. Conclusiveness of certificate of incorporation.

61. Return as to allotments.

105. Registration of charges

106 (1) Duty of a company to register charges created by company.

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

132. Annual return of company having a share capital

133. Annual return of company not having a share capital. (Except paragraph (a) of subsection (1).

136. Certificates to be sent by private company with annual return.

137. Statutory meeting and statutory report.

170 (1), (3) Auditors' report and right to access to books and to attend and be heard at general meetings

192. Restrictions on appointment or advertisement of directors.

Third Schedule, Part I, paragraphs 2, 4, 6.

Cross references

Accountants Act, Cap. 266

Administrator General's Act, Cap. 157

Capital Markets Authority Act, Cap. 84.

Companies Act, Cap. 110

Financial Institutions Act, 2004, Act No. 2 of 2004

Investment Code Act, Cap. 92

Insurance Act, Cap. 213

Land Act, Cap. 227

Stamps Act, Cap. 342

Succession Act, Cap. 162