

# **LAWS OF SOUTH SUDAN**

## **THE COMPANIES ACT, 2012**

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**21<sup>st</sup> FEBRUARY 2012**

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**JUBA**

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**LAWS OF SOUTH SUDAN**  
**THE COMPANIES ACT, 2012**

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## LAWS OF SOUTH SUDAN

### THE COMPANIES ACT, 2012

**In accordance with the provisions of Article 55 (2)(b) (3) read together with Article 85 (1) of the Transitional Constitution of the Republic of South Sudan, the National Legislative Assembly, with assent of the President of the Republic of South Sudan, hereby enacts the following:**

#### CHAPTER I PRELIMINARY PROVISIONS

##### **1. Title and Commencement.**

This Act shall be cited as “The Companies Act, 2012” and shall come into force on the date of its signature by the President.

##### **2. Repeal and Saving.**

- (1) The Companies Act, 2003 is hereby repealed, provided that all actions taken or orders issued in accordance with the repealed law shall continue to operate till they are repealed or amended in accordance with the provisions of this Act.
- (2) Any other law governing the provisions of this Act shall cease to operate in South Sudan provided that actions taken, proceedings, orders, regulations and all actions taken or made thereunder, except to the extent they are cancelled by or are otherwise inconsistent with the provisions of this Act, shall remain in force or effect until they repealed or amended in accordance with the provisions of this Act.

##### **3. Purpose.**

The purpose of this Act is to provide for, and to consolidate the law relating to incorporation, regulation and voluntary winding up of companies and to make provisions for other related matters.

##### **4. Authority and Application.**

- (1) This Act is drafted in accordance with the provisions of Article 55, and paragraph 52 of Schedule A of the Transitional Constitution of the Republic of South Sudan, which grants the national government authority over incorporation of companies and to engage in the types of activities provided for in this Act.

- (2) This Act shall apply to every company incorporated or registered under the Companies Act, 2003, and every company to be incorporated, registered or re-registered under this Act.
- (3) A reference in this Act, express or implied, to the date of incorporation of an existing company, shall be construed as a reference to the date on which such company was originally incorporated.
- (4) A provision of this Act, overriding or interpreting a company's articles, shall, except as provided by this Act, apply in relation to articles in force at the commencement of this Act as well as to articles coming into force after the commencement of this Act and shall apply also in relation to a company's memorandum as it applies in relation to its articles.
- (5) Notwithstanding the provisions in this section, the provisions related to matters set out in section 323 shall not apply to small private companies.

## 5. Interpretation.

- (1) In this Act, unless the context otherwise requires, the following words and phrases shall bear the meanings attached to them –
  - “**accounts**” includes a company's group accounts, whether prepared in the form of accounts or not;
  - “**accounting period**” means, in relation to a company or any other body corporate, the period in respect of which the financial statements of the company or the other body corporate are made up, whether that period is a year or not;
  - “**annual general meeting**” means the annual general meeting of the shareholders of a company required to be held under section 184;
  - “**annual return**” means the return required to be made in the case of a company having a share capital, under section 177 and in the case of a company not having a share capital, under section 178;
  - “**arrangement**” includes a re-organisation of the share capital of a company by the consolidation of shares of different classes or by the division of shares into shares of different classes or by both these methods;
  - “**articles**” means the articles of association of a company as originally framed or as altered by special resolution, including, so far as they apply to the company, the regulations contained in the saving provision in Table A in the First Schedule to this Act;
  - “**Assembly**” means the National Legislative Assembly;
  - “**auditor**” means a person who is qualified to be appointed as an auditor under section 215;
  - “**benefits**”, in relation to a director –
    - (a) includes a fee, percentage or other payment, and the money value of any

consideration, allowance or perquisite, given directly or indirectly, to him in relation to the management of the affairs of the company or of a related company, whether as a director or otherwise; and

- (b) does not include an amount given in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the company;

**“book or paper”** includes any account, deed, writing or document, and any other record of information however compiled, recorded or stored;

**“borrowing company”** means a company that is or is to be under a liability to repay any money received or to be received by it in response to an invitation to the public to subscribe for or purchase debentures;

**“certified”** means –

- (a) in relation to a copy or extract of a document, certified in such manner as may be approved by the registrar to be a true copy or extract of the document; and
- (b) in relation to a translation of a document, certified in such manner as may be approved by the registrar to be a correct translation of the document into the English language;

**“charge”** – means a mortgage, a fixed or floating charge, a deposit of a share or debenture certificate, a pledge of shares or debentures, a lien over a motor vehicle, a lien over plant and equipment, a charge on a ship or aircraft, and an agreement to give a charge; but does not include a hire-purchase agreement or rents, rent-charges and annuities granted or reserved out of land;

**“company”** means a company incorporated, registered or re-registered under this Act, and a company registered under the Companies Act, 2003;

**“Companies Act, 2003”** means the New Sudan Companies Act, 2003;

**“company limited by guarantee”** and **“company limited by shares”** have the meaning assigned to them respectively by section 7;

**“contributory”** means a person liable to contribute to the assets of a company in the event of its being wound up, and includes the holder of fully paid shares in the company;

**“corporation”** means a body corporate, including a foreign company or any other body corporate incorporated outside South Sudan; but does not include a statutory corporation, a corporation sole, a registered co-operative society, a trade union, or a registered association;

**“Court”** means the High Court;

**“date of incorporation”** means the date of registration of a company;

**“debenture”** –

- (a) means a written acknowledgement of indebtedness issued by a company in respect of a loan made or to be made to it or to any other person or money deposited or to be deposited with the company or any other person or the existing indebtedness of the company or any other person whether constituting a charge on any of the assets of the company or not; and
- (b) includes debenture stock, convertible debenture, a bond or an obligation, loan stock, an unsecured note, or any other instrument executed, authenticated, issued or created in consideration of such a loan or existing

indebtedness; but

- (c) does not include a Act of exchange, a promissory note, a letter of credit, an acknowledgement of indebtedness issued in the ordinary course of business for goods or services supplied, a policy of insurance, or a deposit certificate, pass book or other similar document issued in connection with a deposit or current account at a banking company;

**“debenture stock”** means a debenture by which a company or a debenture holders' representative acknowledges that the holder of the stock is entitled to participate in the debt owing by the company under the agency deed; and includes loan stock;

**“director”** includes any person occupying the position of director by whatever name called and shall include a shadow director;

**“distribution”**, in relation to a distribution by a company to a shareholder, means –

- (a) the direct or indirect transfer of money or property, other than the company's own shares, to or for the benefit of the shareholder; or
- (b) the incurring of a debt to or for the benefit of the shareholder, in relation to shares held by that shareholder, and whether by means of a purchase of property, the redemption or other acquisition of shares, a distribution of indebtedness, or by some other means;

**“document”** includes summons, notice, order and other legal process and registers, indices, reports, certificates and accounts and, subject to section 390, may be in any form including any writing, any material, and any information recorded or stored by means of any mechanical or electronic device and any material derived from them;

**“dormant company”** is a company recorded by the registrar under section 325 as being a dormant company;

**“employee”** means a person who has entered into, an agreement or a contract of service or apprenticeship with a company, whether by way of manual labour, clerical or managerial work, or otherwise, and however remunerated;

**“executive director”** means a director who is involved in the day-to-day management of the company;

**“existing company”** means a company formed and registered before the coming into force of this Act;

**“expert”** means an approved value or any other person whose profession gives authority to a statement made by him or her;

**“filing”** means lodging a document with the Registrar and having the document accepted for registration by the Registrar;

**“financial year”** means, in relation to anybody corporate, the period in respect of any profit and loss account of the body corporate laid before it in general meeting is made up, whether that period is a year or not;

**“holding company”** has the meaning set out in section 208;

**“insurance company”** means a company, which carries on the business of insurance either solely or in conjunction with any other business or businesses;

**“International Accounting Standards”** means the International Accounting Standards issued by the International Federation of Accountants; and includes –

- (a) the Interpretations of the Standing Interpretations Committee issued by the

International Accounting Standards Committee; or

- (b) any other entity to which the responsibility for setting accounting standards has been assigned by the International Accounting Standards Committee;

**“International Standards on Auditing”** means the International Standards on Auditing issued by the International Federation of Accountants;

**“limited liability company”** means a company limited by shares or a company limited by guarantee;

**“liquidator”** includes the official receiver acting as the liquidator;

**“manager”** means –

- (a) in relation to a receivership, a person appointed to carry on a company's activities and dispose of its undertaking; or
- (b) in circumstances other than under paragraph (a), the principal executive of a company, whether or not that person is a director;

**“memorandum”** means the memorandum of association of a company incorporated under this Act or of an existing company, as originally framed or as altered from time to time;

**“Minister”** means, unless specifically specified in this Act, the Minister of Justice to whom the responsibility for the subject of corporate affairs is assigned;

**“offer”** includes an invitation to make an offer;

**“officer”**, in relation to a body corporate, includes a director, manager or secretary;

**“parent”**, in relation to a corporation, means a corporation that has one or more subsidiaries;

**“par value shares”** means shares issued for not less than a set price for each share, and **“not par value shares”** means shares issued at a price determined by directors and the directors may change the price whenever they consider necessary;

**“person concerned”**, in relation to a corporation, includes –

- (a) a person who is or has been employed by a corporation as a director, banker, auditor, attorney-at-law, notary or otherwise; or
- (b) a person who, or in relation to whom there are reasonable grounds for suspecting that he or she has in his or her possession any property of the corporation, is indebted to the corporation, or is able to give information concerning the promotion, formation, management, dealing, affairs or property of the corporation;

**“personal representative”** means in the case of a deceased person, any person who, under law or custom, is responsible for administering the estate of such deceased person;

**“pre-emptive rights”** means the rights conferred on shareholders under section 110;

**“printed”** subject to section 390, includes typewritten or lithographed or reproduced by any mechanical, electronic, photographic or other process;

**“private company”** has the meaning assigned to it by section 8;

**“property”** means property of every kind whether tangible or intangible, real or personal, corporeal or incorporeal; and includes rights, interests and claims of every

kind in relation to property however they arise;

**“prospectus”** means any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription or purchase of any shares or debentures of a company;

**“register”** or **“register of companies”** means the register required to be kept under section 6;

**“registered”** means registered under this Act, the Companies Act 2003, or the Companies Act 1925;

**“registrar”** means the registrar of companies appointed under section 385, the deputy registrar, or any assistant registrar or other officer performing under this Act the duty of registration of companies;

**“related company”** has the meaning assigned to it by subsection (2) of this section;

**“relative”**, in relation to any person, means –

- (a) a parent, spouse, child, brother or sister of that person;
- (b) a parent, child, brother or sister of a spouse of that person; or
- (c) a nominee or trustee of a person referred to in paragraph (a);

**“Companies Act, 2003”** means the Companies Act, 2003 repealed under section 2 of this Act;

**“secretary”** means a person who is qualified to be appointed as a secretary under section 249;

**“shadow director”** means a person in accordance with whose directives or instructions the directors of a company are accustomed to act but does not include a person who gives advice to the directors in a professional capacity;

**“share”** means a share in the share capital of a company, and includes stock except where a distinction between stock and shares is expressed or implied;

**“share warrant”** has the meaning assigned to it by section 129;

**“signed”** means subscribed by a person under his or her hand with his or her signature; and subject to section 390, includes the signature of the person given electronically where it carries that person’s personal encryption;

**“small private company”** has the meaning assigned to it by section 323;

**“solvency test”** for the purposes of this Act, means that a company shall satisfy the solvency test where the company is able to pay its debts as they become due in the normal course of business; and the value of the company's assets is greater than the sum of the value of its liabilities; and the company’s stated capital.

**“special resolution”** means a resolution approved by a majority of 75 per cent or, if a higher majority is required by the articles of the company, that higher majority, of the votes of those shareholders entitled to vote and voting on the question;

**“statutory meeting”** means the meeting required to be held by section 183;

**“statutory report”** has the meaning assigned to it by section 183;

**“subsidiary”** has the meaning assigned to it by section 208;

**“surplus assets”** means the assets of a company remaining after the payment of creditors' claims and available for distribution prior to its removal from the register of companies;



**“unlimited company”** means a company formed on the principle of having no limit placed on the liability of its shareholders;

**“writing”** includes –

- (a) the recording of words in a permanent or legible form; and
  - (b) subject to section 390 the display of words by any form of electronic or other means of communication in a manner that enables the words to be readily stored in a permanent form and with or without the aid of any equipment to be retrieved and read;
- (2) In this Act, a company is related to another company where –
- (a) the other company is its holding company or subsidiary;
  - (b) more than half of the issued shares of the company, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital, is held by the other company and companies related to that other company whether directly or indirectly, but other than in a fiduciary capacity;
  - (c) more than half of the issued shares, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital, is held by members of the other company whether directly or indirectly, but other than in a fiduciary capacity;
  - (d) the businesses of the companies have been so carried on that the separate business of each company, or a substantial part of it, is not readily identifiable; or
  - (e) there is another company to which both companies are related.
- (3) Where, under this Act, public notice is required to be given of any matter affecting a company, that notice shall be given by publishing a notice of the matter –
- (a) in the *Gazette*;
  - (b) in two daily newspapers in wide circulation in South Sudan; and
  - (c) through broadcast on two radio stations in wide reception in South Sudan.
- (4) A reference in this Act to an address means –
- (a) in relation to an individual, the full address of the place where that person usually lives; or
  - (b) in relation to a body corporate, its registered office or, if it does not have a registered office, its principal place of business.

**CHAPTER II**  
**REGISTRATION, INCORPORATION OF COMPANIES AND RELATED MATTERS**

*Register of Companies*

**6. Register of Companies.**

There shall be kept by the registrar a record called “the Register of Companies” where all the matters required by this Act to be registered shall be entered.

*Memorandum and Articles of Association.*

**7. Mode of Forming an Incorporated Company.**

(1) Any seven or more persons, or, where the company to be formed will be a private company, any two or more persons associated for a lawful purpose may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of this Act in respect of registration, form an incorporated company, with or without limited liability.

(2) A company may be registered as –

- (a) a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them in this Act referred to as “a company limited by shares”;
- (b) a company having the liability of its members limited by the memorandum to the amount that the members undertake in the memorandum to contribute to the assets of the company if it is being wound up, in this Act referred to as “a company limited by guarantee”; or
- (c) a company not having any limit on the liability of its members in this Act referred to as “an unlimited company”.

**8. Meaning of a Private Company.**

(1) For the purpose of this Act, “private company” means a company which by its articles –

- (a) restricts the right to transfer its shares and other securities;
- (b) limits the minimum number of its members to two and maximum number of its members to fifty not including persons who are employed by the company and persons who, having been formerly in the employment of the company, were while in that employment, and have continued after the determination of that employment to be, members of the company; and
- (c) prohibits any invitation to the public to subscribe for any shares or

debentures of the company.

- (2) Where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this section, be treated as a single member.

## **9. Meaning of a Public Company.**

For the purposes of this Act, “public company” means a company which is not a private company under section 8 and –

- (a) has no restriction on the right to transfer its shares and other securities;
- (b) limits the minimum number of its members to seven and has no maximum number; and
- (c) invites the public to subscribe for shares.

## **10. Requirements with Respect to Memorandum.**

- (1) The memorandum of every company shall be printed in the English language and shall state –
  - (a) the name of the company, with “limited” as the last word of the name in the case of a company limited by shares or by guarantee;
  - (b) that the registered office of the company is to be situated in South Sudan; and
  - (c) the objects of the company.
- (2) The memorandum of a company limited by shares or by guarantee must also state that the liability of its members is limited.
- (3) The memorandum of a company limited by guarantee must also state that each member undertakes to contribute to the assets of the company if it is being wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the debts and liabilities of the company contracted before he or she ceases to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributories among themselves such amount as may be required, not exceeding a specified amount.
- (4) In the case of a company having a share capital –
  - (a) the memorandum must also, unless the company is an unlimited company, state the amount of share capital with which the company proposes to be registered and the division of that share capital into shares of a fixed amount;
  - (b) a subscriber of the memorandum may not take less than one share; and
  - (c) each subscriber shall write opposite his or her name the number of shares he or she takes.

- (5) Notwithstanding subsection (1)(c), where the company's memorandum states that the object of the company is to carry on business as a general commercial company the memorandum shall state that-
- (a) the object of the company is to carry on any trade or business whatsoever; and
  - (b) the company has power to do all such things as are incidental or conducive to the carrying on of any trade or business by it.

**11. Signature of Memorandum.**

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

**12. Restriction on Alteration of Memorandum.**

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

**13. Mode and extent to which objects of a company may be altered.**

- (1) A company may, by special resolution, alter its memorandum with respect to the objects of the company, so far as may be required to enable it to –
  - (a) carry on its business more economically or more efficiently;
  - (b) attain its main purpose by new or improved means;
  - (c) enlarge or change the local area of its operations;
  - (d) carry on some business which under existing circumstances may conveniently or advantageously be combined with the business of the company;
  - (e) restrict or abandon any of the objects specified in the memorandum;
  - (f) sell or dispose of the whole or any part of the undertaking of the company; or
  - (g) amalgamate with any other company or body of persons,except that if an application is made to the court in accordance with this section for the alteration to be cancelled, it shall not have effect except in so far as it is confirmed by the court.
- (2) An application under this section may be made –

- (a) by the holders of not less in aggregate than fifteen percent in nominal value of the company's issued share capital or any class of them, if the company is not limited by shares, not less than fifteen percent of the company's members; or
  - (b) by the holders of not less than fifteen percent of the company's debentures entitling the holders to object to alteration of its objects;  
except that an application shall not be made by any person who has consented to or voted in favour of the alteration.
- (3) An application under this section must be made within twenty-one days after the date on which the resolution altering the company's objects was passed and may be made on behalf of the persons entitled to make the application by such one or more of their numbers as they may appoint in writing for the purpose.
- (4) On an application under this section the court may make an order cancelling the alteration or confirming the alteration either wholly or in part and on such terms and conditions as it thinks fit and may, if it thinks fit, adjourn the proceedings in order that an arrangement may be made to the satisfaction of the court for the purchase of the interests of dissenting members and may give such directions and make such order as it may think expedient for facilitating or carrying into effect any such arrangement; except that no part of the capital of the company shall be expended in any such purchase.
- (5) The debentures entitling the holders to object to alterations of a company's objects shall be any debentures secured by a floating charge or form part of the same series as any debentures so issued.
- (6) A special resolution altering a company's objects shall require the same notice to the holders of any such debentures as to members of the company and in default of any provisions regulating the giving of notice to any debenture holders, the provisions of the company's articles regulating the giving of notice to members shall apply.
- (7) In the case of a company which is, by virtue of a licence from the Minister exempt from the obligation to use the word "limited" as part of its name, a resolution altering the company's objects shall also require the same notice to the Minister as to members of the company.
- (8) Where a company passes a resolution altering its objects –
  - (a) if no application for cancellation is made under this section, it shall, within fourteen days from the end of the period for making the application deliver to the registrar a printed copy of its memorandum as altered; and
  - (b) if the application for cancellation is made, the company shall –
    - (i) immediately give notice of that fact to the registrar; and
    - (ii) within fourteen days from the date of any order cancelling or

confirming the alteration wholly or in part, deliver to the registrar a certified copy of the order and in the case of an order confirming the alteration wholly or in part, a printed copy of the memorandum as altered.

- (9) The court may, by order, at any time, extend the time for the delivery of documents to the registrar under subsection (8) (b) (ii) for such period as the court may think proper.
- (10) If a company makes default in giving notice or delivering any document to the registrar as required by subsection (9), the company and every officer of the company who is in default shall be liable to a default fine of two thousand South Sudanese Pounds.
- (11) The validity of an alteration of a company's memorandum with respect to the objects of the company shall not be questioned on the ground that it was not authorised by subsection (1) except in proceedings taken for the purpose whether under this section or otherwise, before the expiration of twenty one days after the date of the resolution for the purpose.
- (12) Where any proceedings are taken otherwise than under this section, subsection (8), (9) and (10) shall apply in relation to the proceedings as if they had been taken under this section and as if an order declaring the alteration invalid were an order cancelling the alteration and as if an order dismissing the proceedings were an order confirming the alteration.

*Articles of Association.*

**14. Articles Prescribing Regulations for Companies.**

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

**15. Regulations Required in Case of Unlimited Company or Company Limited by Guarantee.**

- (1) In the case of an unlimited company, the articles must state the number of members with which the company proposes to be registered and, if the company has a share capital, the amount of share capital with which the company proposes to be registered.
- (2) In the case of a company limited by guarantee, the articles must state the number of members with which the company proposes to be registered.

- (3) Where an unlimited company or a company limited by guarantee has increased the number of its members beyond the registered number, it shall, within fourteen days after the increase was resolved on or took place, give to the registrar notice of the increase and the registrar shall record the increase.
- (4) Where default is made in complying with subsection (3), the company and every officer of the company who is in default is liable to a default fine not exceeding two thousand South Sudanese Pounds.

**16. Adoption and Application of Table A.**

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

**17. Adoption and Application of Table E.**

- (1) A public company shall, at the time of registration of its articles or subsequently, adopt and incorporate into its articles all or any part of the provisions of the code of good corporate governance contained in Table E set out in the First Schedule.
- (2) A private company may, at the time of registration of its articles or subsequently, adopt and incorporate into its articles all or any of the provisions of the code of good corporate governance contained in Table E.
- (3) Where a company adopts all or any part of the code in Table E, a printed copy of that table shall be annexed to or incorporated in each copy of its articles of association.

**18. Printing and Signature of Articles.**

Articles shall be in the English language, printed, divided into paragraphs numbered consecutively, dated, and signed by each subscriber to the memorandum of association in the presence of at least one witness who shall attest the signature and add his or her occupation and postal address.

**19. Alteration of Articles by Special Resolution.**

- (1) Subject to the provisions of this Act and to the conditions contained in its memorandum, a company may by special resolution alter its articles.
- (2) An alteration made under subsection (1) in the articles shall, subject to the provisions of this Act, be as valid as if originally contained in the articles and be subject to alteration by special resolution.

*Form of Memorandum and Articles.*

**20. Statutory Forms of Memorandum and Articles.**

The form of –

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

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

*Registration.*

**21. Registration of Memorandum and Articles.**

- (1) The memorandum and the articles, if any, shall be delivered to the registrar and he or she shall retain and register them and shall assign a registration number to each company so registered.
- (2) A company shall indicate its registration number on all its official documents.

**22. Effect of Registration.**

- (1) On the registration of a company the registrar shall issue a certificate signed by him or her that the company is incorporated and in the case of a limited liability company, that the company is limited.
- (2) From the date of incorporation mentioned in the certificate of incorporation, the subscribers to the memorandum, together with such other persons as may from time to time become members of the company shall be a body corporate by the name



contained in the memorandum, capable of exercising all the functions of an incorporated company, with power to hold land and having perpetual succession and a common seal but with such liability on the part of the members to contribute to the assets of the company if it is being wound up as is mentioned in this Act.

- (3) The High Court may, where a company or its directors are involved in acts such as tax evasion or fraud, or where the membership of a company falls below the statutory minimum, lift the corporate veil.

### **23. Conclusiveness of Certificate of Incorporation.**

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

#### *Re-registration of Companies.*

### **24. Re-registration of Companies.**

- (1) Subject to this section, a company registered as –
  - (a) a private company may re-register under this Act as a public company;
  - (b) a limited liability company may re-register under this Act as an unlimited company;
  - (c) an unlimited company may re-register under this Act as a limited company; and
  - (d) a public company may re-register under this Act as a private company in case the number of shareholders falls below the statutory minimum.
- (2) The re-registration of an unlimited company as a limited liability company shall not affect the rights or liabilities of the company in respect of any debt or obligation incurred or any contract entered into, by, with or on behalf of the company before the re-registration.
- (3) On re-registration under this section, the registrar shall close the original registration of the company and may dispense with the delivery to him or her of copies of any documents furnished on the occasion of the original registration of

the company, but, subject to this subsection, the re-registration shall take place in the same manner and shall have effect as if it were the first registration of the company under this Act.

**25. Re-registration of Private Company as a Public Company.**

- (1) Subject to this section, a private company, other than a company not having a share capital, may be re-registered as a public company if –

  - (a) a special resolution that it should be so re-registered is passed; and
  - (b) an application for re-registration is delivered to the registrar, together with the documents specified in subsection (4).
  
- (2) A company shall not be re-registered under this section if it has previously been re-registered as an unlimited company.
  
- (3) The special resolution under subsection (1) shall –

  - (a) alter the company’s memorandum so that it states that the company is to be a public company;
  - (b) make such other alterations in the memorandum as are necessary to bring it, in substance and in form, into conformity with the requirements of this Act with respect to the memorandum of a public company; and
  - (c) make such alterations in the company’s articles as may be necessary in the circumstances.
  
- (4) The application shall be in the prescribed form and be signed by a director or secretary of the company and the documents to be delivered with it are the following –

  - (a) a printed copy of the memorandum and articles as altered in accordance with the resolution;
  - (b) a copy of a written statement by the company’s auditors that in their opinion the relevant balance sheet shows that at the balance sheet date the amount of the company’s net assets was not less than the aggregate of its called-up share capital and un-distributable reserves;
  - (c) a copy of the relevant balance sheet, together with a copy of an unqualified report by the company’s auditors in relation to that balance sheet; and
  - (d) a statutory declaration in the prescribed form by a director or secretary of the company stating –

    - (i) that the special resolution required by this section has been passed and that the conditions specified in sections 26 and 27 so far as applicable, have been satisfied; and
    - (ii) that between the date of the balance sheet and that of the application for re-registration, there has been no change in the company’s financial position that has resulted in the amount of its net assets becoming less than the aggregate of its called-up share capital and

undistributable reserves.

- (5) In this section, “relevant balance sheet” means a balance sheet prepared as at a date not exceeding seven months before the company’s application under this section.
- (6) A resolution that a company be re-registered as a public company may change the company name by deleting the word “company” or the words “and company” including any abbreviations of them.
- (7) Until the statutory declaration is prescribed under subsection (4)(d), the Second Schedule to this Act shall apply.

**26. Consideration for Shares Recently Allotted to be Valued.**

- (1) This section applies if shares have been allotted by the company between the date as at which the relevant balance sheet was prepared and the passing of the special resolution under section 25 and those shares were allotted as fully or partly paid up as to their nominal value or any premium on them otherwise than in cash.
- (2) Subject to this section the registrar shall not entertain an application by the company under section 25 unless –
  - (a) the consideration for the allotment has been valued; and
  - (b) a report with respect to the value of the consideration has been made to the company in accordance with that section during the six months immediately preceding the allotment of the shares.
- (3) Where an amount standing to the credit of any of the company’s reserve accounts or of its profit and loss account, has been applied in paying up to any extent any of the shares allotted or any premium on those shares, the amount applied does not count as consideration for the allotment and accordingly subsection (2) does not apply to it.
- (4) Subject to subsection (5), subsection (2) does not apply if the allotment is in connection with an arrangement providing for it to be on terms that the whole or part of the consideration for the shares allotted is to be provided by the transfer to the company or the cancellation of all or some of the shares or of all or some of the shares of a particular class in another company, with or without the issue to the company applying under section 22 of shares or of shares of any particular class in that other company.
- (5) Subsection (4) does not exclude the application of subsection (2), unless under the arrangement it is open to all the holders of the shares of the other company in question or, where the arrangement applies only to shares of a particular class, all the holders of the other company’s shares of that class to take part in the

arrangement.

- (6) In determining whether subsection (2) is excluded under subsection (5), shares held by a company or by a nominee of the company allotting shares in connection with the arrangement or by a company or by a nominee of a company which is that company's holding company or subsidiary or a company which is a subsidiary of its holding company shall be disregarded.
- (7) Subsection (2) does not preclude an application under section 25 if the allotment of the company's shares is in connection with its proposed merger with another company; where one of the companies concerned proposes to acquire all the assets and liabilities of the other in exchange for the issue of shares or other securities of that one to shareholders of the other, with or without any cash payment to shareholders.
- (8) In this section –
  - (a) “arrangement” means any agreement, scheme or arrangement including an arrangement sanctioned in accordance with the insolvency laws on a company compromise with creditors and members or liquidator in winding up accepting shares as consideration for sale of company's property; and
  - (b) “another company” includes anybody corporate.

## **27. Additional Requirements Relating to Share Capital.**

- (1) For a private company to be re-registered under section 25 as a public company, the following conditions with respect to its share capital must be satisfied at the time the special resolution under that section is passed –
  - (a) the nominal value of the company's allotted share capital must not be less than the authorized minimum; and
  - (b) each of the company's allotted shares must be paid up at least as to one-quarter of the nominal value of that share and the whole of any premium on it.
- (2) In addition to the conditions specified in subsection (1), if any shares in the company or any premium on them have been fully or partly paid up by an undertaking given by any person that he or she or another person shall do work or perform services whether for the company or any other person, the undertaking must have been performed or otherwise discharged.
- (3) Subject to subsection (4), if shares have been allotted as fully or partly paid up as to their nominal value or any premium on them otherwise than in cash and the consideration for the allotment consists of or includes an undertaking to the company other than one to which subsection (4) applies, then –
  - (a) the undertaking must have been performed or otherwise discharged; or

- (b) there must be a contract between the company and some person under which the undertaking is to be performed within five years from the time the resolution under section 25 is passed.
- (4) For the purposes of determining whether subsections (1)(b), (2) and (3) are complied with, certain shares in the company may be disregarded if any share was allotted in accordance with an employees' share scheme and by reason of which the company would but for this subsection, be precluded under subsection (1)(b) from being re-registered as a public company.
- (5) A share is not to be disregarded under subsection (4), if the aggregate in nominal value of that share and other shares proposed to be so disregarded is more than one-tenth of the nominal value of the company's allotted share capital; but for that purpose the allotted share capital is treated as not including any shares disregarded under subsection (4).
- (6) Any shares disregarded under subsection (4) shall be treated as not forming part of the allotted share capital for the purposes of subsection (1) (a).

## **28. Certificate of Re-registration.**

- (1) Where the registrar is satisfied, on an application under section 25, that a company may be re-registered under that section as a public company, the registrar shall –

  - (a) retain the application and other documents delivered to him or her under that section; and
  - (b) issue the company with a certificate of incorporation stating that the company is a public company.
- (2) The registrar shall accept a declaration under section 25(4) (d) as sufficient evidence that the special resolution required by that provision has been passed and the other conditions of re-registration have been satisfied.
- (3) The registrar shall not issue the certificate if it appears to him or her that the court has made an order confirming a reduction of the company's capital which has the effect of bringing the nominal value of the company's allotted share capital below the authorised minimum.
- (4) Upon the issue to a company of a certificate of re-registration under this section –

  - (a) the company by virtue of the issue of that certificate becomes a public company; and
  - (b) any alterations in the memorandum and articles set out in the resolution take effect accordingly.
- (5) The certificate of re-registration is conclusive evidence –

- (a) that the requirements of this Act in respect of re-registration and of matters precedent and incidental to it have been complied with; and
- (b) that the company is a public company.

**29. Modification for Unlimited Company to Re-register.**

- (1) The special resolution required by section 25(1) of this Act must, in addition to the matters mentioned in subsection (3) of that section –
  - (a) state that the liability of the members is to be limited by shares and what the company's share capital is to be; and
  - (b) make such alterations in the company's memorandum as are necessary to bring it in substance and in form into conformity with the requirements of this Act with respect to the memorandum of a company limited by shares.
- (2) The certificate of re-registration issued under section 28(1) of this Act shall in addition to containing the statement required by paragraph (b) of that subsection, state that the company has been re-registered as a company limited by shares, and –
  - (a) the company by virtue of the issue of the certificate becomes a public company limited by shares; and
  - (b) the certificate is conclusive evidence of the fact that it is such a company.

*Limited Liability Company Becoming Unlimited.*

**30. Re-registration of Limited Company as Unlimited.**

- (1) Subject to this section, a company which is registered as a limited liability company may be re-registered as an unlimited company after complying with the requirements of this section.
- (2) A company is excluded from re-registering under this section if it is a limited liability company which was originally registered as an unlimited company but re-registered as a limited liability company.
- (3) A public company cannot be re-registered under this section as an unlimited company.
- (4) An application under this section must be in the prescribed form and be signed by a director or the secretary of the company and be lodged with the registrar, together with the documents specified in subsection (8).
- (5) The application must set out such alterations in the company's memorandum which—
  - (a) if it is to have a share capital, are required to bring it in substance and in

form into conformity with the requirements of this Act with respect to the memorandum of a company to be formed as an unlimited company having a share capital; or

- (b) if it is not to have a share capital, are required in the circumstances.
- (6) Where articles have been registered, the application must set out such alterations in the articles which –
  - (a) if the company is to have a share capital, are required to bring the articles in substance and in form into conformity with the requirements of this Act with respect to the articles of a company to be formed as an unlimited company having a share capital; or
  - (b) if the company is not to have a share capital, are required in the circumstances.
- (7) Where articles have not been registered, the application which request the registration, must have annexed to it printed articles and these must, if the company is to have a share capital, comply with the requirements mentioned in subsection (6)(a) and, if not, be articles appropriate to the circumstances.
- (8) The documents to be lodged with the registrar in respect of an application under this section are –
  - (a) the prescribed form of assent to the company's being registered as unlimited, subscribed by or on behalf of all the members of the company; and
  - (b) a statutory declaration made by the directors of the company stating –
    - (i) that the persons by whom or on whose behalf the form of assent is subscribed constitute the whole membership of the company; and
    - (ii) that the directors have taken all reasonable steps to satisfy themselves that each person who subscribed to it on behalf of a member was lawfully empowered to do so;
  - (c) a printed copy of the memorandum incorporating the alterations in it, set out in the application; and
  - (d) if articles have been registered, a printed copy of them incorporating the alterations set out in the application.
- (9) For the purposes of this section –
  - (a) subscription to a form of assent by the personal representative of a deceased member of a company is taken to be subscription by him or her; and
  - (b) a trustee in bankruptcy of a member of a company is, to the exclusion of the latter, taken to be a member of the company.

### **31. Certificate of Re-registration.**

- (1) Where the registrar is satisfied that the company may be re-registered under section

30, the registrar shall retain the application and other documents lodged with him or her under section 30 and shall –

- (a) if articles are annexed to the application, register them; and
  - (b) issue to the company a certificate of incorporation appropriate to the status to be assumed by it by virtue of section 30.
- (2) On the issue of the certificate –
- (a) the status of the company, by virtue of the issue is changed from limited to unlimited;
  - (b) the alterations in the memorandum set out in the application and if articles have been previously registered, any alterations to the articles in the application shall take effect as if duly made by resolution of the company; and
  - (c) the provisions of this Act apply accordingly to the memorandum and articles as altered.
- (3) The certificate is conclusive evidence that –
- (a) the requirements of section 30 in respect of re-registration and of matters precedent and incidental to it have been complied with; and
  - (b) the company was authorised to be re-registered under section 30 and was duly so re-registered.

*Unlimited Company Becoming Limited.*

**32. Re-registration of Unlimited Company as Limited.**

- (1) Subject to this Act, a company which is registered as unlimited may be re-registered as limited if a special resolution that it should be so re-registered is passed and, the requirements of section 31 are complied with in respect of the resolution and otherwise.
- (2) A company shall not under this section be re-registered as a public company; and a company is excluded from re-registering under it if it is unlimited by virtue of re-registration under section 30.
- (3) The special resolution under subsection (1) shall state whether the company is to be limited by shares or by guarantee and –
  - (a) if it is to be limited by shares, must state what the share capital is to be and provide for the making of such alterations in the memorandum as are necessary to bring it, in substance and in form, into conformity with the requirements of this Act with respect to the memorandum of a company so limited and such alterations in the articles as are necessary in the circumstances;
  - (b) if it is to be limited by guarantee, must provide for the making of such alterations in its memorandum and articles as are necessary to bring them in substance and in



form into conformity with the requirements of this Act with respect to the memorandum and articles of a company limited by guarantee.

- (4) The special resolution is subject to the provisions on the registration of resolutions under this Act.
- (5) An application for the company to be re-registered as limited, in the prescribed form signed by a director or by the secretary of the company, must be lodged with the registrar, together with the documents specified in subsection (6), not earlier than the day on which the copy of the resolution is forwarded and received by the registrar.
- (6) The documents to be lodged with the registrar are –
  - (a) a printed copy of the memorandum as altered in accordance with the resolution; and
  - (b) a printed copy of the articles as altered.
- (7) This section does not apply in relation to the re-registration of an unlimited company as a public company under section 25.

### **33. Certificate of Re-registration.**

- (1) Where the registrar is satisfied that the company may be re-registered, the registrar shall retain the application and other documents lodged with him or her under section 32 and shall issue to the company a certificate of incorporation appropriate to the status to be assumed by the company by virtue of that section.
- (2) On the issue of the certificate –
  - (a) the status of the company is, by virtue of the issue, changed from unlimited to limited; and
  - (b) the alterations in the memorandum specified in the resolution and the alterations in and additions to the articles so specified take effect.
- (3) The certificate is conclusive evidence that the requirements of section 32 in respect of re registration and of matters precedent and incidental to it have been complied with and that the company was authorised to be re-registered under that section and was duly so re-registered.

#### *Public Company Becoming Private.*

### **34. Re-registration of Public Company as Private.**

- (1) A public company may be re-registered as a private company if –

- (a) a special resolution complying with subsection (2) that it should be so re-registered is passed and has not been cancelled by the court;
  - (b) an application for the purpose in the prescribed form and signed by a director or the secretary of the company is delivered to the registrar, together with a printed copy of the memorandum and articles of the company as altered by the resolution;
  - (c) the period during which an application for the cancellation of the resolution under this Act may be made has expired without any such application having been made; or
  - (d) where an application for cancellation of the special resolution under this section is made and the application is withdrawn or an order is made under section 35(5) confirming the resolution and a copy of that order is delivered to the registrar.
- (2) The special resolution must alter the company's memorandum so that it no longer states that the company is to be a public company and must make such other alterations in the company's memorandum and articles as are required in the circumstances.
- (3) A company cannot under this section be re-registered otherwise than as a company limited by shares or by guarantee.

### **35. Objection to Resolution Under Section 34.**

- (1) Where a special resolution by a public company to be re-registered under section 34 as a private company has been passed, an application may be made to the court for the cancellation of that resolution.
- (2) The application under subsection (1) may be made –
- (a) by the holders of not less in aggregate than five percent in nominal value of the company's issued share capital or any class of shares in the company;
  - (b) if the company is not limited by shares, by not less than five percent of its members; or
  - (c) by not less than fifty of the company's members,
- but not by a person who has consented to or voted in favour of the resolution.
- (3) The application must be made within twenty eight days after the passing of the resolution and may be made on behalf of the persons entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.
- (4) Where an application is made under this section, the company shall give notice in the prescribed form of that fact to the registrar.

- (5) On the hearing of the application, the court shall make an order cancelling or confirming the resolution and –
  - (a) may make that order on such terms and conditions as it thinks fit and may adjourn the proceedings in order that an arrangement may be made to the satisfaction of the court for the purchase of the interests of dissenting members; and
  - (b) may give such directions and make such orders as it thinks expedient for facilitating or carrying into effect the arrangement.
- (6) The order of the court may provide for the purchase by the company of the shares of any of its members and for the reduction accordingly of the company's capital and may make such alterations in the company's memorandum and articles as may be required in consequence of that provision.
- (7) The company shall, within fifteen days from the making of the order by the court or within such longer period as the court may at any time by order direct, deliver to the registrar a copy of the order.
- (8) Where the order of the court requires the company not to make any or any specified alteration in its memorandum or articles, the company shall not without the leave of the court make any such alteration.
- (9) An alteration in the memorandum or articles made by virtue of an order under this section, if not made by resolution of the company is of the same effect as if duly made by resolution and this Act applies accordingly to the memorandum or articles as so altered.
- (10) A company which fails to comply with subsections (4) or (7) and any officer of it who is in default is liable to a fine of two thousand South Sudanese Pounds and, for continued contravention, to a daily default fine of twenty South Sudanese Pounds.

### **36. Certificate of Re-registration.**

- (1) Where the registrar is satisfied that a company may be re-registered under section 34 he or she shall –
  - (a) retain the application and other documents delivered to him or her under that section; and
  - (b) issue the company with a certificate of re-registration appropriate to a private company.
- (2) On the issue of the certificate –
  - (a) the company by virtue of the issue becomes a private company; and
  - (b) the alterations in the memorandum and articles set out in the resolution under section 34 take effect accordingly.

- (3) The certificate is conclusive evidence that –
  - (a) the requirements of section 34 in respect of re-registration and of matters precedent and incidental to it have been complied with; and
  - (b) the company is a private company.

*Provisions with Respect to Names of Companies.*

**37. Reservation of Name and Prohibition of Undesirable Names.**

- (1) The registrar may, on written application, reserve a name pending registration of a company or a change of name by an existing company.
- (2) Any such reservation shall remain in force for thirty days or such longer period, not exceeding sixty days as the registrar may, for special reasons, allow and during that period no other company is entitled to be registered with that name.
- (3) No name shall be reserved and no company shall be registered by a name, which after reasonable consideration of the registrar is found to be undesirable.
- (4) Upon registration, a private limited liability company shall add the words “Limited” or the initials “Ltd” at the end of its name and a public liability company shall add the words “Public Limited Liability Company” or the initials “PLC” at the end of its name.

**38. Power to Require Company to Abandon Misleading Name.**

- (1) Where after reasonable consideration, the registrar finds that the name by which a company is registered gives a misleading indication of the nature of its activities as to be likely to cause harm to the public, the registrar may direct it to change its name.
- (2) The directive shall, if not duly made the subject of an application to the court under subsection (3), be complied with within six weeks from the date of the directive or such longer period as the registrar may think fit to allow.
- (3) The company may, within a period of twenty one days from the date of the directive, apply to the court to set it aside and the court may set the direction aside or confirm it and, if it confirms the direction, shall specify a period within which it must be complied with.
- (4) Where a company makes default in complying with a directive under this section, it is liable to a fine of two thousand South Sudanese Pounds and, for continued

contravention, to a daily default fine of twenty South Sudanese Pounds.

- (5) Where a company changes its name under this section, the registrar shall enter the new name on the register in place of the former name and shall issue a certificate of incorporation altered to meet the circumstances of the case and the change of name has effect from the date on which the altered certificate is issued.
- (6) A change of name by a company under this section does not affect any of the rights or obligations of the company or render defective any legal proceedings by or against it and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

### **39. Prohibition on Trading Under Misleading Name.**

- (1) A person who is not a public company commits an offence if he or she carries on any trade, profession or business under a name which includes as its last part, the words “Public Limited Liability Company” or the initials “PLC”.
- (2) A public company commits an offence if in circumstances in which the fact that it is a public company is likely to be material to any person, it uses a name which may reasonably be expected to give the impression that it is a private company.
- (3) A company or officer of a company who contravenes subsection (1) or (2) is liable on conviction to a fine not exceeding eight thousand South Sudanese Pounds or imprisonment not exceeding two years or both and, for continued contravention, to a daily default fine not exceeding one thousand South Sudanese Pounds.

### **40. Penalty for Improper use of “Limited”.**

A person who trades or carries on business under a name or title of which “limited” or any contraction or imitation of that word is the last word, unless duly incorporated with limited liability, commits an offence and is liable on conviction to a fine not exceeding eight thousand South Sudanese Pounds and, for continued contravention, to a daily default fine of forty South Sudanese Pounds.

### **41. Change of Name.**

- (1) A company may, by special resolution and with the approval of the registrar, signified in writing, change its name.
- (2) Where, through inadvertence or otherwise, a company on its first registration or on its registration by a new name is registered by a name which, after reasonable consideration, is found to be too similar to the name by which a company in

existence is previously registered, the first-mentioned company may –

- (a) change its name with the consent of the registrar; or
  - (b) within six months of its registration, be directed by the registrar to change its name within six weeks from the date of the direction or such longer period as the registrar may allow.
- (3) Where a company defaults in complying with a direction under this subsection, it is liable to a fine of five hundred South Sudanese Pounds and a fine of five South Sudanese Pounds for every day on which the offence continues.
- (4) Where a company changes its name under this section, it shall, within fourteen days, give to the registrar notice of the change of name and the registrar shall –
- (a) enter the new name on the register in place of the former name;
  - (b) issue to the company a certificate of change of name; and
  - (c) notify the change of name in the Gazette and in a newspaper of wide circulation.
- (5) A change of name by a company under this section shall not affect any rights or obligations of the company or render defective any legal proceedings by or against the company.
- (6) Any legal proceedings that might have been continued or commenced against a company by its former name may be continued or commenced against it by its new name.

**42. Power to Dispense With “Limited” in the Name of Charitable Organisations and Other Companies.**

- (1) Where it is proved to the satisfaction of the Minister that –
- (a) an association about to be formed as a limited liability company is to be formed for promoting commerce, art, science, religion, charity or any other useful object; and
  - (b) the association intends to apply its profits, if any, or other income in promoting its objects, and to prohibit the payment of any dividend to its members,
- the Minister may by licence direct that the association may be registered as a company with limited liability, without the addition of the word “limited” to its name, and the association may be registered accordingly and shall, on registration, enjoy all the privileges and, subject to the provisions of this section, be subject to all the obligations of a limited liability company.
- (2) Where it is proved to the satisfaction of the Minister that –

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

the Minister may by licence authorise the company to make, by special resolution, a change in its name including or consisting of the omission of the word “limited”, and sections 41(3) and (4) shall apply to a change of name under this subsection as they apply to a change of name under that section.

- (3) A licence by the Minister under this section may be granted on such conditions and subject to such regulations as the Minister considers necessary, and those conditions and regulations shall be binding on the company to which the licence is granted, and where the grant is under subsection (1) shall, if the Minister so directs, be inserted in the memorandum and articles or in one of those documents.
- (4) A body to which a licence is granted under this section shall be exempted from the provisions of this Act relating to the use of the word “limited” as any part of its name, the publishing of its name and the sending of lists of members to the registrar.
- (5) The Minister may, upon the recommendation of the registrar, revoke a licence under this section, and upon revocation the registrar shall enter in the register the word “private limited liability company” at the end of the name of the company to which it was granted, and the company shall cease to enjoy the exemptions and privileges or, as the case may be, the exemptions granted by this section;
- (6) Before a recommendation is made to the Minister under subsection (5), the registrar shall give to the body notice in writing of his or her intention and shall afford it an opportunity of being heard in opposition to the revocation.
- (7) Where a company in respect of which a licence under this section is in force alters its memorandum with respect to its objects, the registrar may, unless he or she sees fit to recommend the revocation of the licence, recommend to the Minister the variation of the licence by making it subject to such conditions and regulations as the Minister may think fit, instead of or in addition to the conditions and regulations, if any, to which the licence was formerly subject.

*General Provisions with Respect to Memorandum and Articles.*

**43. Effect of Memorandum and Articles.**

- (1) Subject to this Act, the memorandum and articles, when registered, shall be a covenant, on the part of each member, to observe all the provisions of the

memorandum, and shall bind the company and the members of the company to the same extent as if they had been signed and sealed by each member.

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

**44. Interpretation of Certain Provisions in the Memorandum, Articles or Resolutions of a Company Limited by Guarantee.**

- (1) In the case of a company limited by guarantee and not having a share capital, and registered after the Companies Act, 2003 came into force, every provision in the memorandum or articles or any resolution of the company purporting to give any person a right to participate in the divisible profits of the company otherwise than as a member is void.
- (2) For the purposes of the provisions of this Act relating to the memorandum of a company limited by guarantee and of this section, every provision in the memorandum or articles, or in any resolution, of a company limited by guarantee and registered on or after the Companies Act, 2003 came into force, purporting to divide the undertaking of the company into shares or interests shall be treated as a provision for a share capital, notwithstanding that the nominal amount or number of the shares or interests is not specified.

**45. Alterations in Memorandum or Articles Increasing Liability to Contribute to Share Capital not to Bind Existing Members Without Consent.**

- (1) Notwithstanding anything in the memorandum or articles of a company, a member of the company is not bound by an alteration made in the memorandum or articles after the date on which he or she became a member, if and so far as the alteration requires him or her to take or subscribe for more shares than the number held by him or her at the date on which the alteration is made, or in any way increases his or her liability as at that date to contribute to the share capital of, or otherwise to pay money, to the company.
- (2) This section does not apply where the member agrees in writing before or after the alteration is made, to be bound.

**46. Power to Alter Conditions in Memorandum Which Could Have Been Contained in Articles.**

- (1) Subject to sections 45 and 319, any condition contained in a company's memorandum which could lawfully have been contained in the articles of association instead of the memorandum may, subject to this section, be altered by the company by special resolution.



- (2) Where an application is made to the Registrar for the alteration to be cancelled, it shall not have effect except in so far as it is confirmed by the Registrar.
- (3) This section does not apply where the memorandum itself provides for or prohibits the alteration of all or any of the conditions referred to in subsection (1) and does not authorise any variation or abrogation of the special rights of any class of members.
- (4) Section 13 (2)(a), (3), (4), (7), (8) and (10) apply in relation to any alteration and to any application made under this section as they apply in relation to alterations and to applications made under that section.
- (5) This section applies to a company's memorandum whether registered before or after the commencement of this Act.

**47. Copies of Memorandum and Articles to be Given to Members.**

- (1) A company shall, when required by any member, send to him or her a copy of the memorandum and articles, if any and a copy of any written law which alters the memorandum, subject to payment in the case of a copy of the memorandum and articles, of twenty South Sudanese Pounds or such lesser sum as the company may prescribe and in the case of a copy of a written law, of such sum not exceeding the published price of the written law as the company may require.
- (2) Where a company defaults in complying with this section, the company and every officer of the company who is in default is liable to a fine not exceeding two thousand South Sudanese Pounds for each default.

**48. Issued Copies of Memorandum to Embody Alterations.**

- (1) Where an alteration is made in the memorandum of a company, every copy of the memorandum issued after the date of the alteration shall be in accordance with the alteration.
- (2) Where an alteration has been made under section 46 and the company at any time after the date of the alteration issues any copies of the memorandum which are not in accordance with the alteration, the company is liable to a fine of fifty South Sudanese Pounds for each copy issued and every officer of the company who is in default is liable to the same penalty.

*Membership of Company.*

**49. Definition of Member.**

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

**50. Membership of a Holding Company.**

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

*Reduction of Number of Members Below a Legal Minimum.*

**51. Members Severally Liable for Debts Where a Business is Carried on With Fewer than the Required Number of Members.**

Where at any time the number of members of a company is reduced, in the case of a private company limited by shares or by guarantee, below two, or in the case of any other company, below seven, and it carries on business without the minimum members for more than six months, a person who, for the whole or any part of the period that it so carries on business after those six months –

- (a) is a member of the company; and
  - (b) knows that it is carrying on business below the required number of members,
- is liable jointly and severally with the company for the payment of the company's debts contracted during the period.

*Contracts, etc.*

**52. Form of Contracts.**

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

**53. A Company's Capacity not Limited by its Memorandum.**

- (1) The validity of an act done by a company shall not be called into question on the ground of lack of capacity by reason of anything contained in the company's

memorandum.

- (2) A member of a company may bring proceedings to restrain the doing of an act which but for subsection (1) would be beyond the company's capacity; but no such proceedings shall lie in respect of an act to be done in fulfilment of a legal obligation arising from a previous act of the company.
- (3) The directors shall observe any limitations on their powers contained in the company's memorandum, and any action by the directors which but for subsection (1) would be beyond the company's capacity may only be ratified by the company by special resolution.
- (4) A resolution ratifying the action under subsection (3) shall not affect any liability incurred by the directors or any other person and relief from the liability must be agreed to separately by special resolution.

#### **54. Power of Directors to Bind the Company.**

- (1) The power of the board of directors to bind the company or authorise others to do so in favour of a person dealing with the company in good faith shall not be limited by the company's memorandum.
- (2) For the purposes of subsection (1) –
  - (a) a person “deals with” a company if he or she is a party to any transaction or other act to which the company is a party; and
  - (b) a person shall be presumed to have acted in good faith unless the contrary is proved.
- (3) The references in this section to limitations on the directors' power under the company's memorandum include limitations deriving from –
  - (a) a resolution of the company in a general meeting or a meeting of any class of shareholders; or
  - (b) any agreement between the members of the company or of any class of shareholders.
- (4) Subsection (1) does not affect any right of a member of the company to bring proceedings to restrain the doing of an act which is beyond the powers of the directors; but no such proceedings shall lie in respect of an act to be done in fulfilment of a legal obligation arising from a previous act of the company.
- (5) Subsection (1) does not affect any liability incurred by the directors or any other person, by reason of the directors' exceeding their powers.

**55. No Duty to Enquire as to Capacity of a Company or Authority of Directors.**

A party to a transaction with a company is not bound to enquire whether it is permitted by the company's memorandum or as to any limitation on the powers of the board of directors to bind the company or authorize others to do so.

**56. Pre-incorporation Contracts.**

- (1) A contract which purports to be made on behalf of a company before the company is formed, has effect, as one made with the person purporting to act for the company.
- (2) A company may adopt a pre-incorporation contract with its formation and registration made on its behalf without a need for novation.
- (3) In all cases where the company adopts a pre-incorporation contract, the liability of the promoter of that company shall cease.

**57. Executed Document.**

A document executed by a director and the secretary of a company or by two directors of a company and expressed to be executed by the company has the same effect as if executed under the common seal of the company.

**58. Acts of Exchange and Promissory Notes.**

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

**59. Execution of Deeds Abroad.**

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

**60. Power of a Company to Have Official Seal for Use Abroad.**

- (1) A company whose objects require or comprise the transaction of business beyond the limits of South Sudan may, if authorised by its articles, have for use in any place outside South Sudan, an official seal which shall take the form of an embossed metal die which shall be a facsimile of the common seal of the company, with the addition on its face of the name of every place where it is to be used.
- (2) A deed or other document to which an official seal is duly affixed shall bind the company as if it has been sealed with the common seal of the company.
- (3) A company having an official seal for use in a place referred to in subsection (1) may, by writing under its common seal, authorise any person appointed for the purpose in that place, to affix the official seal to any deed or other document to which the company is party in that place.
- (4) The authority of a person appointed under subsection (3) shall, as between the company and any person dealing with that person, continue during the period, if any, mentioned in the instrument conferring the authority or if no period is mentioned, then until notice of the revocation or determination of that person's authority has been given to the person dealing with him or her.
- (5) The person affixing an official seal under subsection (3) shall, by writing signed by him or her, certify on the deed or other instrument to which the seal is affixed, the date and place at which it is affixed.

**61. Authentication of Documents.**

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

**CHAPTER 111  
PROSPECTUS, SHARE CAPITAL AND DEBENTURES.**

*Prospectus.*

**62. Dating of Prospectus.**

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

publication of the prospectus.

**63. Matters to be Stated and Reports to be Set Out in Prospectus.**

- (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, shall state the matters specified in Part I of the Third Schedule and set out the reports specified in Part II of that Schedule, and the said Parts I and II shall have effect subject to the provisions contained in Part III of that Schedule.
- (2) A condition requiring or binding an applicant for shares in or debentures or a company to waive compliance with any requirement of this section, or purporting to affect him or her with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void.
- (3) It shall not be lawful to issue any form of application for shares or debentures of a company unless the form is issued with a prospectus which complies with the requirements of this section.
- (4) Subsection (3) above shall not apply if it is shown that the form of application was issued either –

  - (a) in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or
  - (b) in relation to shares or debentures which were not offered to the public.
- (5) If any person acts in contravention of the provisions of subsection (4), he or she shall be liable to a fine not exceeding one thousand South Sudanese Pounds.
- (6) In the event of non-compliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the non-compliance or contravention, if –

  - (a) as regards any matter not disclosed, he proves that he was not cognizant thereof;
  - (b) he or she proves that the non-compliance or contravention arose from an honest mistake of fact on his or her part; or
  - (c) the non-compliance or contravention was in respect of matters which in the opinion of the court dealing with the case were immaterial or was otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case, reasonably to be excused.
- (7) In the event of failure to include in a prospectus a statement with respect to the matters specified in paragraph 16 of the Third Schedule, no director or other person shall incur any liability in respect of the failure unless it is proved that he or she had

knowledge of the matters which are not disclosed.

**(8)** This section shall not apply –

- (a)** to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favour of other persons; or
- (b)** to the issue of a prospectus or form of application relating to shares or debentures which are or are to be in all respects uniform with shares or debentures previously issued,

but, subject to what is stated above, this section shall apply to a prospectus or a form of application whether issued on or with reference to the formation of a company.

**64. Provisions of Section 63 Not to Limit Any Other Liability.**

Nothing in section 63 shall limit or diminish any liability which any person may incur under the general provision of any law or this Act apart from that section.

**65. Expert’s Consent to Issue of Prospectus Containing Statement by Him or Her.**

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

**66. Registration of Prospectus.**

- (1)** No prospectus shall be issued by or on behalf of a company or in relation to an intended company unless, on or before the date of its publication, there has been delivered to the registrar for registration a copy of the prospectus signed by every



person who is named in the prospectus as a director or proposed director of the company, or by his or her agent authorized in writing, and having endorsed on the prospectus or attached thereto –

- (a)** consent to the issue of the prospectus required by section 65 from any person as an expert; and
  - (b)** in the case of a prospectus issued generally, also –
    - (i)** a copy of any contract required by paragraph 14 of the Third Schedule to be stated in the prospectus, or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof; and
    - (ii)** where the persons making any report required by Part II of that Schedule have made therein, or have, without giving the reasons, indicated therein, any such adjustments as are mentioned in paragraph 29 of that Schedule, a written statement signed by those persons setting out the adjustments and giving the reasons therefore.
- (2)** The references in subparagraph (i) of paragraph (b) of subsection (1) to the copy of a contract required to be endorsed on or attached to a copy of the prospectus shall, in the case of a contract wholly or partly in a language other than English, be taken as references to a copy of a translation of the contract in English, or a copy embodying a translation in English, of the parts in a language other than English, as the case may be, being a translation certified in the prescribed manner to be a correct translation.
- (3)** Every prospectus shall, on the face of it –
  - (a)** state that a copy has been delivered for registration as required by this section; and
  - (b)** specify, or refer to statements included in the prospectus which specify, any documents required by this section to be endorsed on or attached to the copy so delivered.
- (4)** The registrar shall not register a prospectus unless it is dated and the copy of the prospectus signed in a manner required by this section and unless it has been endorsed and the relevant documents (if any) attached, as specified in this section.
- (5)** If a prospectus is issued without a copy being delivered under this section to the registrar or without the copy so delivered having endorsed thereon or attached thereto the required documents, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding ten South Sudanese Pounds for every day from the date of the issue of the prospectus until a copy thereof is so delivered with the required documents endorsed thereon or attached thereto.

**67. Restriction on Alteration of Terms Mentioned in Prospectus or Statement in Lieu of Prospectus.**

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

**68. Civil liability for Mis-statements in Prospectus.**

- (1) Subject to the provisions of this section, where a prospectus invites persons to subscribe for shares in or debentures of a company, the following persons shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement included in the prospectus –
  - (a) every person who is a director of the company at the time of the issue of the prospectus;
  - (b) every person who has authorized himself or herself to be named and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time;
  - (c) every person being a promoter of the company; and
  - (d) every person who has authorized the issue of the prospectus.
- (2) Notwithstanding the provisions of subsection (1) above, where under section 65 the consent of a person is required to the issue of a prospectus and he or she has given that consent, the person shall not by reason of his or her having given the consent be liable under this subsection as a person who has authorized the issue of the prospectus except in respect of an untrue statement purporting to be made by him or her as an expert.
- (3) No person shall be liable under subsection (1) if he or she proves –
  - (a) that, having consented to become a director of the company, he or she withdrew his or her consent before the issue of the prospectus, and that it was issued without his or her authority or consent;
  - (b) that the prospectus was issued without his or her knowledge or consent, and that on becoming aware of its issue he or she forthwith gave reasonable public notice that it was issued without his or her knowledge or consent;
  - (c) that, after the issue of the prospectus and before allotment thereunder, he or she, on becoming aware of any untrue statement in the prospectus, withdrew his or her consent thereto and gave reasonable public notice of the

withdrawal and of the reason for the withdrawal; or

**(d)** that –

- (i)** as regards every untrue statement not purporting to be made on the authority of an expert or of a public official document or statement, he or she had reasonable ground to believe, and did up to the time of the allotment of the shares or debentures, as the case may be, believe, that the statement was true;
- (ii)** as regards every untrue statement purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation or an expert, it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation, and he or she had reasonable ground to believe and did up to the time of the issue of the prospectus believe that the person making the statement was competent to make it and that person had given the consent to make it and that person had given the consent required by section 65 to the issue of the prospectus and had not withdrawn that consent before delivery of a copy of the prospectus for registration or, to the defendant's knowledge, before allotment thereunder; and
- (iii)** as regards every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document.

**(4)** Subsection (3) shall not apply in the case of a person liable, by reason of his or her having given a consent required of him or her by section 65 as a person who has authorized the issue of the prospectus in respect of an untrue statement purporting to be made by him or her as an expert.

**(5)** A person who, apart from this subsection would under subsection (1) be liable, by reason of his or her having given a consent required of him or her by section 65, as a person who has authorized the issue of a prospectus in respect of an untrue statement purporting to be made by him or her as an expert shall not be so liable if he or she proves that–

- (a)** having given his or her consent under section 65 to the issue of the prospectus, he or she withdrew it in writing before delivery of a copy of the prospectus for registration;
- (b)** after delivery of a copy of the prospectus for registration and before allotment, he or she, on becoming aware of the untrue statement, withdrew his or consent in writing and gave reasonable public notice of the withdrawal, and of the reason for the withdrawal; or
- (c)** he or she was competent to make the statement and that he or she had reasonable ground to believe and did up to the time of the allotment of the shares or debentures, as the case may be, believe that the statement was true.

- (6) Where –
- (a) the prospectus contains the name of a person as a director of the company, or as having agreed to become a director of the company, and he or she has not consented to become a director, or has withdrawn his or her consent before the issue of the prospectus, and has not authorized or consented to the issue of the prospectus; or
  - (b) the consent of a person is required under section 65 to the issue of the prospectus and he or she either has not given that consent or has withdrawn it before the issue of the prospectus,
- the directors of the company, except a director without whose knowledge or consent the prospectus was issued, and any other person who authorized the issue of the prospectus shall be liable to indemnify the person named in the prospectus or whose consent was required as to be named in the prospectus, as the case may be, against all damages, costs and expenses to which he or she may be made liable by reason of his or her name having been inserted in the prospectus or of the inclusion therein of a statement purporting to be made by him or her as an expert as the case may be, or in defending himself or herself against any action or legal proceeding brought against him or her in respect of the prospectus.
- (7) Notwithstanding the provisions of subsection (6) above, a person shall not be deemed for the purposes of this subsection to have authorized the issue of a prospectus by reason only of his or her having given the consent required by section 65 to the inclusion therein of a statement purporting to be made by him or her as an expert.
- (8) For the purpose of this section –
- (a) “*promoter*” means a promoter who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement, but does not include any person by reason of his or her acting in a professional capacity for persons engaged in procuring the formation of the company; and
  - (b) “*expert*” has the same meaning as in section 65.

**69. Criminal liability for Mis-statements in Prospectus.**

- (1) Where a prospectus issued after the commencement of this Act includes any untrue statement, any person who authorized the issue of the prospectus shall be guilty of an offence and liable to imprisonment for a term not exceeding two years, or to a fine not exceeding ten thousand South Sudanese Pounds, or both, unless he or she proves either that the statement was immaterial or that he had reasonable ground to believe and did, up to the time of the issue of the prospectus, believe that the statement was true.
- (2) A person shall not be deemed for the purpose of this section to have authorized the

issue of a prospectus by reason only of his or her having given the consent required by section 65 to the inclusion therein of a statement purporting to be made by him or her as an expert.

**70. Document Containing Offer of Shares or Debentures for Sale to be Deemed Prospectus.**

- (1) Where a company allots or agrees to allot any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, any document by which the offer for sale to the public is made shall for all purposes be deemed to be a prospectus issued by the company, and any written law as to the contents of prospectuses and to liability in respect of statements in and omissions from prospectuses, or otherwise relating to prospectuses, shall apply and have effect accordingly, as if the shares or debentures had been offered to the public for subscription and as if persons accepting the offer in respect of any shares or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made, in respect of mis-statements contained in the document or otherwise in respect of the document.
- (2) For the purposes of this Act, it shall, unless the contrary is proved, be evidence that an allotment of, or an agreement to allot, shares or debentures was made with a view to the shares or debentures being offered for sale to the public if it is shown that –

  - (a) an offer of the shares or debentures or of any of them for sale to the public was made within six months after the allotment or agreement to allot; or
  - (b) at the date when the offer was made the whole consideration to be received by the company in respect of the shares or debentures had not been so received.
- (3) Section 63, as applied by this section, shall have effect as if it required a prospectus to state in addition to the matters required by that section to be stated in a prospectus –

  - (a) the net amount of the consideration received or to be received by the company in respect of the shares or debentures to which the offer relates; and
  - (b) the place and time at which the contract under which the said shares or debentures have been or are to be allotted may be inspected, and section 66, as applied by this section, shall have effect as though the persons making the offer were persons named in a prospectus as directors of a company.
- (4) Where a person making an offer to which this section relates to a company or a firm, it shall be sufficient if the document referred to in this section is signed on behalf of the company or firm by two directors of the company or not less than half of the partners, as the case may be, and any such director or partner may sign by his or her agent authorized in writing.

**71. Special Restrictions for Public Companies.**

- (1) In the case of a public company, financial assistance may only be given if the company has net assets which are not reduced by the financial assistance or, to the extent that those assets are reduced by the financial assistance, if the assistance is provided out of distributable profits.
- (2) For the purposes of subsection (1) –
  - (a) “net assets” means the amount by which the aggregate of the company’s assets exceeds the aggregate of its liabilities taking the amount of both assets and liabilities to be as stated in the company’s accounting records immediately before the financial assistance is given; and
  - (b) “liabilities” includes any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is likely to be incurred or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

**72. Prohibition of Allotment Unless Minimum Subscription Received.**

- (1) No allotment shall be made of any share capital of a company offered to the public for subscription unless the amount stated in the prospectus as the minimum amount which in the opinion of the directors, must be raised by the issue of share capital in order to provide for the matters specified under paragraph 4 of the Third Schedule, has been subscribed and the sum payable on application for the amount so stated has been paid to and received by the company.
- (2) For the purposes of subsection (1), a sum shall be taken to have been paid to and received by the company if a cheque for that sum has been received in good faith by the company and the directors of the company have no reason for suspecting that the cheque will not be paid.
- (3) The amount so stated in the prospectus shall be reckoned exclusively of any amount payable otherwise than in cash and is in this Act referred to as the “minimum subscription”.
- (4) The amount payable on application on each share shall not be less than five percent of the nominal amount of the share.
- (5) If the conditions in this section have not been complied with on the expiration of sixty days after the first issue of the prospectus, all money received from applicants for shares shall be repaid to them without interest and if any such money is not so repaid within seventy five days of the issue of the prospectus the directors shall be

jointly and severally liable to repay the money with interest at the rate of five percent per annum.

- (6) A director shall not be liable if he or she proves that the default in the repayment of the money was not due to any negligence on his or her part.
- (7) Any condition requiring or binding any applicant for shares to waive compliance with any requirement shall be void and this section does not apply to a private company.
- (8) This section, except subsection (3) does not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

**73. Prohibition of Allotment in Certain Cases Unless Statement in Lieu of Prospectus Delivered to Registrar.**

- (1) A company having a share capital which does not issue a prospectus on or with reference to its formation, or which has issued such a prospectus but has not proceeded to allot any of the shares offered to the public for subscription, shall not allot any of its shares or debentures unless at least three days before the first allotment of either shares or debentures, there has been delivered to the registrar for registration a statement in lieu of prospectus signed by every person who is named therein as a director or a proposed director of the company or by his or her agent authorized in writing, in the form and containing the particulars set out in Part I of the Fourth Schedule and, in the cases mentioned in Part II of that Schedule, setting out the reports specified therein, and the said Parts I and II shall have effect subject to the provisions contained in Part III of that Schedule.
- (2) Every statement in lieu of prospectus delivered under subsection (1) shall, where the persons making any such report made in the statement or have, without giving the reasons indicated in the statement any such adjustments as are mentioned in paragraph 5 of the Fourth Schedule, have endorsed thereon or attached thereto a written statement signed by those persons setting out the adjustments and giving the reasons for the adjustments.
- (3) This section shall not apply to a private company.
- (4) If a company acts in contravention of subsection (1) or subsection (2), the company and every director of the company who knowingly and wilfully authorizes or permits the contravention shall be liable to a fine not exceeding three hundred South Sudanese Pounds.
- (5) Where a statement in lieu of prospectus delivered to the registrar under subsection (1) included any untrue statement, any person who authorized the delivery of the statement in lieu of prospectus for registration shall be guilty of an offence and liable to imprisonment for a term not exceeding two years or to a fine not

exceeding five thousand South Sudanese Pounds or both, unless he or she proves either that the untrue statement was immaterial or that he or she had reasonable grounds to believe and did, up to the time of the delivery for registration of the statement in lieu of prospectus, believe that the untrue statement was true.

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

**74. Restriction on Allotment.**

- (1) A company having share capital shall not allot any of its shares to a body corporate which is not a company formed and registered under this Act without the prior consent in writing of the Minister of Finance and Economic Planning to such allotment, and any allotment made without such consent as aforesaid shall be void.
- (2) If a company acts in contravention of this section, the company and every director who knowingly or wilfully permits or authorizes the contravention shall be liable to a fine not exceeding three hundred South Sudanese Pounds.

**75. Effect of Irregular Allotment.**

- (1) An allotment made by a company to an applicant in contravention of the provisions of sections 72, 73 and 74 shall be voidable at the instance of the applicant within one month after the holding of the statutory meeting of the company and not later, or, in any case where the company is not required to hold a statutory meeting, or where the allotment is made after the holding of the statutory meeting, within one month after the date of the allotment, and not later, and shall be so voidable notwithstanding that the company is in the course of being wound up.
- (2) If any director of a company knowingly contravenes, or permits or authorizes the contravention of, any of the provisions of the said sections with respect to allotment, he or she shall be liable to compensate the company and the allottee respectively for any loss, damages or costs which the company or the allottee may have sustained or incurred thereby.
- (3) Notwithstanding the provisions of subsection (2) above, those proceedings to recover any such loss, damages or costs shall not be commenced after the expiration of two years from the date of the allotment.



**76. Applications for, and Allotment of Shares and Debentures.**

- (1) No allotment shall be made of any shares in or debentures of a company in pursuance of a prospectus issued generally and no proceedings shall be taken on applications made in pursuance of a prospectus so issued, until the beginning of the third day after that on which the prospectus is first so issued, or such later time (if any) as may be specified in the prospectus.
- (2) The beginning of the said third day or such later time as stated in subsection (1) shall be referred to as the time of the opening of the subscription lists.
- (3) In subsection (1), the reference to the day on which the prospectus is first issued generally shall be construed as referring to the day on which it is first so issued as a newspaper advertisement.
- (4) Notwithstanding the provisions of subsection (3), if it is not so issued as a newspaper advertisement before the third day after that on which it is first so issued in any other manner, the said reference shall be construed as referring to the day on which it is first so issued in any manner.
- (5) The validity of an allotment shall not be affected by any contravention of the foregoing provisions of this section but, in the event of any such contravention, the company and every officer of the company who is in default shall be liable to a fine not exceeding one thousand South Sudanese Pounds.
- (6) In the application of this section to a prospectus offering shares or debentures for sale, subsections (1), (2) and (3) shall have effect with the substitution of references to sale for references to allotment, and with the substitution for the reference to the company and every officer of the company who is in default of a reference to any person by or through whom the offer is made and who knowingly and wilfully authorizes or permits the contravention.
- (7) An application for shares in or debentures of a company which is made in pursuance of a prospectus issued generally shall not be revocable until after the expiration of the third day after the time of the opening of the subscription lists, or the giving before the expiration of the said third day, by some person responsible for the prospectus, of a public notice having the effect of excluding or limiting the responsibility of the person giving it.
- (8) In reckoning, for the purposes of this section and of section 78, the third day after another day, any intervening day which is a Saturday or Sunday or which is a public holiday shall be disregarded, and if the third day (as so reckoned) is itself a Saturday or Sunday or such a public holiday there shall for the said purposes to be substituted the first day thereafter which is none of them.

**77. Allotment of Shares and Debentures to be Dealt in on Stock Exchange.**

- (1)** Where a prospectus, whether issued generally or not, states that application has been or will be made for permission for the shares or debentures offered thereby to be dealt in on any stock exchange, any allotment made on an application in pursuance of the prospectus shall, whenever made, be void if the permission has not been applied for before the third day after the first issue of the prospectus or if the permission has been refused before the expiration of three weeks from the date of the closing of the subscription lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to the applicant for permission by or on behalf of the stock exchange.
- (2)** Where the permission has not been applied for, or has been refused as aforesaid, the company shall forthwith repay without interest all money received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the directors of the company shall be jointly and severally liable to repay that money with interest at the rate of five per cent per annum from the expiration of the eighth day.
- (3)** Notwithstanding the provisions of subsection (2), a director shall not be liable if he or she proves that the default in the repayment of the money was not due to any misconduct or negligence on his or her part.
- (4)** All money received as under this section shall be kept in a separate bank account so long as the company may become liable to repay it under subsection (2); and, if default is made in complying with this subsection, the company and every officer of the company who is in default shall be liable to a fine not exceeding five thousand South Sudanese Pounds.
- (5)** Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section shall be void.
- (6)** For the purposes of this section, permission shall not be deemed to be refused if it is intimated that the application for it, though not at present granted, will be given further consideration.
- (7)** This section shall have effect –

  - (a)** in relation to any shares or debentures agreed to be taken by a person underwriting an offer thereof by a prospectus as if he had applied for them in pursuance of the prospectus; and
  - (b)** in relation to a prospectus offering shares for sale with the following modifications –

    - (i)** references to sale shall be substituted for references to allotment;
    - (ii)** the persons by whom the offer is made, and not the company, shall be liable under subsection (2) to repay money received from applicants, and references to the company's liability under that subsection shall be construed accordingly; and

- (iii) for the reference in subsection (3) to the company and every officer of the company who is in default there shall be substituted a reference to any person by or through whom the offer is made and who knowingly and wilfully authorized or permits the default.

**78. Return as to Allotment.**

- (1) Whenever a private company limited by shares or a company limited by guarantee and having a share capital makes any allotment of its shares, the company shall, within sixty days thereafter, deliver to the registrar for registration –
  - (a) a return of the allotments, stating the number and nominal amount of the shares comprised in the allotment, the names, addresses and descriptions of the allottees and the amount if any, paid or due and payable on each share; and
  - (b) in the case of shares allotted as fully or partly paid up otherwise than in cash, a contract in writing constituting the title of the allottee to the allotment together with any contract of sale or for services or other consideration in respect of which that allotment was made such contract being duly stamped and a return stating the number and nominal amount of shares so allotted, the extent to which they are to be treated as paid up and the consideration for which they have been allotted.
- (2) Where a contract under subsection (1) is not reduced into writing, the company shall, within sixty days after the allotment, deliver to the registrar for registration the prescribed particulars of the contract stamped with the same stamp duty as would have been payable if the contract had been reduced into writing and those particulars shall be deemed to be an instrument within the meaning of the law governing payment of stamp duties and the registrar may, as a condition of filing the particulars, require that the duty payable be paid accordingly.
- (3) Where any allotment of shares becomes void as a result of any provision of this Act, the company shall within one month after the date on which such allotment becomes void, lodge a notice in the prescribed form to that effect with the registrar.
- (4) Where default is made in complying with this section, every officer of the company who is in default is liable to a fine not exceeding one thousand South Sudanese Pounds and an additional fine of five South Sudanese Pounds for every day during which the default continues.

*Commissions and Discounts, etc.*

**79. Power to pay Certain Commissions and Prohibition of Payment of all Other Commissions, etc.**

- (1) A company may pay a commission to any person in consideration of his or her

subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company if –

- (a) the payment of the commission is authorised by the articles;
  - (b) the commission paid or agreed to be paid does not exceed ten percent of the price at which the shares are issued or the amount or rate authorised by the articles, whichever is less;
  - (c) the amount or percentage of the commission paid or agreed to be paid is –

    - (i) in the case of shares offered to the public for subscription, disclosed in the prospectus; or
    - (ii) in the case of shares not offered to the public for subscription, disclosed in the statement in lieu of prospectus or in a statement in the prescribed form signed in the same manner as a statement in lieu of prospectus and delivered before the payment of the commission to the registrar for registration and, where a circular or notice, not being a prospectus, inviting subscription for the shares is issued also disclosed in that circular or notice; and
  - (d) the number of shares which persons have agreed for a commission to subscribe absolutely is disclosed in the manner described in paragraph (c).
- (2) Except as provided in this section, a company shall not apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance to any person in consideration of his or her subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares of the company, or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in the company, whether the shares or money be so applied by being added to the purchase money of any property acquired by the company or to the contract price of any work to be executed for the company, or the money be paid out of the nominal purchase money or contract price, or otherwise.
- (3) Nothing in this section shall affect the power of a company to pay such brokerage as it has before the commencement of this Act been lawful for a company to pay.
- (4) A vendor, promoter or other person who receives payment in money or shares from a company shall have and shall be deemed always to have had power to apply any part of the money or shares so received in payment of any commission, the payment of which, if made directly by the company, would have been lawful under this section.
- (5) Where default is made in complying with the provisions relating to the delivery to the registrar of the statement in the prescribed form, the company and every officer of the company who is in default is liable to a fine not exceeding one hundred South Sudanese Pounds and in case of continued default, five South Sudanese Pounds for each day on which the default continues.

**80. Prohibition of Provision of Financial Assistance by Company for Purchase of or Subscription for its Own or its Holding Company's Shares.**

- (1) Subject to this section, a company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company, or, where the company is a subsidiary company in its holding company.
- (2) Nothing in this section shall be taken to prohibit –

  - (a) the lending of money by the company, where the lending of money is part of the ordinary business of a company;
  - (b) the provision by a company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for, fully paid shares in the company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the company including any director holding a salaried employment or office in the company;
  - (c) the making by a company of loans to persons, other than directors, in good faith in the employment of the company with a view to enabling those persons to purchase or subscribe for fully paid shares in the company or its holding company to be held by themselves by way of beneficial ownership; and
  - (d) the assistance given in good faith in the interest of the company.
- (3) This section does not prohibit –

  - (a) a distribution of a company's assets by way of dividend lawfully made or a distribution made in the course of the company's winding up;
  - (b) the allotment of bonus shares;
  - (c) a reduction of capital confirmed by order of the court under this Act;
  - (d) a redemption or purchase of shares made in accordance with this Act;
  - (e) anything done in accordance with an order of court under this Act and compromises and arrangements with creditors and members;
  - (f) anything done under an arrangement made in accordance with the law on insolvency or acceptance of shares by liquidator in winding up as consideration for sale of property; or
  - (g) anything done under an arrangement made between a company and its creditors which is binding on the creditors by virtue of the laws on insolvency.
- (4) Where a company acts in contravention of this section, the company commits an offence and is liable to a fine not exceeding one thousand South Sudanese Pounds.
- (5) Where a company commits an offence under subsection (4), every officer of the

company who contributes to the default commits an offence and is liable on conviction to a fine not exceeding one thousand South Sudanese Pounds.

- (6) For the purposes of this section, “financial assistance” means –
- (a) financial assistance given by way of gift in the best interests of the company;
  - (b) financial assistance given by way of guarantee, security or indemnity, other than an indemnity in respect of the indemnifier’s own neglect or default or by way of release or waiver;
  - (c) financial assistance given by way of a loan or any other agreement under which any of the obligations of the person giving the assistance are to be fulfilled at a time when in accordance with the agreement, any obligation of another party to the agreement remains unfulfilled or by way of the notation of or the assignment of rights arising under a loan or such other agreement; or
  - (d) any other financial assistance given by a company the net assets of which are by reason of the financial assistance reduced to a material extent or which has no net assets.

#### **81. Special Restrictions for Public Companies.**

- (3) In the case of a public company, financial assistance may only be given if the company has net assets which are not reduced by the financial assistance or, to the extent that those assets are reduced by the financial assistance, if the assistance is provided out of distributable profits.
- (4) For the purposes of subsection (1) –
- (a) “net assets” means the amount by which the aggregate of the company’s assets exceeds the aggregate of its liabilities taking the amount of both assets and liabilities to be as stated in the company’s accounting records immediately before the financial assistance is given; and
  - (b) “liabilities” includes any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is likely to be incurred or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

#### **82. Relaxation of the Rule in Section 80 for Private Companies.**

- (1) A private company is not prohibited from giving financial assistance –
- (a) for the acquisition of its shares; or
  - (b) for the acquisition of shares in another company where the acquisition of shares is in its holding company, the holding company is a private company and giving the assistance complies with the requirements of this Act.
- (2) The financial assistance may only be given if the company has net assets which are

not reduced by the financial assistance or, to the extent that they are reduced, if the assistance is provided out of distributable profits.

- (3) A private company, which is a subsidiary company, shall not give financial assistance for the acquisition of shares in its holding company, where the subsidiary is also a subsidiary of a public company which is a subsidiary of the holding company in which the shares were or are to be acquired.
- (4) Unless the company proposing to give the financial assistance is a wholly-owned subsidiary, the giving of financial assistance under this section shall be approved by special resolution of the company in a general meeting.
- (5) Where the financial assistance is to be given by the company in a case where the acquisition of shares in question is or was an acquisition of shares in its holding company, that holding company and any other company which is both the company's holding company and a subsidiary of that other holding company except in any case, a company which is a wholly-owned subsidiary shall also approve by special resolution in a general meeting the giving of the financial assistance.
- (6) The directors of the company proposing to give the financial assistance and, where the shares acquired or to be acquired are shares in its holding company, the directors of that company and of any other company which is both the company's holding company and a subsidiary of that other holding company shall, before the financial assistance is given, make a statutory declaration stating that this section has been complied with.

*Issue of Shares at Premium and Discount and Redeemable Preference Shares.*

**83. Application of Premiums Received on Issue of Shares.**

- (1) Where a company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called "the share premium account" and the provisions of this Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the share premium account were paid-up share capital of the company.
- (2) The share premium account may, notwithstanding anything in the foregoing subsection, be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully-paid bonus shares, in writing off –
  - (a) the preliminary expenses of the company;
  - (b) the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the company, or in providing for the premium payable on redemption of any redeemable preference shares or of any debentures of the company.

- (3) Where a company has before the commencement of this Act issued any shares at a premium, this section shall apply as if the shares had been issued after the commencement of this Act.
- (4) Notwithstanding the provisions of subsection (3), any part of the premiums which has been so applied that it does not at the commencement of this Act form an identifiable part of the company's reserves within the meaning of the Schedule to this Act, on accounts, shall be disregarded in determining the sum to be included in the share premium account.

**84. Power to Issue Shares at a Discount.**

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

**85. Power to Issue Redeemable Preference Shares.**

- (1) Subject to the provisions of this section, a company limited by shares may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be liable, to be redeemed.
- (2) Notwithstanding the provisions of subsection (1) –
  - (a) no such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;
  - (b) no such shares shall be redeemed unless they are fully paid;



- (c) the premium, if any, payable on redemption, must have been provided for out of the profits of the company or out of the company's share premium account before the shares are redeemed; and
  - (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called the "the capital redemption reserve fund", a sum equal to the nominal amount of the shares redeemed, and the provisions of this Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve fund were paid-up share capital of the company.
- (3) Subject to the provisions of this section, the redemption of preference shares may be effected on such terms and in such manner as may be provided by the articles of the company.
- (4) The redemption of preference shares under this section by a company shall not be taken as reducing the amount of the company's authorized share capital.
- (5) Where in pursuance of this section a company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and accordingly the share capital of the company shall not for the purpose of any enactments relating to stamp duty be deemed to be increased by the issue of shares in pursuance of this subsection.
- (6) Notwithstanding subsection (5) above, where new shares are issued before the redemption of the old shares, the new shares shall not, so far as related to stamp duty, be deemed to have been issued in pursuance of this subsection unless the old shares are redeemed within one month after the issue of the new shares.
- (7) The capital redemption reserve fund may, notwithstanding anything in this section, be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

*Miscellaneous Provisions as to Share Capital.*

**86. Power of Company to Arrange for Different Amounts being Paid on Shares.**

A company, if so authorized by its articles, may do anyone or more of the following –

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

**87. Reserve Liability of Limited Company.**

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

**88. Power of Company Limited by Shares or guarantee to Alter its Share Capital.**

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

**89. Notice to Registrar of Consolidation of Share Capital, Conversion of Shares into Stock, etc.**

- (1) Where a company having a share capital has –
- (a) consolidated and divided its share capital into shares of larger amount than its existing shares;
  - (b) converted any shares into stock;
  - (c) reconverted stock into shares;
  - (d) subdivided its shares or any of them;
  - (e) redeemed any redeemable preference shares;

(f) cancelled any shares, otherwise than in connection with a reduction of share capital under section 93,

it shall, within thirty days after so doing, give notice to the registrar specifying, as the case may be, the shares consolidated, divided, converted, subdivided, redeemed or cancelled, or the stock reconverted.

(2) If default is made in complying with this section, the company and every officer of the company who is in default shall be liable to a default fine.

**90. Notice of Increase of Share Capital.**

(1) Where a company having a share capital, whether its shares have or have not been converted into stock, has increased its share capital beyond the registered capital, it shall, within thirty days after the passing of the resolution authorizing the increase, give to the registrar notice of the increase, and the registrar shall record the increase.

(2) The notice to be given as aforesaid shall include such particulars as may be prescribed with respect to the classes of shares affected and the conditions subject to which the new shares have been or are to be issued, and there shall be forwarded to the registrar, together with the notice, a printed copy of the resolution authorizing the increase.

(3) If default is made in complying with this section, the company and every officer of the company who is in default shall be liable to a default fine.

**91. Power of Unlimited Company to Provide for Reserve Share Capital on Re-registration.**

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

(a) increase the nominal amount of its share capital by increasing the nominal amount of each of its shares, but subject to the condition that no part of the increased capital shall be capable of being called up except in the event and for the purposes of the company being wound up; or

(e) provide that a specified portion of its uncalled share capital shall not be capable of being called up except in the event and for the purposes of the company being wound up.

**92. Power of Company to Pay Interest out of Capital in Certain Cases.**

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

- (2) Notwithstanding the provisions of subsection (1) above –
- (a) no such payment shall be made unless it is authorized by the articles or by special resolution;
  - (b) no such payment, whether authorized by the articles or by special resolution, shall be made without the previous sanction of the registrar;
  - (c) before sanctioning any such payment the registrar may, at the expense of the company, appoint a person to inquire and report to him or her as to the circumstances of the case, and may, before making the appointment, require the company to give security for the payment of the costs of the inquiry;
  - (d) the payment shall be made only for such period as may be determined by the registrar, and that period shall in no case extend beyond the close of the half-year next after the half-year during which the works or buildings have been actually completed or the plant provided;
  - (e) the rate of interest shall in no case exceed five per cent per annum or such other rate as the Minister may for the time being by notice in the Gazette prescribe;
  - (f) the payment of the interest shall not operate as a reduction of the amount paid up on the shares in respect of which it is paid.

*Reduction of Share Capital.*

**93. Special Resolution for Reduction of Share Capital.**

- (1) Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles, by special resolution reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing, may –
- (a) extinguish or reduce the liability on any of its shares in respect of un paid up share capital;
  - (b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or
  - (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the needs of the company,
- and may, if and so far as is necessary, alter its memorandum by reducing the amount of its share capital and of its shares accordingly.
- (2) A special resolution under this section shall be referred to as a “resolution for reducing share capital”.

**94. Application to Court for Confirming Order, Objections by Creditors, and Settlement of List of Objecting Creditors.**

- (1) Where a company has passed a resolution for reducing share capital, it shall apply by petition to the court for an order confirming the reduction.
- (2) Where the proposed reduction of share capital involves either diminution of liability in respect of unpaid share capital or the payment to any shareholder of any

paid-up share capital, and in any other case if the court so directs, the following provisions shall have effect, subject nevertheless to subsection (3) –

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

#### **95. Order Confirming Reduction and Powers of Court on Making such Order.**

- (1) The court, if satisfied, with respect to every creditor of the company who under section 94 is entitled to object to the reduction, that either his or her consent to the reduction has been obtained or his or her debt or claim has been discharged or has determined, or has been secured, may make an order confirming the reduction on such terms and conditions as it thinks fit.
- (2) Where for any special reason the court thinks proper so to do, it may –
  - (a) make an order directing that the company shall, during such period, commencing on or at any time after the date of the order, as is specified in the order, add to its name as the last words thereof the “words “and reduced”; and
  - (b) make an order requiring the company to publish as the court directs the reason for reduction or such other information in regard thereto as the court

may think expedient with a view to giving proper information to the public, and, if the court thinks fit, the causes which led to the reduction.

- (3) Where a company is ordered to add to its name the words “and reduced”, those words shall, until the expiration of the period specified in the order, be deemed to be part of the name of company.

**96. Registration of Order and Minute of Reduction.**

- (1) The registrar, on production to him or her of an order of the court confirming the reduction of the share capital of a company, and the delivery to him or her of a copy of the order and of a minute approved by the court, showing with respect to the share capital of the company, as altered by the order, the amount of the share capital, the number of shares into which it is to be divided, the amount of each share, and the amount, if any, at the date of the registration deemed to be paid up on each share, shall register the order and minute.
- (2) Upon registration of the order and minute, the resolution for reducing share capital as confirmed by the order so registered shall take effect.
- (3) Notice of the registration shall be published in such manner as the court may direct.
- (4) The registrar shall certify under his or her hand the registration of the order and minute, and his or her certificate shall be conclusive evidence that all the requirements of this Act with respect to reduction of share capital have been complied with, and that the share capital of the company is such as is stated in the minute.
- (5) The minute when registered shall be deemed to be substituted for the corresponding part of the memorandum, and shall be valid and may be altered as if it had been originally contained therein.
- (6) The substitution of any such minute as aforesaid for part of the memorandum of the company shall be deemed to be an alteration of the memorandum under this Act.

**97. Liability of Members in Respect of Reduced Shares.**

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

Act and the law on insolvency with respect to winding up by the court, to pay the amount of his or her debt or claim, then –

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

**98. Penalty for Concealing Name of Creditor, etc.**

Where any officer of the company –

- (a) wilfully conceals the name of any creditor entitled to object to the reduction;
  - (b) wilfully misrepresents the nature or amount of the debt or claim of any creditor; or
  - (c) aids, abets or is privy to any such concealment or misrepresentation,
- he or she shall be liable to imprisonment for a term not exceeding one year or to a fine not exceeding one thousand South Sudanese Pounds or both.

*Variation of Shareholder's Rights.*

**99. Rights of Holders of Special Classes of Shares.**

- (1) Where in the case of a company, whose share capital is divided into different classes of shares, a provision is made by the memorandum or articles for authorizing the variation of the rights attached to any class of shares in the company, subject to the consent of any specified proportion of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and in pursuance of the said provision the rights attached to any such class of shares are at any time varied, the holders of not less in the aggregate than fifteen per cent of the issued shares of that class, being persons who did not consent to or vote in favour of the resolution for the variation, may apply to the court to have the variation cancelled, and, where any such application is made, the variation shall not have effect unless and until it is confirmed by the court.
- (2) An application under this section shall be made by petition within thirty days from the date on which the consent was given or the resolution was passed, as the case may be, and may be made on behalf of the shareholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.

- (3) On any such application, the court, after hearing the applicant and any other persons who apply to the court to be heard and appear to the court to be interested in the application, may, if it is satisfied, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation, and shall, if not so satisfied, confirm the variation.
- (4) The decision of the court on any such application shall be final.
- (5) The company shall within thirty days from the making of an order by the court on any such application forward a certified copy of the order to the registrar, and, if default is made in complying with this provision, the company and every officer of the company who is in default shall be liable to a default fine.
- (6) In this section, “variation” includes abrogation, and “varied” shall be construed accordingly.

*Transfer of shares and Debentures, Evidence of Title, etc*

**100. Legal Nature and Types of Shares.**

- (1) The shares or other interest of any member in a company shall be movable property transferable in the manner provided by the articles of the company.
- (2) Subject to subsection (1), a share in a company shall confer on the holder –
  - (a) the right to one vote on a poll at a meeting of the company on any resolution;
  - (b) the right to an equal share in dividends authorised by the board; and
  - (c) the right to an equal share in the distribution of the surplus assets of the company.
- (3) The rights specified in subsection (2) may be restricted, limited, altered or added to by the articles of the company or in accordance with the terms on which the share is issued.
- (4) Subject to the articles of the company, different classes of shares may be issued in a company.

**101. No Par Value Shares.**

- (1) Any shares created or issued after the commencement of this Act shall be shares of no par value.
- (2) Subject to subsection (1), the par value shares of an existing company on the Register of Companies at the date of the commencement of this Act shall continue to be shares having a par value with the par value attached to those shares being the par value carried by those shares immediately before the commencement of this Act.



- (3) Any existing company may at any time, convert any class of shares of the company into shares of no par value provided that –
- (a) all the shares of any one class of shares of the company consist of either par value shares or no par value shares; and
  - (b) where all the shares of the company –
    - (i) are of the one class, the conversion of the shares is approved by special resolution or by consent in writing of 75 per cent of the shareholders; or
    - (ii) comprise more than one class, the conversion of the shares is approved by the holders of each class to be converted by special resolution or by consent in writing of 75 per cent of the holders of that class; and
  - (c) Notice of the terms of the conversion is given to the registrar for registration within fourteen days of the approval of the conversion.
- (4) Notwithstanding subsection (1) an existing company may, after the commencement of this Act, issue shares or a class or classes of shares having a par value.
- (5) Upon registration of the notice under subsection (3) paragraph (c), the shares in question shall, subject to this section, be deemed to have been converted into shares of no par value.
- (6) The shares converted under this section shall not affect the rights and liabilities attached to such shares and in particular, such conversion shall not affect –
- (a) any unpaid liability on such shares; or
  - (b) the rights of the holders of the shares in respect of dividends, voting or repayment on winding up or a reduction of capital.

#### **102. Registrar May Grant Dispensation.**

- (1) Notwithstanding section 101 the registrar may, where he or she is satisfied that –
- (a) a company registered or proposed to be registered under this Act is a wholly owned subsidiary of a company registered outside South Sudan and that for the purposes of the company's reporting obligations outside South Sudan it is necessary for the company to be formed with shares carrying a par value; or
  - (b) there are good grounds for the shares to be issued at par value, subject to subsection (2), grant a dispensation and permit the issue of a class or classes of par value shares.
- (2) A dispensation shall be granted on such terms and conditions as the registrar may consider fit provided that all the shares of any class shall be at par value and any premiums received on any issue of shares shall be transferred into the share premium account in accordance with this law.

#### **103. Share Premium Issued Other Than For Cash.**

Where shares having a par value are issued for a consideration other than cash and the value of that consideration is more than the par value of such shares, the difference between the

par value of the shares and the value of the shares so acquired shall be transferred to the share premium account.

**104. Denomination of Share Capital.**

- (1) Any share having a par value shall be denominated in South Sudanese currency, but may, with the approval of the registrar, be designated in any foreign currency.
- (2) Where the share capital of a company is denominated in a foreign currency, it shall not, without the prior approval of the registrar, change the denomination into another currency.

**105. Transferability of Shares.**

- (1) Subject to any limitation or restriction on the transfer of shares in the articles, a share in a company shall be transferable.
- (2) A share shall be transferred by entry in the share register in accordance with this Act.

**106. Issue of Shares on Incorporation and Amalgamation.**

- (1) Upon incorporation of the company any person named in the application for incorporation as a shareholder shall be taken to have been issued with the number of shares specified in the application.
- (2) Following the issue of a certificate of amalgamation under this Act, the amalgamated company shall forthwith issue to any person entitled to a share or shares under the amalgamation proposal, the share or shares to which that person is entitled.

**107. Issue of Other Shares.**

- (1) Subject to this Act, and to the articles of the company, the board may issue shares at any time, to any person, and in any number it thinks fit.
- (2) Where the shares confer rights, other than those set out in section 100, or impose any obligation on the holder, the board shall, subject to –
  - (a) the prior approval of an ordinary resolution of shareholders, unless the articles provides otherwise; and
  - (b) the requirements relating to variation of rights under this Act;approve the terms of issue which set out the rights and obligations attached to the shares.
- (3) The terms of issue approved by the board –
  - (a) shall be consistent with the articles of the company, and to the extent that they are not so consistent, shall be invalid and of no effect; and
  - (b) shall be deemed to form part of its articles and may be amended in accordance with this Act.

- (4) Within fourteen days after the issue of shares under this section, the company shall –
- (a) give notice to the registrar in a form approved by him or her of –
    - (i) the number of shares issued;
    - (ii) the amount of the consideration for which the shares have been issued, or its value as determined by the board; and
    - (iii) the amount of the company's stated capital following the issue of the shares; and
  - (b) deliver to the registrar a copy of any terms of issue approved.

**108. Alteration in Number of Shares.**

- (1) A company may by ordinary resolution –
- (a) divide or subdivide its shares into shares of a smaller amount if the proportion between the amount paid, and the amount, if any, unpaid on each reduced share remains the same as it was in the case of the share from which the reduced share is derived;
  - (b) consolidate into shares of a larger amount than its existing shares.
- (2) Where shares are consolidated, the amount paid and any unpaid liability thereon, any fixed sum by way of dividend or repayment to which such shares are entitled, shall also be consolidated.
- (3) Where a company has altered its share capital, it shall within fourteen days of the date of the alteration file a notice to that effect with the registrar.
- (4) A notice shall include particulars with respect to the classes of shares affected.

**109. Fractional Shares.**

A company may, where its articles so provide, issue fractions of shares which shall have corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes as those which relate to the whole share of the same class or series of shares.

**110. Pre-emptive Rights to New Issues.**

- (1) Subject to its articles, where a company issues shares which rank equally with, or in priority to existing shares as to voting or distribution rights, those shares shall be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.
- (2) An offer shall remain open for acceptance for a reasonable time, which shall not be less than fourteen days.

**111. Consideration for Issue of Shares.**

- (1) Before it issues any shares, the board shall determine the amount of the

consideration for which the shares shall be issued and shall ensure that such consideration is fair and reasonable to the company and to all existing shareholders.

- (2) The consideration for which a share is issued may take any form including payment in cash, promissory notes, contracts for future services, real or personal property or other securities of the company.
- (3) The amount of consideration for which a share with par value is issued in accordance with any dispensation given by the registrar, shall not be less than the par value.

#### **112. Shares not Paid For in Cash.**

- (1) Shares shall be considered not to have been paid for in cash except to the extent that the company has actually received cash in payment for the shares at the time of or subsequently to the agreement to issue the shares.
- (2) Before shares that have already been issued are credited as fully or partly paid up other than for cash, the board shall determine the reasonable present cash value of the consideration and shall ensure that the present cash value of the consideration is –
  - (a) fair and reasonable to the company and to all existing shareholders; and
  - (b) not less than the amount to be credited in respect of the shares.
- (3) A certificate shall be signed by one of the directors or his or her agent authorized in writing describing the consideration in sufficient detail to identify it and state –
  - (a) the present cash value of the consideration and the basis for assessing it;
  - (b) that the present cash value of the consideration is fair and reasonable to the company and to all existing shareholders; and
  - (c) that the present cash value of the consideration is not less than the amount to be credited in respect of the shares.
- (4) The board shall deliver a copy of the certificate to the registrar for registration within fourteen days of its signature.
- (5) Nothing in this section shall apply to the issue of shares in a company on –
  - (a) the conversion of any convertible securities; or
  - (b) the exercise of any option to acquire shares in the company.
- (6) An officer who fails to comply with subsection (3) commits an offence and shall, on conviction, be liable to a fine not exceeding one hundred South Sudanese Pounds.
- (7) Where the board fails to comply with subsection (4), every officer of the company commits an offence and shall, on conviction, be liable to a fine not exceeding one hundred South Sudanese Pounds.

**113. Call on Shares.**

Where a call is made on a share or any other obligation attached to a share is performed by a shareholder, the company shall within fourteen days give notice to the registrar in a form approved by him or her of –

- (a) the amount of the call or its value as determined by the board; and
- (b) the amount of the stated capital of the company following the making of the call.

**114. Consent to Issue of Shares.**

The issue by a company of a share that –

- (a) increases the liability of a person to the company; or
  - (b) imposes a new liability on a person to the company,
- shall be void where that person, or his or her agent who is authorised in writing, does not consent in writing to becoming the holder of the share before it is issued.

**115. Time of Issue of Shares.**

Notwithstanding the provisions on issue of shares on incorporation and amalgamation, a share is issued when the name of the holder is entered on the share register.

**116. Board May Authorize Distribution.**

- (1) A company shall not make any distribution to any shareholder unless that distribution –
  - (a) has been authorised by the board; and
  - (b) subject to the articles, has been approved by the shareholders by ordinary resolution.
- (2) The board may authorise a distribution at such time and of such amount as it thinks fit, if the company shall, upon the distribution being made, satisfy the solvency test.
- (3) The directors who vote in favour of a distribution shall sign a certificate stating that, in their opinion, the company shall, upon the distribution being made, satisfy the solvency test.
- (4) Where, after a distribution is authorised and before it is made, the board ceases to be satisfied that the company shall, upon the distribution being made, satisfy the solvency test, any distribution made by the company shall be deemed not to have been authorised.

**117. Transfer not to be Registered Except on Production of Instrument of Transfer.**

- (1) Notwithstanding anything in the articles of a company, it shall not be lawful for the company to register a transfer of shares in or debentures of the company unless a proper instrument of transfer has been delivered to the company and if such transfer is in favour of a body corporate which is not incorporated under this Act the

consent of the Minister to the transfer shall be required.

- (2) Nothing in this section shall prejudice any power of the company to register as shareholder or debenture-holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of the law.

**118. Transfer by Personal Representative.**

- (1) A transfer of the share or other interest of a deceased member of a company made by his or her personal representative shall, although the personal representative is not himself or herself a member of the company, be as valid as if he or she had been a member at the time of the execution of the instrument of transfer.
- (2) Before entering a transfer made under subsection (1) in the share register or the register of debenture holders, the directors of the company may require production of proper evidence of the title or the personal representative.

**119. Registration of a Transfer at Request of the Transferor.**

- (1) On the application of the transferor of any share or interest in a company, the company shall enter in its register of members the name of the transferee in the same manner and subject to the same conditions as if the application for the entry were made by the transferee.
- (2) On the written request of the transferor of a share or debenture or other interest in a company, the company shall by written notice require the person having the possession, custody or control of the debenture or share certificate if a certificate has been issued and the instrument of transfer thereof or either of them, to deliver it or them to its registered office, within such period as may be specified in the notice, being not less than seven nor more than twenty eight days after the date of the notice, to have the share certificate or debenture cancelled or rectified and the transfer entered in the appropriate register or otherwise dealt with.
- (3) Where a person refuses or neglects to comply with a notice under subsection (2) the transferor may apply to the court to issue a summons for that person to appear before the court and show cause why the document mentioned in the notice should not be delivered or produced.
- (4) The court may order the person summoned under subsection (3) to deliver a document referred to in subsection (2) to the company on such terms or conditions as the Court thinks fit.
- (5) A list of all share certificates or debentures called for under this section and not delivered shall be exhibited at the registered office of the company and shall be advertised in such newspapers and at such times as the company thinks fit.

**120. Notice of refusal to Register a Transfer.**

- (1) Where a company refuses to register a transfer of any shares or debentures, the

company shall, within sixty days after the date on which the transfer was lodged with the company, send to the transferee notice of the refusal.

- (2) Where default is made in complying with this section, the company and every officer of the company who is in default is liable to a fine not exceeding one hundred South Sudanese Pounds.

#### **121. Limitation of Time for Issue of Certificates on Transfer.**

- (1) Unless it is entitled for any reason to refuse to register a transfer and does not register it, every company shall, within six weeks after the date on which an instrument of transfer of any shares, debentures, debenture stock or securities is lodged with it, complete and have ready for delivery the certificates in respect of the shares, debentures, debenture stock or securities of which the transfer is to be registered.
- (2) Where default is made in complying with the requirements of subsection (1), the company and every officer who is in default is liable to a fine not exceeding one hundred South Sudanese Pounds.

#### **122. Certification of a Transfer.**

- (1) The certification by a company of any instrument of transfer of shares in or debentures of the company shall be taken as a representation by the company to any person acting on the faith of the certification that there have been produced to the company, such documents as on the face of them show a prima facie title to the shares or debentures in the transferor named in the instrument of transfer but not as a representation that the transferor has any title to the shares or debentures.
- (2) Where a person acts on the faith of a false certification by a company made negligently, the company shall be under the same liability to him or her as if the certification had been made fraudulently.
- (3) For the purposes of this section-
  - (a) an instrument of transfer shall be taken to be certified if it bears the words "certificate lodged" or words to the like effect;
  - (b) the certification of an instrument of transfer shall be taken to be made by a company if-
  - (c) the person issuing the instrument is a person authorised to issue certificated instruments of transfer on the company's behalf; and
  - (d) the certification is signed by a person authorised to certificate transfers on the company's behalf or by any officer or servant either of the company or of a body corporate so authorised;
  - (e) a certification shall be taken to be signed by a person if –
    - (i) it purports to be authenticated by his or her signature or initials whether handwritten or not; and
    - (ii) it is shown that the signature or initials was or were placed there by himself or herself or by any person authorised to use the signature or

initials for the purpose of certifying transfers on the company's behalf.

- (4) Notwithstanding section 117, where a share certificate has been issued, a transfer of the shares to which it relates shall not be registered by the company unless the instrument of transfer required by that section is accompanied –
  - (a) by the share certificate relating to the share; or
  - (b) by evidence as to its loss or destruction and, if required, an indemnity in a form required by the board.
- (5) Subject to subsection (1), where shares to which a share certificate relates are to be transferred, and the share certificate is sent to the company for registration of the transfer, the share certificate shall be cancelled and no further share certificate shall be issued except at the request of the transferee.
- (6) The certificates of any securities in respect of which a company has certified any instrument of transfer as provided in this section, shall upon certification be cancelled by the company.

**123. Duties of a company with respect to issue of certificates.**

- (1) A company shall, within sixty days after the allotment of any of its shares, debentures or debenture stock and within two months after the date on which a transfer of the shares, debentures or debenture stock is lodged with the company, complete and have ready for delivery the certificates of all shares, the debentures and the certificates of all debenture stock allotted or transferred, unless the conditions of issue of the shares, debentures or debenture stock otherwise provide.
- (2) For the purposes of subsection (1), “transfer” means a transfer duly stamped and otherwise valid and does not include a transfer which the company is for any reason entitled to refuse to register and does not register.
- (3) A share certificate shall state the name of the company, the class of shares, and the number of shares held by that person.
- (4) Where a company on whom a notice has been served requiring the company to make good any default in complying with subsection (1) fails to make good the default within fourteen days from the service of the notice, the court may, on the application of the person entitled to have the certificates or the debentures delivered to him or her, make an order directing the company and any officer of the company to make good the default within such time as may be specified in the order, and any such order may provide that all costs of and incidental to the application shall be borne by the company or by any officer of the company responsible for the default.
- (5) Where default is made in complying with the requirements of subsection (1), any person entitled to the certificates of shares, the debentures or the certificates of debenture stock in question may by notice in writing call upon the company to make good the default.



- (6) Where the company on which a notice has been served under subsection (5), requiring the issue of certificate fails to make good the default within fourteen days after the service of the notice, the court may, on the application by the person entitled to have the certificates or the debentures delivered to him or her, make an order directing the company and any officer of the company to make good the default within the time specified in the order.
- (7) An order made by court under subsection (6) may provide that all costs of and incidental to the application shall be borne by the company or by any officer of the company responsible for the default.
- (8) Where default is made in complying with this section, the company and every officer of the company who is in default is liable to a default fine not exceeding five hundred South Sudanese Pounds.

**124. Certificate of Share or Stock to be Evidence of Title.**

- (1) A certificate, under the common seal of the company or any other title evidencing securities under this Act or any other law specifying any shares held by any member shall be prima facie evidence of title of the member to the shares.
- (2) Subject to subsection (3), a signature may be affixed to or placed on the certificate by autographic mechanical or electronic means.
- (3) The Minister may, by statutory instrument make regulations providing for the title to securities to be evidenced and transferred without written documents.

**125. Loss or Destruction of Certificates.**

- (1) Subject to subsections (2) and (3), where a certificate or other document of title to a share or a debenture is lost or destroyed, the company shall on application being made by the owner and on payment of a prescribed fee, issue a duplicate certificate or document to the owner.
- (2) The application shall be accompanied by a written undertaking that where the certificate or document is found, or received by the owner, it shall be returned to the company.

**126. Evidence of Grant of Probate.**

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

- (a) probate of the will or letters or certificate of administration of the estate, of a deceased person having been granted to some person; or
- (b) the trustee having undertaken administration of an estate, shall be accepted by the company, notwithstanding anything in its articles as sufficient evidence of the grant or undertaking.

**127. Effect of Irregular Allotment.**

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

**128. Validation of Irregular Creation, Allotment or Issue of Shares.**

- (1) Where a company has purported to create, allot or issue shares and the creation, allotment or issue of such shares was invalid by virtue of any provision of this Act or any other law or of the memorandum or articles of the company or otherwise, or the terms of the creation, allotment or issue were inconsistent with or not authorized by any such provision, the court may upon application made by the company or by any interested person and upon being satisfied that in all the circumstances it is just and equitable to do so, make an order validating the creation, allotment or issue of such shares or confirming the terms of the creation, allotment or issue thereof, subject to such conditions as the court may impose.
- (2) The court shall, when making an order under subsection (1), direct that a copy thereof be lodged with the registrar.
- (3) Upon the registration of the copy of the said order by the registrar and after the payment of all prescribed fees, the said shares shall be deemed to have been validly created, allotted or issued upon the terms of the creation, allotment or issue thereof and subject to the conditions imposed by the court.

**129. Issue and Effect of Share Warrants to Bearer.**

- (1) A company limited by shares, if authorised by its articles, may, with respect to any fully paid up shares, issue under its common seal a warrant stating that the bearer of the warrant is entitled to the shares specified in it and may provide, by coupons or otherwise, for payment of the future dividends on the shares included in the warrant.

- (2) A warrant described in subsection (1) is, in this Act referred to as a “share warrant”.
- (3) A share warrant shall entitle its bearer to the shares specified in it, and the shares may be transferred by delivery of the warrant.

**130. Penalty for Impersonation of Shareholder.**

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

**131. Offences in Connection With Share Warrants.**

- (1) Where a person –
  - (a) with intent to defraud, forges or alters or offers, utters, disposes of or puts off, knowing it to be forged or altered, any share warrant or coupon or any document purporting to be a share warrant or coupon, issued under this Act; or
  - (b) by means of any such forged or altered share warrant, coupon or document, purporting to be a share warrant, demands or endeavours to obtain or receive any share or interest in any company under this Act or to receive any dividend or money payable in respect of it, knowing the warrant, coupon or document to be forged or altered, he or she commits an offence and is liable on conviction to imprisonment not exceeding three years.
- (2) Where a person without lawful authority or excuse, proof of which shall lie on him or her –
  - (a) engraves or makes on any plate, wood, stone or other material any share warrant or coupon purporting to be –
    - (i) a share warrant or coupon issued or made by any particular company under this Act;
    - (ii) a blank share warrant or coupon so issued or made;
    - (iii) a part of such a share warrant or coupon; or
  - (b) uses any such plate, wood, stone or other material for the making or printing of any such share warrant or coupon or of any such blank share warrant or coupon or any part of it respectively; or
  - (c) knowingly has in his or her custody or possession any such plate, wood, stone or other material, he or she commits an offence and is liable on conviction to imprisonment not exceeding fourteen years.

*Special Provisions as to Debentures.*

**132. Creation and Issue of Debentures.**

A company if so authorized by its memorandum or by its articles may create and issue secured or unsecured debentures.

**133. Provisions as to Registers of Debenture Holders.**

- (1) A company which issues a series of debentures shall keep at the registered office of the company a register of holders of the debentures showing the number of debentures issued and outstanding whether or not they are payable to bearer and specifying the names and addresses of the holders, other than bearers thereof.
- (2) Subject to subsection (1) –
  - (a) where the work of making up the register or duplicate is done at some office of the company other than the registered office, the register or duplicate may be kept at that office;
  - (b) where the company keeps in South Sudan both the register and duplicate referred to in paragraph (a), it shall be kept at that office; and
  - (c) where the company keeps in South Sudan both the register and duplicate referred to in paragraph (a), it shall keep them at the same place.
- (3) A company shall give notice to the registrar of the place where the register and any duplicate is kept and of any change in that place.
- (4) A company shall not be bound to give notice under subsection (3) if the register or duplicate has, at all times since it came into existence after the commencement of this Act, been kept at the registered office of the company.

**134. Form of Debenture or Debenture Certificate.**

- (1) No debenture or debenture certificate shall be issued by a company unless the conditions of the debenture concerned are stated on the debenture or on the debenture certificate.
- (2) Any debenture certificate shall be signed by one director of the company and an officer of the company duly authorized thereto by the directors.

**135. Rights of Debenture Holders and Shareholders to Inspect the Register of Debenture Holders and to Have Copies of a Trust Deed.**

- (1) A register of holders of debentures of a company shall, except when duly closed be open to the inspection of the registered holders of the debentures or any holder of any shares in the company without fee and to any other person, on payment of a fee of fifty South Sudanese Pounds or such less sum as may be prescribed by the company.
- (2) The company may, in a general meeting, impose reasonable restrictions on inspection under subsection (1) but the restrictions shall not be such as to reduce the period of inspection to less than two hours in each day.
- (3) Every registered holder of debentures and every holder of shares in a company may

require a copy of the register of the holders of debentures of the company or any part of it on payment of a reasonable fee prescribed by the company for every hundred words required to be copied.

- (4) A copy of any trust deed for securing any issue of debentures shall be forwarded to every holder of any such debentures at his or her request on payment in the case of a printed trust deed of the sum of a reasonable fee prescribed by the company or, where the trust deed has not been printed, on payment of a reasonable fee prescribed by the company for every hundred words required to be copied.
- (5) Where inspection is refused or a copy is refused or not forwarded, the company and every officer of the company who is in default is liable to a default fine of hundred South Sudanese Pounds and further fine of five South Sudanese Pounds for each day the default continues.
- (6) Where a company is in default under this section, the court may by order compel an immediate inspection of the register or direct that the copies required shall be sent to the person requiring them.
- (7) For the purposes of this section, a register shall be taken to be duly closed if closed in accordance with provisions contained in the articles or in the debentures or in the case of debenture stock in the stock certificates or in the trust deed or other document securing the debentures or debenture stock, during such period or periods, not exceeding in the whole thirty days in any year as may be specified in the relevant document.

### **136. Liability of Trustees for Debenture Holders.**

- (1) Subject to this section, any provision contained in a trust deed for securing an issue of debentures or in any contract with the holders of debentures secured by a trust deed is void in so far as it would have the effect of exempting a trustee under the trust deed from or indemnifying him or her against liability for breach of trust where he or she fails to show the degree of care and diligence required of him or her as trustee, having regard to the provisions of the trust deed conferring on him or her any powers, authority or discretion.
- (2) Subsection (1) shall not invalidate –
  - (a) any release otherwise validly given in respect of anything done or omitted to be done by a trustee before the giving of the release; or
  - (b) a provision enabling the release to be given –
    - (i) on the agreement to it of a majority of not less than three-fourths in value of the debenture holders present and voting in person or, where proxies are permitted, by proxy at a meeting summoned for those purposes; and
    - (ii) either with respect to specific acts or omissions or on the trustee dying or ceasing to act.
- (3) Subsection (1) shall not operate –
  - (a) to invalidate any provision in force at the commencement of this Act so

long as any person then entitled to the benefit of that provision or afterwards given the benefit of it under subsection (4) remains a trustee of the deed in question; or

- (b) to deprive any person of any exemption or right to be indemnified in respect of anything done or omitted to be done by him or her while the provision was in force.
- (4) While any trustee of a trust deed remains entitled to the benefit of a provision saved by subsection (3) the benefit of that provision may be given –
- (a) to all trustees of the deed, present and future; or
  - (b) to any named trustees or proposed trustees, by a resolution passed by a majority of not less than three-fourths in value of the debenture holders present in person or, where proxies are permitted, by proxy at a meeting summoned for the purpose in accordance with the provisions of the deed or, if the deed makes no provision for summoning meetings, a meeting summoned for the purpose in any manner approved by the court.

### **137. Perpetual Debentures.**

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

### **138. Power to Reissue Redeemed Debentures in Certain Cases.**

- (1) Where before or after the commencement of this Act a company has redeemed any debentures previously issued, then unless –
  - (a) any provision to the contrary whether express or implied is contained in the articles or in any contract entered into by the company; or
  - (b) the company has, by passing a resolution to that effect or by some other act, manifested its intention that the debentures shall be cancelled,the company shall have and shall be taken always to have had power to reissue the debentures by reissuing the same debentures or by issuing other debentures in their place.
- (2) Subject to section 139, on a reissue of redeemed debentures the person entitled to the debentures shall have and shall be taken always to have had the same priorities as if the debentures had never been redeemed.
- (3) Where a company has either before or after the commencement of this Act deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures shall not be taken to have been redeemed by reason only of the fact that the account of the company has ceased to be in debit while the debentures remain deposited.
- (4) The reissue of a debenture or the issue of another debenture in its place under the power given by this section to or taken to have been possessed by a company

whether the reissue or issue was made before or after the commencement of this Act, shall be treated as the issue of a new debenture for the purposes of stamp duty; but it shall not be so treated for the purposes of any provision limiting the amount or number of debentures to be issued.

- (5) A person who lends money on the security of a debenture reissued under this section which appears to be duly stamped may give the debenture in evidence in any proceedings for enforcing his or her security without payment of the stamp duty or any penalty in respect of it, unless he or she had notice or but for his or her negligence, might have discovered, that the debenture was not duly stamped but in any such case the company shall be liable to pay the proper stamp duty and penalty.

**139. Saving, in Case of Reissued Debentures of Rights of Certain Mortgagees.**

Where any debentures which were redeemable before the coming into force of this Act or are reissued after the commencement of this Act, the reissue of the debentures shall not prejudice and shall be taken never to have prejudiced any right or priority which any person would have had under or by virtue of any mortgage or charge created before that date.

**140. Specific Performance of Contracts to Subscribe for Debentures.**

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

**141. Payment of Certain Debts Out of Assets Subject to Floating Charge in Priority to Claims Under the Charge.**

- (1) Where a receiver is appointed on behalf of the holders of any debentures of a company secured by a floating charge or possession is taken by or on behalf of those debenture holders of any property comprised in or subject to the charge, then, if the company is not at the time in the course of being wound up, the debts will be paid in priority to all other debts, subject to the law governing insolvency, and shall be paid out of any assets coming into the hands of the receiver or other person who takes possession in respect of the debentures.
- (2) The periods of time mentioned in the law governing insolvency of companies shall be computed from the date of the appointment of the receiver or of possession being taken as referred to in subsection (1), as the case may be.
- (3) A payment made under this section shall be recouped as far as may be out of the assets of the company available for payment of general creditors.

**142. Default in Keeping Register.**

Any company which fails to keep a register is liable to a default fine not exceeding one thousand South Sudanese Pounds and to a further fine of five South Sudanese Pounds for each day the default continues.

**CHAPTER IV**  
**REGISTRATION OF CHARGES.**

**143. Registration of Charges.**

- (1) Subject to this Chapter, every charge created after the fixed date by a company registered in South Sudan and being a charge to which this section applies shall, so far as any security on the company's property or undertaking is conferred thereby, be void against the liquidator and any creditor of the company, unless the prescribed particulars of the charge, together with the instrument, if any, by which the charge is created or evidenced are delivered to or received by the registrar for registration in manner required by this Act within forty-two days after the date of its creation .
- (2) Sub-section (1) shall apply without prejudice to any contract or obligation for repayment of the money thereby secured and when a charge becomes void under this section the money secured thereby shall immediately become payable.
- (3) This section applies to the following charges –

  - (a) a charge for the purpose of securing any issue of debentures;
  - (b) a charge on uncalled share capital of the company;
  - (c) a charge created or evidenced by an instrument which, if executed by an individual, would require registration as a Act of sale;
  - (d) a charge on immovable property, wherever situate or any interest therein;
  - (e) a charge on book debts of the company;
  - (f) a floating charge on the undertaking or property of the company;
  - (g) a charge on calls made but not paid;
  - (h) a charge on a ship or any share in a ship;
  - (i) a charge on goodwill, on a patent or a licence under a patent, on a trade mark or on a copyright or a licence under a copyright.
- (4) In the case of a charge created out of South Sudan comprising property situate outside South Sudan, the delivery to and the receipt by the registrar of a copy verified in the prescribed manner of the instrument by which the charge is created or evidenced shall have the same effect for the instrument itself and forty-two days after the date on which the instrument or copy could in due course of post and if dispatched with due diligence, have been received in South Sudan shall be substituted for forty-two days after the date of the creation of the charge as the time within which the particulars and instrument or copy are to be delivered to the registrar.
- (5) The instrument creating or purporting to create the charge may be sent for registration under this section notwithstanding that further proceedings may be necessary to make the charge valid or effectual
- (6) Where a negotiable instrument has been given to secure the payment of any book debts of a company the deposit of the instrument for the purpose of securing an advance to the company shall not for the purposes be treated as a charge on those



book debts.

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

#### **144. Duty of a Company to Register Charges Created by the Company.**

- (1) It shall be the duty of a company to send to the registrar for registration the particulars of every charge created by the company and of the issues of debentures

of a series, requiring registration under section 143, but registration of any such charge may be effected on the application of any person interested in the charge.

- (2) Where registration is effected on the application of some person other than the company, that person shall be entitled to recover from the company the amount of any fees properly paid by him or her to the registrar on registration.
- (3) Where a company fails for a period of forty-two days or such extended period as the court may have ordered to send to the registrar for registration the particulars of any charge created by the company or of the issues of debentures of a series, requiring registration, then unless the registration has been effected on the application of some other person, the company and every officer or other person who is a party to the default shall be liable to a default fine of one thousand South Sudanese Pounds.

**145. Duty of a Company to Register Charges Existing on Property Acquired.**

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

**146. Certificate of Registration of a Charge.**

- (1) The registrar shall give a certificate signed by him or her of the registration of charge registered under this Chapter and within any period allowed under this Chapter, stating the amount secured by the charge.
- (2) The certificate shall be conclusive evidence that the requirements of this Chapter as to registration have been complied with.

**147. Endorsement of Certificate of Registration on Debentures.**

- (1) The company shall cause a copy of every certificate of registration given under section 146 to be endorsed on every debenture or certificate of debenture stock which is issued by the company and the payment of which is secured by the charge so registered.
- (2) Nothing in subsection (1) shall be construed as requiring a company to cause a certificate of registration of any charge so given to be endorsed on any debenture or certificate of debenture stock issued by the company before the charge was created.
- (3) Where a person knowingly and wilfully authorises or permits the delivery of any debenture or certificate of debenture stock which under the provisions is required to have endorsed on it a copy of a certificate of registration without the copy being so endorsed upon it, he or she shall without prejudice to any other liability, be liable to a fine not exceeding one thousand South Sudanese Pounds.

**148. Entries of Satisfaction and Release of Property from Charge.**

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

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

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

**149. Extension of Time to Register Charges.**

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

**150. Registration of Enforcement of Security.**

- (1) Where a person obtains an order for the appointment of a receiver or manager of the property of a company or appoints such a receiver or manager under any powers contained in any instrument, he or she shall, within seven days from the date of the order of the appointment under the said powers, give notice of the fact to the registrar.

- (2) Where a person appointed receiver or manager of the property of a company under the powers contained in any instrument ceases to act as such receiver or manager, he or she shall, within seven days of so ceasing, give the registrar notice to that effect.
- (3) Where a person makes default in complying with the requirements of this section, he or she shall be liable to a fine not exceeding one hundred South Sudanese Pounds for every day during which the default continues.

*Provisions as to Company's Register of Charges and as to Copies of Instruments Creating Charges.*

**151. Copies of Instruments Creating Charges to be Kept by the Company.**

A company shall cause a copy of every instrument creating any charge requiring registration under this Chapter to be kept at the registered office of the company and in the case of a series of uniform debentures, a copy of one debenture of the series shall be sufficient.

**152. Company's Register of Charges.**

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

**153. Right to Inspect Copies of Instruments Creating Mortgages and Charges and Company's Register of Charges.**

- (1) The copies of instruments creating any charge requiring registration under this Chapter with the registrar and the register of charges kept in pursuance of the last foregoing section 152 shall be open during business hours, but subject to such reasonable restrictions as the company in general meeting may impose, so that not less than two hours in each day shall be allowed for inspection, to the inspection of any creditor or member of the company without fee, and the register of charges shall also be open to the inspection of any other person on payment of such fee, not exceeding fifty South Sudanese Pounds for each inspection, as the company may prescribe.
- (2) Where inspection of the said copies or register is refused any officer of the company refusing inspection and every director and manager of the company authorising or knowingly and wilfully permitting the refusal is liable to a fine not

exceeding hundred South Sudanese Pounds and a further fine not exceeding one hundred South Sudanese Pounds for every day during which the refusal continues and the court may by order compel an immediate inspection of the copies or register.

## **CHAPTER V MANAGEMENT AND ADMINISTRATION OF COMPANIES**

### *Registered Office and Name.*

#### **154. Registered Office of a Company.**

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

#### **155. Notification of Situation of Registered Office, the Registered Postal Address and of Change in Them.**

- (1) Subject to the company's articles, and to subsection (3), the board of a company may, at any time, change the registered office of the company.
- (2) Notice of the situation of the registered office and the registered postal address, and of any change therein, shall be filed within fourteen days after the date of incorporation of the company or of the change, as the case may be, to the registrar for registration.
- (3) The inclusion in the annual return of a company of a statement as to the situation of its registered office or as to its registered postal address shall not be taken to satisfy the obligations imposed by this section.
- (4) The change of the registered office shall take effect on a date stated in the notice not being a date that is earlier than seven days after the notice is registered.
- (5) Where default is made in complying with this section, the company and every officer of the company who is in default shall be liable to a default fine of one hundred South Sudanese Pounds.

**156. Publication of Name by Company.**

- (1) Every company –
  - (a) shall paint or affix, and keep painted or affixed, its name on the outside of every office or place in which its business is carried on in a conspicuous position in legible letters;
  - (b) shall have its name and registration number engraved in legible letters and figures on its seal which shall take the form of embossed metal die; and
  - (c) shall have its name and registration number mentioned in legible letters and figures in all business letters of the company and in all notices and other official publications of the company and in all Acts of exchange, promissory notes, endorsements, cheque and order for money or goods purporting to be signed by or on behalf of the company and in all Acts of parcels, invoices, receipts and letters of credit of the company.
  
- (2) Where a company does not paint or affix its name in the manner provided under subsection (1) (a), the company and every officer of the company who is in default is liable to a fine not exceeding one hundred South Sudanese Pounds and if a company does not keep its name painted or affixed in the manner provided under subsection (1) (a), the company and every officer of the company who is in default is liable to a default fine of one hundred South Sudanese Pounds.
  
- (3) Where a company fails to comply with subsection (1)(b) or (c), the company shall be liable to a fine not exceeding one thousand South Sudanese Pounds.
  
- (4) Where an officer of a company or any person on its behalf –
  - (a) uses or authorizes the use of any seal purporting to be a seal of the company on which its name is not engraved as required by subsection (1)(b) or which is not in the form of an embossed metal die;
  - (b) issues or authorizes the issue of any business letter of the company or a notice or other official publication of the company or signs or authorizes to be signed on behalf of the company a Act of exchange, promissory note, endorsement, cheque or order for money or goods in which its name and registration number is not mentioned in a manner described in subsection (1)(c); or
  - (c) issues or authorizes the issue of any Act of parcels, invoice receipt or letter of credit of the company in which its name and registration number is not mentioned in the manner described in subsection (1)(c), he or she is liable to a fine not exceeding twenty percent of the Act of exchange, promissory note, cheque or order for money or goods for the amount of the instrument in question unless it is duly paid by the company.

*Statement of Amount of Paid up Capital.*

**157. Statement of Amount of Subscribed Capital and Amount Paid Up.**

- (1) Where any notice, advertisement or other official publication of a company contains a statement of the amount of the authorised capital of the company, the notice, advertisement or other official publication shall also contain a statement in an equally prominent position and in equally conspicuous characters of the amount of the capital which has been subscribed and the amount paid up.
- (2) A company which contravenes subsection (1) defaults in complying with the requirements of this section and every officer who is in default commits an offence and is liable on conviction to a fine not exceeding five hundred South Sudanese Pounds.
- (3) Every officer of the company by decision of whose action or omission a company commits an offence under this section also commits the offence and is liable to the same penalty as the company.

*Company Records.*

**158. Company Records.**

- (1) Subject to subsection (4) and to the provisions on keeping of books of accounts, a company shall keep at its registered office the records specified in subsection (2).
- (2) The records to be kept under subsection (1) shall include –
  - (a) the memorandum and articles of a company;
  - (b) minutes of all meetings and resolutions of shareholders within the last seven years;
  - (c) an interests register;
  - (d) minutes of all meetings and resolutions of directors and directors' committees within the last seven years;
  - (e) certificates given by directors under this Act within the last seven years;
  - (f) the full names and addresses of the current directors;
  - (g) copies of all written communications to all shareholders or all holders of the same class of shares during the last seven years, including annual reports made under this Act;
  - (h) copies of all financial statements and group financial statements required to be completed under this Act for the last seven completed accounting periods of the company;

- (i) the accounting records for the current accounting period and for the last seven completed accounting periods of the company;
  - (j) the share register; and
  - (k) the copies of instruments creating or evidencing charges required to be registered under this Act.
- (3) The number of years specified in subsection (2)(b), (d), (e), and (g) and the completed accounting periods specified in subsection (2)(h) and (i) include such lesser number of years or accounting periods, as the case may be, as the registrar may approve by notice in writing to the company.
- (4) The documents specified in subsection (2) may be kept at any other place in South Sudan, notice of which shall be given to the registrar in accordance with subsection (5).
- (5) Where the company changes the place at which its records are kept, it shall, within fourteen days of the change, notify the registrar in writing of the place at which the records are kept.

**159. Form of Records.**

- (1) The records of a company required to be kept under this Act shall be kept –
- (a) in the English language;
  - (b) in written form; or
  - (c) in a form or in a manner that allows the documents and information that comprises the records to be easily accessible and convertible into written form.
- (2) Notwithstanding subsection (1), in case of an existing company, the requirement that such books of account shall be kept in the English language shall not have effect until after the expiration of a period of two years from the date of the commencement of this Act.
- (3) The board shall ensure that adequate measures exist to –
- (a) prevent the records being falsified; and
  - (b) detect any falsification of them.

**160. Inspection of Records by Directors.**

- (1) Every director of a company shall be entitled, on giving reasonable notice, to inspect the records of the company –
- (a) without charge; and
  - (b) at a reasonable time.



- (2) The Court may, on application by the company, if it is satisfied that –
- (a) it would not be in the company’s interests for a director to inspect the records; or
  - (b) the proposed inspection is for a purpose that is not properly connected with the director’s duties,
- direct that the records need not be made available for inspection or restrict the inspection of them in any manner it thinks fit.

*Restrictions on Commencement of Business.*

**161. Restrictions on Commencement of Business.**

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

lieu of prospectus, of such a statement, certify that the company is entitled to commence business, and that certificate shall be conclusive evidence that the company is so entitled.

- (4) Any contract made by a company before the date at which it is entitled to commence business shall be provisional only, and shall not be binding on the company until that date and on that date it shall become binding.
- (5) Nothing in this section shall prevent the simultaneous offer for subscription or allotment of any shares and debentures or the receipt of any money payable on application for debentures.
- (6) If any company commences business or exercises borrowing powers in contravention of this section, every person who is responsible for the contravention shall, without prejudice to any other liability, be liable to a fine not exceeding one hundred South Sudanese Pounds for every day during which the contravention continues.
- (7) This section shall not apply to a private company.

## **162. Register of Members.**

- (1) A company without a share capital shall keep a register of its members and a company with a share capital shall keep a share register.
- (2) A company shall enter in the register the following particulars –
  - (a) the names, in alphabetical order, and last known address of each person who is, or has within the last seven years been, a member or a shareholder, and in the case of a company having a share capital a statement of shares held by each member, distinguishing each share by its class, number, if the share has a number, the amount paid or agreed to be considered as paid on the shares of each member;
  - (b) the date on which each person was entered in the register as a member;
  - (c) the date on which any person ceased to be a member, except that where the company has converted any of its shares into stock the register shall show the amount and class of stock held by each member instead of the amount of shares and the particulars relating to shares specified in paragraph (a);
  - (d) the date of any issue of shares to, repurchase or redemption of shares from, or transfer of shares by or to, each shareholder within the last seven years, and in relation to the transfer, the name of the person to or from whom the shares were transferred.
- (3) The register of members shall be kept at the registered office of the company; except that –
  - (a) if the work of making the register is done at another office of the company, it may be kept at that other office; and

- (b) if the company arranges with some other person for the making up of a register to be understood on behalf of the company by that other person, it may be kept at the office of that person at which the work is done but it shall not be kept at a place outside South Sudan.
- (4) A company shall send notice to the registrar of the place where its register of members is kept and of any change of place.
- (5) A company shall send notice under this section where the register has, at all times since it came into existence or in the case of a register in existence at the commencement of this Act, at all times since the commencement of this Act been kept at the registered office of the company.
- (6) In the case of a company which does not have a share capital but has more than one class of members, there shall be entered in the register, with the names and addresses of the members, the class to which each member belongs.
- (7) Where a company defaults in complying with subsection (1) or makes default for fourteen days in complying subsection (5), the company and every officer of the company who is in default is liable to a fine of one hundred South Sudanese Pounds.

**163. Index of Members.**

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

**164. Secretary's Duty to Supervise Share Register.**

- (1) The secretary shall take reasonable steps to ensure that the share register is properly kept and that share transfers are promptly entered on it in accordance with this Act.

- (2) A secretary who fails to comply with subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding four hundred South Sudanese Pounds.

**165. Provisions as to Entries in the Register in Relation to Share Warrants.**

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

**166. Inspection of the Register and Index.**

- (1) Except when the register of members is closed under this Act, the register and index of the names, of the members of a company shall, during business hours be open to inspection of any member without charge and of any other person on payment of fifty South Sudanese Pounds or such less sum as the company may prescribe, for each inspection.
- (2) The company may, in a general meeting, impose reasonable restrictions on inspection under subsection (1) but the restrictions shall not be such as to reduce the period of inspection to less than two hours in each day.

- (3) A member or other person may require a copy of the register or of any part of it, on payment of one hundred South Sudanese Pounds or such fewer sums as the company may prescribe.
- (4) The company shall cause any copy required under subsection (3) by any person to be sent to that person within a period of fourteen days commencing on the day next after the day on which the requirement is received by the company.
- (5) Where an inspection required under this section is refused or if a copy required under this section is not sent within the period specified in subsection (4), the company and every officer of the company who is in default is liable in respect of each offence to a fine not exceeding five hundred South Sudanese Pounds and further to a default fine not exceeding twenty South Sudanese Pounds in respect of each day of which the default continues.
- (6) In the case of a refusal or default referred to in subsection (5), the court may, by order compel an immediate inspection of the register and index or direct that the copies required shall be sent to the person requiring them.

**167. Consequences of Failure to Comply With Requirements as to Register Owing to Agent's Default.**

Where the register of members is kept at the office of a person other than the company, and by reason of any default of that other person, the company fails to comply with section 162(3), 163(3) or 166 of or with any requirement of this Act as to the production of the register, that other person is liable to the same penalties as if he or she were an officer of the company who was in default and the power of the court under section 166(5) shall extend to the making of orders against that other person and his or her officers and servants.

**168. Power to Close the Register.**

A company may, on giving notice by advertisement in a newspaper of wide circulation in South Sudan, close the register of members for any time or times not exceeding in the whole, thirty days in each year.

**169. Power of the Court to Rectify Register.**

- (1) Where –
  - (a) the name of any person is without sufficient cause entered in or omitted from the register of members of a company; or
  - (b) default is made or unnecessary delay takes place in entering on the register the fact of any person having ceased to be a member, the person aggrieved

or any member of the company or the company, may apply to the court for rectification of the register.

- (2) Where an application is made under this section, the court may either refuse the application or may order rectification of the register and payment by the company of any damages sustained by any party aggrieved.
- (3) On an application under this section the court may decide any question relating to the title of any person who is party to the application to have his or her name entered in or omitted from the register whether the question arises between members or alleged members or between members or alleged members on the one hand and the company on the other hand and generally may be decided for rectification of the register.
- (4) In the case of a company required by this Act to send a list of its members to the registrar, the court, when making an order for rectification of the register shall by its order direct notice of the rectification to be given to the registrar.

**170. Trusts not to be Entered on the Register.**

A notice of any trust, expressed, implied or constructive shall not be entered on the register or be receivable by the registrar.

**171. Register to be Evidence.**

- (1) Subject to section 169, the entry of the name of a person in the share register as holder of a share shall be prima facie evidence that legal title to the share is vested in that person.
- (2) A company may treat a shareholder as the only person entitled to –
  - (a) exercise the right to vote attaching to the share;
  - (b) receive notices;
  - (c) receive a distribution in respect of the share; or
  - (d) exercise the other rights and powers attaching to the share.

**172. Register of Members to be Evidence.**

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

*Branch Register.*

**173. Power for a Company to Keep a Branch Register.**

- (1) A company having a share capital may, if authorised by its articles, cause to be kept outside South Sudan, a branch register of members resident in that part, in this Act called a “branch register”.
- (2) The company shall give to the registrar notice of the situation of the office where any branch register is kept, and of any change in its situation and if it is discontinued, of its discontinuance, and any such notice shall be given within one month after the opening of the office or after the change or discontinuance, as the case may be.
- (3) Where default is made in complying with subsection (2), the company and every officer of the company who is in default are liable to a default fine not exceeding five hundred South Sudanese Pounds.

**174. Regulations as to a Branch Register.**

- (1) A branch register shall be taken to be part of the company’s register of members, in this section called “the principal register”.
- (2) The branch register shall be kept in the same manner in which the principal register is by this Act required to be kept, except that the advertisement before closing the register shall be inserted in a newspaper with wide circulation in the area where the branch register is kept.
- (3) The company shall –
  - (a) transmit to its registered office a copy of every entry in its branch register as soon as possible after the entry is made; and
  - (b) cause to be kept at the place where the company’s principal register is kept a duplicate of its branch register duly entered up from time to time.
- (4) Every duplicate branch register shall for all the purposes of this Act be taken to be part of the principal register.
- (5) Subject to this section, the shares registered in a branch register shall be distinguished from the shares registered in the principal register and no transaction with respect to any shares registered in a branch register shall during the continuance of that registration be entered in any other register.

- (6) A company may discontinue keeping a branch register and upon the discontinuance all entries in that register shall be transferred to the principal register.
- (7) Subject to this Act, any company may, by its articles make provisions as it may think fit in respect of the keeping of branch registers.
- (8) Where default is made in complying with subsection (3), the company and every officer of the company who is in default is liable to a default fine not exceeding two hundred South Sudanese Pounds and where the principal register is kept at the office of some person other than the company and by default of that person the company fails to comply with subsection (3)(b), that other person is liable to the same penalty as if he or she were an officer of the company who was in default.

**175. Stamp Duties in Cases of Shares Registered in Branch Registers.**

An instrument of transfer of a share registered in a branch register shall be taken to be a transfer of property situated outside South Sudan and, unless executed in any part of South Sudan, shall be exempt from stamp duty chargeable in South Sudan.

**176. Provisions as to Branch Registers of Companies in Different Parts of the World, Kept in South Sudan.**

Where by virtue of the law in force in any part of the world companies incorporated under that law have power to keep in South Sudan branch registers of their members resident in South Sudan, the Minister may by statutory instrument direct that section 155(2), 166 and 168 shall, subject to any modifications and adaptations specified in the instrument, apply to and in relation to any such branch registers kept in South Sudan as they apply to and in relation to the registers of companies within the meaning of this Act.

*Annual Return.*

**177. Annual Return to Be Made By a Company Having a Share Capital.**

- (1) A company having a share capital shall, at least once in every year, make a return containing with respect to the registered office of the company, registers of members and debenture holders, shares and debentures indebtedness, past and present members and directors and secretary, the matters specified in Part I of the Fourth Schedule to this Act and the return shall be in the form and shall be made up to the date set out in Part II of that Schedule or as near to it as circumstances admit.
- (2) Notwithstanding subsection (1) –
  - (a) a company need not make a return under that subsection in the year of its incorporation or, if it is not required under this Act to hold an annual



- general meeting during the following year, in that year;
- (b) where the company has converted any of its shares into stock list referred to in Part I of the Fourth Schedule it must state the amount of stock held by each of the existing members instead of the amount of shares and the particulars relating to shares required by that paragraph; and
  - (c) the return may in any year, if the return for either of the two immediately preceding years has given as at the date of that return the full particulars required by Part I of the Fourth Schedule, give only such of the particulars required by that paragraph as relate to persons ceasing to be or becoming members since the date of the last return and to shares transferred since that date of the last return and to shares transferred since that date or to changes as compared with that date or in the amount of the stock held by a member.
- (3) In the case of a company keeping a branch register –
- (a) references in subsection (2)(c) to particulars required by Part I of the Fourth Schedule, shall be taken as not including any entries contained in the branch register in so far as copies of the entries containing those particulars are not received at the registered office of the company before the date when the return in question is made; and
  - (b) where an annual return is made between the date when any entries are made in the branch register and the date when copies of those entries are received at the registered office of the company the particulars contained in those entries, so far as relevant to an annual return, shall be included in the next or a subsequent annual return as may be appropriate having regard to the particulars included in that return with respect to the company's register of members.
- (4) Where a company fails to comply with this section, the company and every officer of the company who is in default is liable to a default fine not exceeding one thousand South Sudanese Pounds.
- (5) For the purposes of Part I of the Fourth Schedule to this Act, “director” and “officer” include any person in accordance with whose directions or instructions the directors of the company are accustomed to act.

**178. Annual Return to Be Made By a Company Not Having a Share Capital.**

- (1) A company not having a share capital shall at least once in every calendar year make a return stating –
- (a) the situation of the registered office of the company and the registered postal address of that office;
  - (b) in a case in which the register of members is under this Act, kept elsewhere than at the registered office, the address of the place where it is kept;
  - (c) in a case in which any register of holders of debentures of a company or any duplicate of the register or part of the register is, under this Act, kept in

South Sudan, elsewhere than at the registered office of the company, the address of the place where it is kept;

- (d) all such particulars with respect to the persons who at date of the return are the directors of the company and any person who at that date is secretary of the company as are by this Act required to be contained with respect to directors and the secretary in the register of directors and secretaries of a company; and
  - (e) to what extent the company has complied with the principles of good corporate governance contained in Table E.
- (2) Subject to subsection (1), a company need not make a return under that subsection either in the year of its incorporation or, if it is not required to hold an annual general meeting during the following year, in that year.
  - (3) There shall be annexed to the return a statement containing particulars of the total amount of the indebtedness of the company in respect of all mortgages and charges which are required to be registered with the registrar under this Act or which would have been required so to be registered if created before the coming into force of this Act.
  - (4) Where a company fails to comply with this section, the company and every officer of the company who is in default is liable to a default fine not exceeding five hundred South Sudanese Pounds.
  - (5) For the purposes of this section, “officer” and “director” include a person in accordance with whose directions or instructions the directors of the company are accustomed to act.

#### **179. Time for Completion of the Annual Return.**

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

**180. Documents to be Annexed to the Annual Return.**

- (1) There shall be annexed to the annual return –
  - (a) a copy, certified both by a director and by the secretary of the company to be a true copy, of every balance sheet laid before the company in general meeting during the period to which the return relates, including every document required by law to be annexed to the balance sheet; and
  - (b) a copy, certified as provided in paragraph (a), of the report of the auditors on and of the report of the directors accompanying, each such balance sheet, and where any such balance sheet or document required by law to be annexed is in a foreign language, there shall be annexed to that balance sheet a translation in the English language of the balance sheet or document certified in the prescribed manner to be a correct translation.
- (2) Where any such balance sheet or document required by law to be annexed to it did not comply with the requirements of the law as in force at the date of the audit with respect to the form of balance sheets or documents as the case may be, there shall be made such additions to and corrections in the copy as would have been required to be made in the balance sheet or document in order to make it comply with the requirements and the fact that the copy has been so amended shall be stated on it.
- (3) Where a company fails to comply with this section, the company and every officer of the company who is in default is liable to a default fine not exceeding five hundred South Sudanese Pounds.
- (4) For the purposes of subsection (3), “officer “includes a person in accordance with whose directions or instructions the directors of the company are accustomed to act.
- (5) Subsection (1) does not apply to a private company unless at least one shareholder is a public company.

**181. Certificates to be Sent By a Private Company with the Annual Return.**

The annual return required by section 177 shall, in the case of a private company be endorsed with or accompanied by a certificate signed both by a director and by the secretary of the company that the company has not, since the date of the incorporation of the company, issued any invitation to the public to subscribe for any shares or debentures of the company and, where the annual return discloses the fact that the number of members of the company exceeds fifty, also a certificate so signed that the excess consists wholly of persons who are not to be included in reckoning the number of fifty.

**182. Exemption From Accounting and Disclosure Provisions.**

- (1) The board of a company may make a written application to the registrar for an order relieving the directors from any requirement of sections 203, 204, 205, 206, and 207 relating to the form or content of financial statements or consolidated or group financial statements or to the form or content of the annual report and the form and content of the annual return, and the registrar may, subject to subsection (3), make an order subject to such conditions as he or she considers necessary to impose, including a condition that the directors shall comply with such other requirements relating to the form or content of the accounts, reports or statements as the registrar considers necessary.
- (2) The registrar may, where he or she considers necessary, make an order in respect of a specified class of companies relieving the directors of a company in that class from compliance with any requirement of the provisions specified in subsection (1) and the order may be made subject to any condition specified in that subsection.
- (3) The registrar shall not make an order under subsection (1) unless he or she is of the opinion that compliance with the requirements of this Act would render the accounts or consolidated accounts or report, as the case may be, misleading or inappropriate to the circumstances of the company, or would impose unreasonable burden on the company, or any officer of the company.

*Meetings and Proceedings.*

**183. Statutory Meeting and Statutory Report.**

- (1) Subject to subsection (11), a company limited by shares and every company limited by guarantee shall, within a period of not less than one month and not more than three months from the date at which the company is entitled to commence business, hold a general meeting of the members of the company which shall be called “the statutory meeting”.
- (2) The directors shall, at least fourteen days before the day on which the meeting is held, forward a report in this Act referred to as “the statutory report” to every member of the company.
- (3) Subject to subsection (2), if the statutory report is forwarded later than is required by that subsection, it shall, notwithstanding that fact, be taken to have been duly forwarded if it is so agreed by all the members entitled to attend and vote at the meeting.

- (4) The statutory report shall be certified by not less than two directors of the company and shall state –
- (a) the total number of shares allotted, distinguishing shares allotted as fully or partly paid up or otherwise than in cash and stating in the case of shares partly paid up, the extent to which they are so paid up and in either case the consideration for which they have been allotted;
  - (b) the total amount of cash received by the company in respect of all shares allotted, distinguished as described in paragraph (a);
  - (c) an abstract of the receipts of the company and of the payments made out of them, up to a date within seven days before the date of the report, exhibiting under the distinctive headings the receipts of the company from shares and debentures and other sources, the payments made on them and particulars concerning the balance remaining in hand and an account or estimate of the balance remaining in hand and an account or estimate of the preliminary expenses of the company;
  - (d) the names, postal addresses and descriptions of the directors, auditors, if any, managers, if any and secretary of the company; and
  - (e) the particulars of any contract the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification.
- (5) The statutory report shall, so far as it relates to the shares allotted by the company and to the cash received in respect of those shares and to the receipts and payments of the company on capital account, be certified as correct by the auditors, if any, of the company.
- (6) The directors shall cause a copy of the statutory report, certified as required by this section to be delivered to the registrar for registration immediately after sending a copy to the members of the company.
- (7) The directors shall cause a list showing the names and postal addresses of the members of the company and the number of shares held by them respectively, to be produced at the commencement of the meeting and to remain open and accessible to any member of the company during the continuance of the meeting.
- (8) The members of the company present at the meeting are free to discuss any matter relating to the formation of the company or arising out of the statutory report, whether previous notice has been given or not but no resolution of which notice has not been given in accordance with the articles may be passed.
- (9) The meeting may adjourn from time to time and at any adjourned meeting any resolution of which notice has been given in accordance with the articles, either before or subsequently to the former meeting, may be passed and the adjourned meeting shall have the same powers as an original meeting.

- (10) Where there is a default in complying with this section, every director of the company who is knowingly and willfully in default or in the case of default by the company, every officer of the company who is in default are liable to a fine not exceeding five hundred South Sudanese Pounds.
- (11) This section does not apply to a private company but applies to a company which was a private company before becoming a public company.

#### **184. Annual General Meeting.**

- (1) Every company shall in each year hold a general meeting in addition to any other meetings in that year and shall specify the meeting as a general meeting in the notices calling it and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.
- (2) The business to be transacted at an annual general meeting shall, unless already dealt with by the company, include the consideration and approval of the financial statements; the receiving of any auditor's report; consideration of the annual report; appointment of any directors whose appointment on an annual or rotational basis is required by the articles of the company; and appointment of any auditor.
- (3) Where the financial statements are not approved at the annual general meeting, they shall be presented at a further special meeting called by the board.
- (4) Subject to subsection (1), if a company holds its first annual general meeting within eighteen months after its incorporation, it need not hold it in the year of its incorporation or in the following year.
- (5) Where default is made in holding a meeting of the company in accordance with subsection (4), the registrar may, on the application of any member of the company, call or direct the calling of a general meeting of the company and give such ancillary or consequential directions as the registrar thinks expedient including directions modifying or supplementing in relation to the calling, holding and conducting of the meeting, the operation of the company's articles.
- (6) The directions that may be given under subsection (5) include a direction that one member of the company present in person or by proxy shall be taken to constitute a meeting.
- (7) A general meeting held under subsection (5) shall, subject to any directions of the registrar, be taken to be an annual general meeting of the company; but, where that meeting is not held in the year in which the default in holding the company's annual general meeting occurred, the meeting shall not be treated as the annual general meeting for the year in which it is held unless at that meeting the company resolves that it shall be treated as such.

- (8) Where a company resolves under subsection (7) that a meeting shall be treated as an annual general meeting, a copy of the resolution shall, within fourteen days after the passing of the resolution, be forwarded to the registrar and recorded by him or her.
- (9) Where default is made in holding a meeting of the company in accordance with subsection (1) or in complying with any directions of the registrar under subsection (4), the company and every officer of the company who is in default are liable to a default fine not exceeding five hundred South Sudanese Pounds and if default is made in complying with subsection (6), the company and every officer of the company who is in default are liable to a default fine not exceeding one hundred South Sudanese Pounds.

**185. Convening of an Extra Ordinary General Meeting on Requisition.**

- (1) The directors of a company, notwithstanding anything in its articles, shall proceed to convene an extraordinary general meeting of the company where a requisition is made by members holding not less than one tenth of the paid up capital of the company, and having at the date of the deposit, a right to vote at the general meetings of the company; or in the case of a company not having a share capital, by members of the company representing not less than one tenth of the total voting rights of all the members having at the date of the deposit, a right to vote at general meetings of the company.
- (2) The requisition must state the objects of the meeting and must be signed by the persons requesting for the meeting and deposited at the registered office of the company and may consist of several documents in like form each signed by one or more persons requesting for the meeting.
- (3) The directors shall hold the meeting requisitioned under subsection (2) after twenty one days and within three months from the date when the deposit of the requisition was made.
- (4) A meeting convened under this section shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the directors.
- (5) Any reasonable expenses incurred by the requisitionists, by reason of the failure of the directors to convene a meeting, shall be repaid to the requisitioner by the company, out of any sums due or to become due from the company to the directors in default, by way of fees or other remuneration.
- (6) For the purposes of this section, the directors shall, in the case of a meeting at which a resolution is to be proposed as a special resolution, be taken not to have duly convened the meeting if they do not give the notice required by section 196.

**186. Length of Notice for Calling Meetings.**

- (1) Any provision of a company's articles shall be void in so far as it provides for the calling of a meeting of the company other than an adjourned meeting by a shorter notice than twenty-one days.
- (2) The notice under subsection (1) shall be in writing.
- (3) Except where the articles of a company make other provision not being a provision declared to be void for the purpose by subsection (1), a meeting of the company other than an adjourned meeting may be called by twenty-one days' notice in writing.
- (4) A meeting of a company shall, notwithstanding that it is called by shorter notice than that specified in subsection (3) or in the company's articles, as the case may be, be 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 holding not less than ninety five per cent in nominal value of the shares giving a right to attend and vote at the meeting or in the case of a company not having a share capital, together representing not less than ninety five per cent of the total voting rights at that meeting of all members.

**187. General Provisions as to Meetings and Votes.**

The following provisions shall have effect in so far as the articles of the company do not make other provision for the purpose –

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



one vote.

**188. Power of the Court to Order a Meeting.**

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

**189. Proxies.**

- (1) A member of a company entitled to attend and vote at a meeting of the company is entitled to appoint another person whether a member or not as his or her proxy to attend and vote instead of him or her and a proxy appointed to attend and vote instead of a member of a private company shall also have the same right as the member to speak at the meeting.
- (2) Subject to subsection (1), unless the articles otherwise provide –
  - (a) that subsection shall not apply in the case of a company not having a share capital;
  - (b) a member of a private company shall not be entitled to appoint more than one proxy to attend on the same occasion; and
  - (c) a proxy shall not be entitled to vote except on a poll.
- (3) Every notice calling a meeting of a company having a share capital, shall state clearly that a member entitled to attend and vote is entitled to appoint a proxy or, where that is allowed, one or more proxies to attend and vote instead of him or her and that a proxy need not also be a member.
- (4) Where there is default in complying with subsection (2) in respect of any meeting, every officer of the company who is in default is liable to a default fine of five hundred South Sudanese Pounds.

- (5) A provision in a company's articles is void in so far as it would have the effect of requiring the instrument appointing a proxy or any other document necessary to show the validity of or otherwise relating to the appointment of a proxy or any other document necessary to show the validity of or otherwise relating to the appointment of a proxy, to be received by the company or any other person more than forty eight hours before a meeting or adjourned meeting in order that the appointment may be effective at the meeting.
- (6) Where for the purpose of any meeting of a company, invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the company's expense to only some of the members entitled to be sent a notice of the meeting and to vote by proxy, every officer of the company who knowingly and willfully authorises or permits their issue is liable to a default fine not exceeding five hundred South Sudanese Pounds.
- (7) Subject to subsection (5), an officer shall not be liable under that subsection by reason only of the issue to a member at his or her request in writing of a form of appointment naming the proxy or of a list of persons willing to act as proxy if the form or list is available on request in writing to every member entitled to vote at the meeting by proxy.
- (8) This section applies to meetings of any class of members of a company as it applies to general meetings of the company.

#### **190. Right to Demand a Poll.**

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

a demand by the member.

**191. Voting on Poll.**

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

**192. Resolution in Lieu of Meeting.**

- (1) A resolution in writing signed by not less than 75 per cent or such other percentage as the articles of the company may require for passing a special resolution, whichever is the greater, of the shareholders who would be entitled to vote on that resolution at a meeting of shareholders who together hold not less than 75 per cent or, if a higher percentage is required by the articles, that higher percentage, of the votes entitled to be cast on that resolution, is as valid as if it had been passed at a meeting of those shareholders.
- (2) Where a resolution in writing relates to a matter that is required by this Act or by the articles to be decided at a meeting of the shareholders of a company and is signed by the shareholders specified in subsection (1), it shall be considered to be made in accordance with this Act or the articles of the company.
- (3) Any resolution may consist of one or more documents in similar form, including letters, facsimiles, electronic mail, or other similar means of communication, each signed or assented to by or on behalf of one or more of the shareholders.
- (4) It shall not be necessary for a private company to hold an annual meeting of shareholders where everything required to be done at that meeting, by resolution or otherwise, is done by resolution in accordance with subsection (2).
- (5) Within seven days of a resolution being passed under this article, the company shall send a copy of the resolution to every shareholder who did not sign the resolution or on whose behalf the resolution was not signed.
- (6) A resolution may be signed without any prior notice being given to shareholders.

**193. Representation of Corporations at Meetings of Companies and of Creditors.**

- (1) A corporation, whether a company within the meaning of this Act or not, may –
  - (a) if it is a member of another corporation, being a company within the meaning of this Act, by resolution of its directors or other governing body authorise the person as it thinks fit to act as its representative at any meeting of any class of members of the company; or

- (b) if it is a creditor, including a holder of debentures of another corporation, being a company within the meaning of this Act, by resolution of its directors or other governing body authorize the person as it thinks fit to act as its representative at any meeting of any creditors of the company held under this Act or of any rules made under or in accordance with the provisions contained in any debenture or trust deed, as the case may be.
- (2) A person authorized under subsection (1) 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 shareholder, creditor or holder of debentures of that other company.

#### **194. Circulation of Members' Resolutions, etc.**

- (1) Subject to this section it shall be the duty of a company, on the requisition in writing of such number of members as is specified in subsection (2) and unless the company otherwise resolves, at the expense of the members making the requisition –
- (a) to give to members of the company entitled to receive notice of the next annual general meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
  - (b) to circulate to the members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- (2) The number of members necessary for a requisition under subsection (1) shall be –
- (a) any number of members representing not less than one twentieth of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
  - (b) not less than one hundred members holding shares in the company on which there has been paid up an average sum, per member, of not less than one thousand South Sudanese Pounds.
- (3) Notice of any resolution referred to in subsection (1), shall be given and any statement referred to in that subsection shall be circulated, to members of the company entitled to have a notice of the meeting sent to them by serving a copy of the resolution or statement on each such member in any manner permitted for service of notice of the meeting and notice of any such resolution shall be given to any other member of the company by giving notice of the general effect of the resolution in any manner permitted for giving notice of meetings of the company.
- (4) Subject to subsection (3), a copy of the resolution shall be served or notice of the effect of the resolution under that subsection shall be given as the case may be in the same manner and, so far as practicable, at the same time as notice of the

meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable after that time.

- (5) A company shall not be bound under this section to give notice of any resolution or to circulate any statement unless –
  - (a) a copy of the requisition signed by the requisitionists or two or more copies which between them contain the signatures of all the requisitionists is deposited at the registered office of the company –
    - (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
    - (ii) in the case of any other requisition, not less than one week before the meeting; and
  - (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the company's expenses in giving effect to it.
- (6) Subject to subsection (5), if after a copy of a requisition requiring notice of a resolution has been deposited at the registered office of the company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by subsection (4) shall be taken to have been properly deposited for the indicated purposes.
- (7) The company shall not be bound under this section to circulate any statement if, on the application of the company or any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matters; and the court may order the company's costs on application under this section to be paid in a whole or in part by the requisitionists, notwithstanding that they are not parties to the application.
- (8) Notwithstanding anything in the company's articles, the business which may be dealt with at an annual general meeting shall include any resolution of which notice is given in accordance with this section; and notice shall be taken to have been given notwithstanding the accidental omission in giving it, to any member.
- (9) Where there is default in complying with this section, every officer of the company who is in default is liable to a fine not exceeding five hundred South Sudanese Pounds.

## **195. Special Resolutions.**

- (1) A resolution shall be a special resolution when it has been passed by a majority of not less than three fourths of such members as, being entitled so to do, vote in person or, where proxies are allowed, by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

- (2) Subject to subsection (1), if it is agreed by a majority in number of the members having the right to attend and vote at a meeting referred to in subsection (1), being a majority together holding not less than ninety five per cent in nominal value of the shares giving that right or in the case of a company not having a share capital, together representing not less than ninety five per centum of the total voting rights at that meeting of all the members, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty one days' notice has been given.
- (3) At any meeting at which a special resolution is submitted to be passed, a declaration of the chairperson that the resolution is carried shall, unless a poll is demanded, be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (4) In computing the majority on a poll demanded on the question that a special resolution be passed, reference shall be had to the number of votes cast for and against the resolution
- (5) For the purposes of this section, notice of a meeting shall be taken to be duly given and the meeting to be duly held when the notice is given and the meeting held in the manner provided by this Act or the articles.

#### **196. Resolutions Requiring Special Notice.**

- (1) Where by any provisions of this Act special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the company not less than twenty eight days before the meeting at which it is moved.
- (2) The company shall give its members notice of a resolution under subsection (1) at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable shall give them notice either through any advertisement in a newspaper of wide circulation or in any other mode allowed by the articles, not less than twenty one days before the meeting.
- (3) Subject to subsection (1), if after notice of the intention to move the resolution has been given to the company, a meeting is called for a date twenty eight days or less after the notice has been given, the notice though not given within the time required by this section shall be taken to have been properly given for the specified purposes.

**197. Registration and Copies of Certain Resolutions and Agreements.**

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

**198. Resolution Passed At Adjourned Meetings.**

Where a resolution is passed at an adjourned meeting of –

- (a) a company;
- (b) the holders of any class of shares in a company; or
- (c) the directors of a company,

the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be taken to have been passed on any earlier date.

**199. Minutes of Proceedings of Meetings of Company and Directors.**

- (1) Every company shall cause minutes of all proceedings of general meetings and of all proceedings at meetings of its directors, to be entered in books kept for that purpose.
- (2) Any minute referred to in subsection (1) purporting to be signed by the chairperson of the meeting at which the proceedings were held or by the chairperson of the next following general meeting or meeting of directors as the case may be shall be evidence of the proceedings.
- (3) Where minutes have been made in accordance with the proceedings at any general meeting of the company or meeting of directors then, until the contrary is proved, the meeting shall be taken to have been duly held and convened and all proceedings had to have been duly had and all appointments of directors or liquidators shall be taken to be valid.
- (4) Where a company fails to comply with subsection (1), the company and every officer of the company who is in default is liable to a default fine not exceeding one hundred South Sudanese Pounds.

**200. Inspection of minute books.**

- (1) The books containing the minutes of proceedings of any general meeting of a company shall be kept at the registered office of the company and shall during business hours be open to the inspection of any member without charge.
- (2) The company may in general meeting impose restrictions on inspection under subsection (1) but the restrictions shall not be such as to reduce the period of inspection to less than two hours in each day.
- (3) A member shall be entitled to be furnished within fourteen days after he or she has



made a request for the purpose to the company, with a copy of the minutes at a charge not exceeding twenty South Sudanese Pounds for every hundred words or a fraction of it.

- (4) Where any inspection required under this section is refused or if any copy required under this section is not sent within the proper time, the company and every officer of the company who is in default is liable in respect of each offence to a fine of two hundred South Sudanese Pounds and in case of a continuing default, to a further fine of five South Sudanese Pounds in respect of each day the default continues.
- (5) In the case of a refusal or default referred to in subsection (4), the court may, by order compel an immediate inspection of the books in respect of all proceedings of general meetings or direct that the copies required shall be sent to the persons requiring them.

*Accounts and Audit.*

**201. Keeping of Books of Account.**

- (1) Every company shall cause to be kept in the English language proper books of account with respect to –
  - (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
  - (b) all sales and purchases of goods by the company; and
  - (c) the assets and liabilities of the company, except that in respect of an existing company the requirement that the books of account shall be kept in the English language shall not have effect until after the expiration of a period of two years from the date of the commencement of this Act.
- (2) For the purposes of this section, proper books of account shall be taken not to have been kept with respect to the matters referred to in subsection (1) if there are not kept such books as are necessary to give true and fair view of the state of the company's affairs and to explain its transactions.
- (3) The books of account shall be kept at the registered office of the company or at such other place in South Sudan as the directors think fit and shall at all times be open to inspection by the directors.
- (4) Subject to subsection (3), books of accounts may be kept at a place outside South Sudan with the consent of the registrar and subject to such conditions as he or she may impose; and there shall be available to the directors, for inspection, at a place in South Sudan, such accounts and returns with respect to the business dealt with in the books of accounts, disclosing with reasonable accuracy, of that business at the intervals of six months.

- (5) Where any person being a director of a company fails to take all reasonable steps to secure compliance by the company with the requirements or has by his or her own willful act been the cause of any default by the company of any provision of this section, he or she commits an offence and is liable on conviction to imprisonment not exceeding twelve months or to a fine not exceeding ten thousand South Sudanese Pounds or both.
- (6) Notwithstanding subsection (5) –
  - (a) in any proceedings against a person in respect of an offence under this section consisting of a failure to take reasonable steps to secure compliance by the company with the requirements of this section, it shall be a defense to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that those requirements were complied with and was in a position to discharge that duty; and
  - (b) a person shall not be sentenced to imprisonment for an offence under subsection (4) unless in the opinion of the court, the offence was committed willfully.

## **202. Profit and Loss Account and Balance Sheet.**

- (1) The directors of a company shall at a date not later than eighteen months after the incorporation of the company and subsequently, once at least in every calendar year, lay before the company in a general meeting a profit and loss account or in the case of a company not trading for profit, an income and expenditure account for the period in the case of the first account, since the incorporation of the company and in any other case, since the preceding account, made up to a date not earlier than the date of the meeting by more than nine months or in the case of a company carrying on business or having interests abroad, by more than twelve months;
- (2) Notwithstanding subsection (1), the registrar, for any special reason he or she considers necessary, may in the case of any company, extend the period of eighteen months referred to in subsection (1) and in the case of any company and with respect to any year extend the periods of nine and twelve months referred to in that subsection.
- (3) The directors shall cause to be made out in every calendar year and to be laid before the company in a general meeting, a balance sheet as at the date to which the profit and loss account or the income and expenditure account as the case may be, is made up.
- (4) Where any person being a director of a company fails to take all reasonable steps to comply with this section, he or she commits an offence and on conviction is liable to imprisonment not exceeding five years or a fine not exceeding ten thousand South Sudanese Pounds or both.

- (5) Notwithstanding subsection (4) –
  - (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he or she had reasonable grounds to believe and did believe that a competent and reliable person was charged with the duty of seeing that the provisions were complied with and was in a position to discharge that duty; and
  - (b) a person shall not be sentenced to imprisonment under subsection (4) for an offence unless in the opinion of the court dealing with the case, the offence was committed willfully.

**203. General Provisions as to Contents and Form of Accounts.**

- (1) Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of its financial year and every profit and loss account of a company shall give a true and fair view of the profit or loss of the company for the financial year.
- (2) A company's balance sheet and profit and loss account shall comply with the requirements of the Fifth Schedule to this Act, so far as it complies with International Accounting Standards; and comply with any requirement which applies to the company's financial statements under any other enactment so far as applicable.
- (3) Except as expressly provided in this section or in Part III of the Fifth Schedule to this Act, the requirements of subsection (2) and the Fifth Schedule shall be without prejudice either to the general requirements of subsection (1) or to any other requirements of this Act.
- (4) The registrar may, on the application or with the consent of a company's directors, notify in relation to that company any of the requirements of this Act as to the matters to be stated in a company's balance sheet or profit and loss account, except the requirements of subsection (1) for the purpose of adapting them to the circumstances of the company.
- (5) Subsections (1) and (2) do not apply to a company's profit and loss account if –
  - (a) the company has subsidiaries; and
  - (b) the profit and loss account is framed as a consolidated profit and loss account dealing with all or any of the company's subsidiaries as well as the company and-
    - (i) complies with the requirements of this Act relating to consolidated profit and loss accounts; and
    - (ii) shows how much of the consolidated profit or loss for the financial year is dealt with in the accounts of the company.

- (6) Where a person being a director of a company fails to take all reasonable steps to secure compliance with this section as respects any accounts laid before the company in a general meeting and with the other requirements of this Act as to the matters to be stated in accounts, he or she commits an offence and is liable on conviction in respect of each offence to imprisonment not exceeding five years or to a fine not exceeding ten thousand South Sudanese Pounds or both.
- (7) Notwithstanding subsection (6) –
- (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the relevant provisions or the other requirements as the case may be, were complied with and was in a position to discharge that duty; and
  - (b) a person shall not be sentenced to imprisonment for any offence under subsection (6) unless in the opinion of the court dealing with the case, the offence was committed willfully.
- (8) For the purposes of this Act, except where the context otherwise requires –
- (a) any reference to a balance sheet or profit and loss account shall include any notes on it or document annexed to it giving information which is required by this Act and is allowed to be given by this Act; and
  - (b) any reference to a profit and loss account shall be taken in the case of a company not trading for profit as referring to its income and expenditure account and references to profit or to loss and, if the company has subsidiaries, references to a consolidated profit and loss account shall be construed accordingly.

#### **204. Obligation to Lay Group Accounts Before the Holding Company.**

- (1) Where at the end of its financial year a company has subsidiaries, accounts or statements in this Act referred to as “group accounts” dealing as mentioned in this Act with the state of affairs and profit or loss of the company and the subsidiaries shall, subject to subsection (2), be laid before the company in a general meeting when the company’s own balance sheet and profit and loss accounts are laid in the general meeting.
- (2) Notwithstanding anything in subsection (1) –
- (a) group accounts shall not be required where the company is at the end of its financial year the wholly owned subsidiary of another body corporate incorporated in South Sudan; and
  - (b) group accounts need not deal with a subsidiary of the company if the company’s directors are of the opinion that –
    - (i) it is impracticable or would be of no real value to members of the

company in view of the insignificant amounts involved or would involve expense or delay out of proportion to the value to members of the company;

- (ii) the result would be misleading or harmful to the business or the company or any of its subsidiaries; or
    - (iii) the business of the holding company and that of the subsidiary are so different that they cannot reasonably be treated as a single undertaking, and, if the directors are of such an opinion about each of the company's subsidiaries, group accounts shall not be required; and
  - (c) where the directors are of the opinion as described in paragraph (b) in relation to the companies' subsidiaries, then group accounts shall not be required.
- (3) Subject to subsection (2) the approval of the registrar shall be required for not dealing in group accounts with a subsidiary on the ground that the result would be harmful or on the ground of the difference between the business of the holding company and that of the subsidiary.
- (4) Where any person being a director of a company fails to take all reasonable steps to secure compliance as respects the company with this section, he or she commits an offence and is liable on conviction to imprisonment not exceeding two years or a fine not exceeding four thousand South Sudanese Pounds.
- (5) Notwithstanding subsection (4) –
- (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the requirements were complied with and was in a position to discharge that duty; and
  - (b) a person shall not be sentenced to imprisonment for an offence under this section unless in the opinion of the court dealing with the case, the offence was committed willfully.
- (6) For the purposes of this section a company shall be taken to be the wholly owned subsidiary of another company if it has no members other than that other company and that company's wholly owned subsidiaries and its or their nominees.

## **205. Form of Group Accounts.**

- (1) Subject to subsection (2), the group accounts laid before a holding company shall be consolidated accounts comprising –
- (a) a consolidated balance sheet dealing with the state of affairs of the company and all the subsidiaries to be dealt with in group account;

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

#### **206. Contents of Group Accounts.**

- (1) The group accounts laid before a company shall give a true and fair view of the state of affairs and profit and loss accounts of the company and the subsidiaries dealt with by the group accounts as a whole, so far as concerns members of the company.
- (2) Where the financial year of a subsidiary does not coincide with that of the holding company, the group accounts shall, unless the registrar on the application or with the consent of the holding company's directors otherwise directs, deal with the subsidiary's state of affairs as at the end of its financial year ending with or last before that of the holding company and with the subsidiary's profit or loss for that financial year.
- (3) Without prejudice to subsection (1), the group accounts, if prepared as consolidated accounts shall comply with the requirements of the Fifth Schedule to the Act, so far as applicable and if not so prepared shall give the same or equivalent information.
- (4) Subject to subsection (3), the registrar may, on the application or with the consent of a company's directors modify the said requirements in relation to that company for the purpose of adapting them to the circumstances of the company.

#### **207. Financial Year of the Holding Company and Subsidiary.**

- (1) A holding company's directors shall ensure that except where in their opinion there are good reasons against it, the financial year of each of its subsidiaries shall

coincide with the company's own financial year.

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

## **208. Meaning of "Holding Company" and "Subsidiary".**

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

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

**209. Signing of a Balance Sheet.**

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



## **210. Auditors' Report.**

- (1) The auditor's report shall include a statement on the accounts examined by the auditor, and on every balance sheet, and every profit and loss account and all group accounts laid before the company in a general meeting during the auditors tenure of office.
- (2) The auditor's report shall state –
  - (a) the work done by the auditor;
  - (b) the scope and limitations of the audit;
  - (c) the existence of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in the company or any of its subsidiaries other than dealings with the company in the ordinary course of business not involving indebtedness to the company or a related company in an amount exceeding twenty thousand South Sudanese Pounds;
  - (d) whether the auditor has obtained all information and explanations that the auditor has required;
  - (e) whether, in the auditor's opinion, as far as appears from an examination, proper accounting records have been kept by the company;
  - (f) whether, in the auditor's opinion, the financial statements and any group financial statements give a true and fair view of the matters to which they relate, and where they do not, the respects in which they fail to do so and whether the financial statements have been prepared in accordance with the International Accounting Standards; and
  - (g) whether, in the auditor's opinion, the financial statements and any group financial statements comply with this Act, and where they do not, the respects in which they fail to do so.
- (3) The audit of the financial statements shall, in the case of a public company or a private company other than a small private company, be carried out in accordance with the International Standards on Auditing, and it shall be sufficient compliance with this section if the auditor's report complies with the International Standards on Auditing.
- (4) The Sixth Schedule shall apply subject to this section.

## **211. Unqualified Report.**

- (1) Where the balance sheet was prepared for a financial year of the company, the auditors' report shall state without material qualification, the auditors' opinion that the balance sheet has been properly prepared in accordance with this Act.
- (2) Where the balance sheet was not prepared for a financial year of the company, the

auditors' report shall state without material qualification, the auditors' opinion that the balance sheet has been properly prepared in accordance with the provisions of this Act which would have applied if it had been so prepared.

- (3) For the purposes of an auditors' report under this section the provisions of this Act shall be deemed to apply with such modifications as are necessary by reason of the fact that the balance sheet is not prepared for a financial year of the company.
- (4) A qualification shall be regarded as material unless the auditors state in their report that the matter giving rise to the qualification is not material for the purpose of determining, by reference to the company's balance sheet whether at the balance sheet date, the amount of the company's net assets was not less than the aggregate of its called up share capital and undistributable reserves.

## **212. Accounts and Auditor's Report to be Annexed to the Balance Sheet.**

- (1) The profit and loss account and, so far as not incorporated in the balance sheet or profit and loss account, any group accounts laid before the company in a general meeting shall be annexed to the balance sheet and the auditors' report shall be attached to the balance sheet.
- (2) Accounts so annexed under subsection (1) shall be approved by the board of directors before the balance sheet is signed in relation to it.
- (3) Where a copy of a balance sheet is issued, circulated or published without having annexed to it a copy of the profit and loss account or any group accounts required by this section to be annexed or without having attached to it a copy of the auditors' report, the company and every officer of the company who is in default commits an offence and is liable on conviction to a fine not exceeding five hundred South Sudanese Pounds.

## **213. Directors' report to be attached to the balance sheet.**

- (1) There shall be attached to every balance sheet laid before a company in a general meeting a report by the directors with respect to the state of the company's affairs, the amount, if any, which they recommend should be paid by way of dividend and the amount, if any, which they propose to carry to reserves within the meaning of the Fifth Schedule to this Act.
- (2) The report shall deal, so far as is material for the appreciation of the state of the company's affairs by its members and will not in the directors' opinion be harmful to the business of the company or of any of its subsidiaries with any change during the financial year in the nature of the company's business or in the company's subsidiaries or in the classes of business in which the company has an interest whether as member of another company or otherwise.

- (3) Where any person being a director of a company fails to take all reasonable steps to comply with subsection (1), he or she commits an offence and is liable on conviction to imprisonment not exceeding one year or a fine not exceeding one thousand South Sudanese Pounds.
- (4) Notwithstanding subsection (3) –
  - (a) in any proceedings against a person in respect of an offence under that subsection, it shall be a defence to prove that he or she had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the provisions of that subsection were complied with and was in a position to discharge that duty; and
  - (b) a person shall not be liable to be sentenced to imprisonment for an offence under that subsection unless in the opinion of the court dealing with the case, the offence was committed willfully.

**214. Right to Receive Copies of the Balance Sheet and Auditors' Report.**

- (1) A copy of every balance sheet including every document required by law to be annexed to it which is to be laid before a company in a 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 –
  - (a) every member of the company whether he or she is or is not entitled to receive notices of general meetings of the company;
  - (b) every holder of debentures of the company whether he or she is or is not entitled; and
  - (c) all persons other than members or holders of debentures of the company, being persons so entitled.
- (2) Subject to subsection (1) –
  - (a) in the case of a company not having a share capital, that subsection shall not require the sending of a copy of the documents mentioned in that subsection to a member of the company who is not entitled to receive notices of general meetings of the company or to a holder of debentures of the company who is not so entitled;
  - (b) that subsection shall not require a copy of those documents to be sent –
    - (i) to a member of the company or a holder of debentures of the company, being in either case a person who is not entitled to receive notices of general meetings of the company and of whose address the company is unaware;
    - (ii) to more than one of the joint holders of any shares or debentures none of whom is entitled to receive the notices; or
    - (iii) in the case of joint holders of any shares or debentures some of whom are and some of whom are not entitled to receive such

notices, to those who are not so entitled; and

- (c) if the copies of the documents are sent less than twenty-one days before the date of the meeting, they shall, notwithstanding that fact, be taken to have been duly sent if it is so agreed by all the members entitled to attend and vote at the meeting.
- (3) Any member of a company whether he or she is or is not entitled to have sent to him or her copies of the company's balance sheets and any holder of debentures of the company whether he or she is or is not entitled, is entitled to be furnished on demand without charge with a copy of the last balance sheet of the company including every document required by law to be annexed to it, together with a copy of the auditors' report on the balance sheet.
- (4) Where default is made in complying with subsection (1), every officer of the company who is in default commits an offence and is liable on conviction to imprisonment not exceeding one year or a fine not exceeding one thousand South Sudanese Pounds or both.
- (5) Where any person makes a demand for any documents with which he or she is by virtue of subsection (3) entitled to be furnished, default is made in complying with the demand within seven days after making the demand, the company and every officer of the company who is in default commits an offence and is liable on conviction to a fine not exceeding one thousand South Sudanese Pounds, unless it is proved that that person has already made a demand for and been furnished with a copy of the document.
- (6) Subsections (1) to (4) shall not have effect in relation to a balance sheet of a private company laid before it before the commencement of this Act and the right of any person to be furnished with a copy of any such balance sheet and the liability of the company in respect of a failure to satisfy that right shall be the same as they would have been if this Act had not passed.

## **215. Appointment and Remuneration of Auditors.**

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

to be reappointed.

- (3) Where notice is given of an intended resolution to appoint a person in place of a retiring auditor and by reason of the death, incapacity or disqualification of that person, the resolution cannot be proceeded with, the retiring auditor shall not be taken to be automatically reappointed by virtue of subsection (2).
- (4) Where at an annual general meeting no auditors are appointed or re-appointed, the registrar may appoint a person to fill the vacancy.
- (5) The company shall, within one week of the registrar's power under subsection (4) becoming exercisable, give the registrar notice of that fact.
- (6) Where a company fails to give notice as required by subsection (5), the company and every officer of the company who is in default is liable to a default fine of five hundred South Sudanese Pounds.
- (7) Subject to this section the first auditors of a company may be appointed by the directors at any time before the first annual general meeting and the auditors appointed shall hold office until the conclusion of that meeting.
- (8) Subject to subsection (7) –
  - (a) the company may at a general meeting remove any auditors appointed under subsection (7) and appoint in their place any other persons who have been nominated for appointment by any member of the company and of whose nomination notice has been given to the members of the company not less than fourteen days before the date of the meeting; and
  - (b) where the directors fail to exercise their powers under this subsection, the company in general meeting may appoint the first auditors and upon the appointment the powers of the directors shall cease.
- (9) The directors may fill any casual vacancy in the office of auditor but while any such vacancy continues, the surviving or continuing auditors, if any, may act.
- (10) The remuneration of the auditors of a company –
  - (a) in the case of an auditor appointed by the directors or by the registrar may be fixed by the directors or by the registrar as the case may be; or
  - (b) subject to paragraph (a), shall be fixed by the company in a general meeting or in such manner as the company in a general meeting may determine.
- (11) For the purposes of subsection (8), any sums paid by the company in respect of the auditors' expenses shall be taken to be included in the expression "remuneration."

**216. Provisions as to resolutions relating to appointment and removal of auditors.**

- (1) Special notice shall be required for a resolution at a company's annual general meeting appointing a person as auditor other than a retiring auditor or providing expressly that a retiring auditor shall not be re-appointed.
- (2) On receipt of notice of an intended resolution under subsection (1) the company shall forthwith send a copy of the notice to the retiring auditor, if any.
- (3) Where notice is given of an intended resolution under subsection (2) and the retiring auditor makes with respect to the intended resolution representations in writing to the company and requests that the representation be notified to the members of the company, the company shall, unless the representations are received by it too late for it to do so –
  - (a) in any notice of the resolution given to members of the company, state that the representations have been made; and
  - (b) send a copy of the representations to every member of the company to whom notice of the meeting is sent whether before or after receipt of the representations by the company, and if a copy of the representations is not sent as required by this paragraph because it is received too late or because company has declared, the auditor may without prejudice to his right to be heard orally require that the representations shall be read out at the meeting.
- (4) Subject to subsection (3), copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application of the company or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter and the court may order the company's costs on an application under this section to be paid in whole or in part by the auditor, notwithstanding that he or she is not a party to the application.
- (5) Subsection (3) shall apply to a resolution to remove the first auditors by virtue of section 216(8) as it applies in relation to a resolution that a retiring auditor shall not be reappointed.

**217. Disqualification for appointment as auditor.**

- (1) A person shall not be appointed or act as auditor of a company other than a small private company unless he or she is –
  - (a) a member of –
    - (i) the Institute of Chartered Accountants of South Sudan and other countries; or
    - (ii) the Association of Chartered Certified Accountants of South Sudan.

- (2) None of the following persons shall be appointed or act as an auditor of a company, other than a small private company –
- (a) a director or employee of the company;
  - (b) a person who is a partner of or in the employment of a director or employee of the company;
  - (c) a liquidator or a person who is a receiver in respect of the property of the company;
  - (d) a body corporate;
  - (e) a person who is indebted in an amount exceeding twenty thousand South Sudanese Pounds to the company, or to a related company unless the debt is in the ordinary course of business; or
  - (f) a person who, by virtue of paragraph (a) or (b), may not be appointed or act as auditor of a related company.
- (3) No person shall –
- (a) where he has been appointed auditor of a company, wilfully disqualify himself or herself, while the appointment continues, from acting as auditor of the company; or
  - (b) where he or she is a member of a firm that has been appointed auditor of a company, wilfully disqualify the firm while the appointment continues, from acting as auditor of the company.
- (4) Where any person who is not qualified so to act is appointed as auditor of a company such person and the company and every officer in default shall each be liable to a fine not exceeding four thousand South Sudanese Pounds.
- (5) A person shall not be qualified for appointment as auditor of a company if he or she is by virtue of subsection (2), disqualified for appointment as auditor of any other body corporate which is that company's subsidiary or holding company or subsidiary of that company's holding company or would be so disqualified if the body corporate were a company.

## **218. Appointment of partnership as auditor.**

- (1) A partnership may be appointed by the firm named to be the auditor of a company where –
- (a) at least one member of the firm is ordinarily resident in South Sudan;
  - (b) all or some of the partners including the partner who is ordinarily resident in terms of paragraph (a) are qualified for appointment under section 240;
  - (c) no member of the firm is indebted in an amount exceeding twenty thousand South Sudanese Pounds to the company or a related corporation unless the debt is in the ordinary course of business;
  - (d) no member of the firm is -
    - (i) an officer or employee of the company; or

- (ii) a partner, or in the employment, of a director or employee of the company or a related corporation;
  - (e) except in the case of a small private company, no officer of the company receives any remuneration from the firm or acts as a consultant to it on accounting or auditing matters.
- 
- (2) The appointment of a partnership by the firm named to be the auditor of a company shall be taken to be the appointment of all the persons who are partners in the firm from time to time whether ordinarily resident in South Sudan or not at the date of the appointment.
  - (3) Where a partnership that includes persons who are not qualified to be appointed as auditors of a company is appointed as auditor of a company, the persons who are not qualified to be appointed as auditors shall not act as auditors of the company.
  - (4) Where a firm has been appointed as auditor of a company and the members constituting the firm change by reason of death, retirement, or withdrawal of a member or by reason of the admission of a new member, the firm as newly constituted shall, if it is not disqualified from acting as auditor of the company by virtue of subsection (1), be taken to be appointed under this section as auditor of the company and that appointment shall be taken to be an appointment of all persons who are members of the firm as newly constituted.
  - (5) A report required to be signed on behalf of a firm appointed as auditor of a company shall be signed in the firm's name and in his own name by a member of the firm who is a qualified auditor.

**219. Right to attend and be heard at meetings.**

- (1) The auditors shall make a report to the members on the accounts examined by them, and on every balance sheet, every profit and loss account and all group accounts laid before the company in a general meeting during their tenure of office, and the report shall contain statements as to the matters mentioned in the Sixth Schedule.
- (2) The auditors' report shall be read before the company in a general meeting and shall be open to inspection by any member.
- (3) The auditors of a company shall be entitled to attend any general meeting of the company and to receive all notices of and other communications relating to any general meeting which any member of the company is entitled to receive and to be heard at any general meeting which they attend on any part of the business of the meeting which concerns them as auditors.



**220. Right of access to books and information.**

- (1) The board of a company shall ensure that an auditor of the company has access at all times to the accounting records and other documents of the company.
- (2) An auditor of a company is entitled to receive from a director or employee of the company such information and explanations as he or she thinks necessary for the performance of his or her duties as auditor.
- (3) Where the board of a company fails to comply with subsection (1), every director commits an offence and shall, on conviction, be liable to a fine not exceeding one thousand South Sudanese Pounds.
- (4) A director or employee who fails to comply with subsection (2) commits an offence and shall, on conviction, be liable to a fine not exceeding one thousand South Sudanese Pounds.
- (5) It shall be a defence to an employee charged with an offence under subsection (4) where the employee proves that –
  - (a) he or she did not have the information required in his or her possession or under his or her control; or
  - (b) by reason of the position occupied by him or her or the duties assigned to him or her, he or she was unable to give the explanations required, as the case may be.

**221. Construction of References to Documents Annexed to Accounts.**

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

**222. Duties of Auditor Towards Debenture Holder's Representative.**

- (1) The auditor of a borrowing company shall, within seven days after furnishing the company with any financial statements or any report certificate or other document which the auditor is required by this Act or by the agency deed to give to the company, send a copy to every debenture holder's representative.
- (2) Where in the performance of the auditor's duties as auditor of a borrowing company, the auditor becomes aware of any matter which is in the auditor's

opinion relevant to the exercise of the powers and duties imposed by this Act or by any agency deed on any debenture holder's representative, the auditor shall, within seven days after becoming aware of the matter, send a report in writing of such matter to the borrowing company and a copy to the representative.

**223. Auditor to Avoid Conflict of Interest.**

An auditor of a company shall ensure, in carrying out the duties of an auditor under this Chapter, that his or her judgment is not impaired by reason of any relationship with or interest in the company or any of its subsidiaries.

*Investigation by the Registrar.*

**224. Investigation by the Registrar.**

- (1) Where the registrar has reasonable cause to believe that the provisions of this Act are not being complied with or where, on perusal of any document which a company is required to submit to the registrar under this Act, the registrar is of opinion that the document does not disclose a full and fair statement of the matters to which it purports to relate, the registrar may, by a written order, call on the company concerned to produce all or any of the books of the company or to furnish in writing such information or explanation as the registrar may specify in the order.
- (2) Books required to be produced under subsection (1) shall be produced and the information or explanation required under that subsection shall be furnished within such time as may be specified in the order.
- (3) On receipt of an order under subsection (1), it shall be the duty of all persons who are or have been officers of the company to produce the books or to furnish the information or explanation so far as lies within their power.
- (4) Where any person referred to in subsection (2) refuses or neglects to produce the books or to furnish the information or explanation he or she commits an offence and is liable on conviction to imprisonment not exceeding one year or a fine not exceeding one thousand South Sudanese Pounds in respect of each offence.
- (5) Where after examination of the books or consideration of the information or explanation the registrar is of the opinion that an unsatisfactory state of affairs is disclosed or that a full and fair statement has not been disclosed the registrar shall report the circumstances of the case in writing to the court.

*Inspection.*

**225. Investigation of Company's Affairs on Application of Members.**

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

**226. Investigation of a Company's Affairs in Other Cases.**

Without prejudice to its powers under section 225, the court –

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

**227. Power of Inspectors to Carry an Investigation into Affairs of Related Companies.**

- (1) Where an inspector appointed under section 223 or 224 to investigate the affairs of

a company thinks it necessary for the purposes of the investigation to investigate also the affairs of any other body corporate which is or has at any relevant time been the company's subsidiary or holding company or a subsidiary of its holding company or a holding company of its subsidiary, he or she shall have power to do so.

- (2) Upon conclusion of the investigation, he or she shall report on the affairs of the other body corporate so far as he or she thinks the results of his or her investigation are relevant to the investigation of the affairs of the company for which he or she was appointed.

## **228. Production of Documents, and Evidence on Investigation.**

- (1) It shall be the duty of all officers and agents of the company and of all officers and agents of any other body corporate whose affairs are investigated by virtue of section 226 to produce to any inspector all books and documents of or relating to the company or as the case may be the other body corporate which are in their custody or power and otherwise to give to the inspectors all assistance in connection with the investigation which they are reasonably able to give.
- (2) An inspector may examine on oath the officers and agents of the company or other body corporate in relation to its business and may administer an oath accordingly.
- (3) Where any officer or agent of the company or other body corporate refuses to produce to any inspector any book or document which it is his or her duty under this section to produce or refuses to answer any question which is put to him or her by an inspector with respect to the affairs of the company or other body corporate as the case may be, the inspector may certify the refusal by issuing a certificate signed by him or her to the court.
- (4) Where a certificate has been made to court under subsection (3), the court may enquire into the case and after hearing any witnesses who may be produced against or on behalf of the alleged officer, agent or company and after hearing any statement which may be offered in defence, punish the officer, agent or company in the same manner as if he or she committed the offence of contempt of the court.
- (5) Where an inspector thinks it necessary for the purpose of his or her investigation that a person whom he or she has no power to examine on oath should be examined, he or she may apply to the court and the court may if it thinks fit order that person to attend and be examined on oath before it on any matter relevant to the investigation and on the examination –
  - (a) the inspector may take part in the proceedings either personally or by advocate;
  - (b) the court may put such questions to the person examined as the court thinks fit; and

- (c) the person examined shall answer all such questions as the court may put or allow to be put to him or her but may at his or her own cost employ an advocate who shall be free to put to him or her such questions as the court may deem just for the purpose of enabling him or her to explain or qualify any answers given by him or her
- (6) Notes of the examination under subsection (4) shall be taken down in writing and shall be read over to or by and signed by the person examined and may thereafter be used in evidence against him or her.
- (7) Notwithstanding anything in subsection (4)(c), the court may allow the person examined under that subsection such costs as in its discretion it may think fit and any costs so allowed shall be paid as part of the expenses of the investigation.
- (8) In this section any reference to officers or to agents shall include past as well as present officers or agents and for the purposes of this section, “agents,” in relation to a company or other body corporate includes the bankers and advocates of the company or other body corporate and any persons employed by the company or other body corporate as auditors whether those persons are or are not officers of the company or other body corporate.

**229. Inspector’s Report.**

- (1) An inspector may and if directed by the court, shall make interim reports to the court and on the conclusion of the investigation shall make a final report to the court.
- (2) Any report under subsection (1) shall be written and if the court directs printed.
- (3) The court shall –
  - (a) forward a copy of report made by an inspector to the company and to the registrar;
  - (b) if it thinks fit, forward a copy of the report on request and on payment of the prescribed fee to any other person who is a member of the company or of any other body corporate dealt with in the report by virtue of section 227 or whose interests as a creditor of the company or any such other body corporate as referred to in section 227 as appears to the court to be affected; or
  - (c) where any inspector is appointed under section 225, furnish, at the request of the applicants for the investigation a copy to them, and may also cause the report to be printed and published.

**230. Proceedings on Inspector's Report.**

- (1) Where from any report made under section 229 it appears to the court that any person has in relation to the company or to any other body corporate whose affairs have been investigated by virtue of section 225 committed an offence for which he or she is criminally liable, the court shall forward copies of the report to the Minister and to the Director of Public Prosecutions.
- (2) Where the Director of Public Prosecutions considers that the case is one in which a prosecution ought to be instituted, he or she shall institute proceedings accordingly.
- (3) All officers and agents of the company, past and present other than the defendant in the proceedings, shall give the Director of Public Prosecutions all assistance in connection with the prosecution which they are reasonably able to give.
- (4) Section 228(5) applies for the purposes of this section as it applies for the purposes of that section.
- (5) Where, in the case of any body corporate liable to be wound up under the law, it appears to the Minister from any such report referred to in subsection (1) that it is expedient to do so by reason of any such circumstances as are referred to in section 224 (1)(i) or (ii), the Minister may, unless the body corporate is already being wound up by the court, present a petition for it to be so wound up if the court thinks it just and equitable that it should be wound up.
- (6) Where from any such report referred to in subsection (1) it appears to the Minister that proceedings ought in the public interest to be brought by any body corporate dealt with by the report for the recovery of damages in respect of any fraud, misfeasance or other misconduct in connection with the promotion or formation of that body corporate or the management of its affairs or for the recovery of any property of the body corporate which has been misapplied or wrongfully retained, the Minister may bring proceedings for that purpose in the name of the body corporate.
- (7) The registrar shall indemnify the body corporate against any costs or expenses incurred by it in or in connection with any proceedings brought by virtue of subsection (5).

**231. Expenses of Investigation of Company's Affairs.**

- (1) The expenses of and incidental to an investigation by an inspector appointed by the court under section 230 shall be defrayed in the first instance by the registrar but

the following persons shall, to the extent mentioned, be liable to repay the registrar

- (a) any person who is convicted on a prosecution instituted by the Director of Public Prosecutions as a result of the investigation or who is ordered to pay damages or restore any property in proceedings brought by virtue of section 230(5), may in the same proceedings be ordered to pay the said expenses to such extent as may be specified in the order;
- (b) any body corporate in whose name proceedings are brought under section 230 shall be liable to the amount or value of any sums or property recovered by it as a result of those proceedings; and
- (c) unless as a result of the investigation a prosecution is instituted by the Director of Public Prosecutions –
  - (i) any body corporate dealt with by the report, where the inspector was appointed otherwise than under section 226(b) shall be liable, except so far as the court otherwise directs; and
  - (ii) the applicants for the investigation, where the inspector was appointed under section 225 shall be liable to such extent, if any as the court directs and any amount for which a body corporate is liable by virtue of paragraph (b) shall be a first charge on the sums or property mentioned in that paragraph.

- (2) The report of an inspector appointed otherwise than under section 226(b) may, if the inspector thinks fit and shall, if the court directs, include a recommendation as to the directors, if any which he or she thinks appropriate in the light of his or her investigation, to be given under subsection (1) (c).
- (3) For the purposes of this section, any costs or expenses incurred by the registrar in or in connection with proceedings brought by virtue of section 224(5) shall be treated as expenses of the investigation giving rise to the proceedings.
- (4) Any liability to repay the registrar imposed by subsection 1(a) and (b) shall, subject to satisfaction of the registrar's right to repayment, be a liability also to indemnify all persons against liability under subsection (1)(c).
- (5) A person liable under subsection (1)(c) is entitled to contribution from any other person liable under that subsection according to the amount of their respective liabilities.

### **232. Inspector's Report to be Evidence.**

A copy of any report of any inspector appointed under sections 224 and 225, authenticated by the seal of the company whose affairs he or she has investigated shall be admissible in any legal proceedings as evidence of the opinion of the inspector in relation to any matter contained in the report.

### **233. Appointment and Powers of Inspectors to Investigate Ownership of a Company.**

- (1) Where it appears to the registrar that there is good reason to do so, the registrar, may appoint one or more competent inspectors to investigate and report on the membership of any company with respect to the company for the purpose of determining the true persons who are or have been financially interested in the success or failure real or apparent of the company or able to control or materially to influence the policy of the company.
- (2) The appointment of an inspector under this section may define the scope of his or her investigation and may limit the investigation to matters connected with particular shares or debentures.
- (3) Where an application for an investigation under this section with respect to particular shares or debentures of a company is made to the registrar by members of the company, and the number of applicants or the amount of the shares held by them is not less than that required for an application for the appointment of an inspector, the registrar shall appoint an inspector to conduct the investigation unless he or she is satisfied that the application is vexatious.
- (4) The inspector's appointment under subsection (3) shall not exclude from the scope of his or her investigation any matter which the application seeks to have included in it, except in so far as the registrar is satisfied that it is unreasonable for that matter to be investigated.
- (5) The registrar may refuse to appoint an inspector under subsection (3) unless he or she considers it reasonable to do so and to require the applicants give sufficient security for the payment of the costs of the investigation.
- (6) Subject to the terms of an inspector's appointment, his or her powers shall extend to the investigation of any circumstances suggesting the existence of an arrangement or understanding which, though not legally binding is or was observed or likely to be observed in practice and which is relevant to the purposes of his or her investigation.
- (7) For the purposes of any investigation under this section, sections 227 and 229 apply with the necessary modifications or references to the affairs of the company or to those of any other body corporate, except, that –
  - (a) those sections apply in relation to all persons who are or have been or whom the inspector has reasonable cause to believe to be or have been, financially interested in the success or failure or the apparent success or failure of the company or any other body corporate whose membership is investigated with that of the company or able to control or materially to influence the policy of the company including persons concerned only on behalf of others as they appeal in relation to officers and agents of the company or of the



other body corporate as the case may be; and

- (b) the registrar shall not be bound to furnish the company or any other person with a copy of any report by an inspector appointed under this section or with a complete copy of it if he or she is of the opinion that there is good reason for not divulging the contents of the report or of parts of the report but shall keep a copy of the report or as the case may be, the parts of the report as respects which he or she is not of that opinion.
- (8) The expenses of any investigation under subsection (1) shall be defrayed by the registrar and the expenses of any investigation under subsection (3) shall be defrayed by the applicants unless the registrar certifies that it is a case in which he or she might properly have acted under subsection (1).

**234. Power to Require Information as to Persons Interested in Shares or Debentures.**

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

**235. Power to Impose Restrictions on Shares or Debentures.**

- (1) Where in connection with an investigation under sections 233 and 234 it appears to the registrar that there is difficulty in finding out the relevant facts about any shares whether issued or to be issued and that the difficulty is due wholly or mainly to the unwillingness of the persons concerned or any of them to assist the investigation as required by this Act, the registrar may by order direct that the shares shall until further order be subject to the restrictions imposed by this section.
- (2) Where any shares are directed to be subject to the restrictions imposed by this section –
  - (a) any transfer of those shares or in the case of unissued shares any transfer of the right to be issued with it and any issue of it shall be void;
  - (b) no voting rights shall be exercisable in respect of those shares;
  - (c) no further shares shall be issued in right of those shares under any offer made to the holder of those shares; or
  - (d) except in a liquidation, no payment shall be made of any sums due from the company on those shares whether in respect of capital or otherwise.
- (3) Where the registrar makes an order directing that shares shall be subject to the restrictions referred to in subsection (2), the court may, if it sees fit, direct that the shares shall cease to be subject to those restrictions.
- (4) Any order, whether of the registrar or of the court directing that shares shall cease to be subject to the restrictions referred to in subsection (2) which is expressed to be made with a view to permitting a transfer of those shares may continue the restrictions mentioned in subsection (2)(c) and (d) either in whole or in part, so far as they relate to any right acquired or offer made before the transfer.
- (5) A person who –
  - (a) exercises or purports to exercise any right to dispose of any shares which, to his or her knowledge, are for the time being subject to the restrictions imposed under this section or of any right to be issued with any such shares;
  - (b) votes in respect of any such shares whether as holder or proxy or appoints a proxy to vote in respect of the shares; or
  - (c) being the holder of any such shares, who fails to give notification that the shares are subject to the restrictions, to any person whom he or she does not know to be aware of that fact but does know to be entitled, apart from the restrictions, to vote in respect of those shares whether as holder or proxy, commits an offence and is liable on conviction to imprisonment not exceeding one year or a fine not exceeding one thousand South Sudanese Pounds or both.
- (6) Where shares in any company are issued in contravention of the restrictions under this section, the company and every officer of the company who is in default commits an offence and is liable on conviction to imprisonment not exceeding one year or to a fine not exceeding one thousand South Sudanese Pounds.

- (7) A prosecution shall not be instituted under this section except by or with the consent of the Director of Public Prosecutions.
- (8) This section applies in relation to debentures as it applies in relation to shares.

**236. Saving for Law Practitioners and Bankers.**

Nothing in this Chapter shall require disclosure to the court or to the registrar or to an inspector appointed by the court or the registrar –

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

**CHAPTER VI  
DIRECTORS AND OTHER OFFICERS.**

**237. Directors and Board Directors.**

- (1) For the purposes of this Act, "director" includes –
  - (a) a person occupying the position of director of the company by whatever name called;
  - (b) an alternate director;
  - (c) a person in accordance with whose directions or instructions a person referred to in paragraph (a) and (b) may be required or is accustomed to act;
  - (d) a person in accordance with whose directions or instructions the board of the company may be required or is accustomed to act;
  - (e) a person who exercises or who is entitled to exercise or who controls or who is entitled to control the exercise of powers which, apart from the articles of the company, would fall to be exercised by the board; and
  - (f) a person to whom a power or duty of the board has been directly delegated by the board, with that person's consent, or who exercises the power or duty with the consent of the board, but does not include a receiver and a person to the extent that the person acts only in a professional capacity.
- (2) Where the articles of a company confer a power on shareholders which is exercisable by the board, any shareholder who exercises that power or who takes part in deciding whether to exercise that power shall be considered, in relation to the exercise of the power or any consideration concerning its exercise, to be a director for the relevant purposes of this Act.
- (3) Where the articles of a company require a director or the board to exercise or refrain from exercising a power in accordance with a decision or direction of

shareholders, any shareholder who takes part in the making of any decision that the power should or should not be exercised or whether to give a direction, as the case may be, shall be deemed, in relation to the making of any such decision, to be a director for the relevant provisions of this Act.

- (4) In this Act, “board” or “board of directors”, in relation to a company, means the directors of the company where the number is not less than the required quorum acting together as a board of directors; or where the company has only one director, that director.

### **238. Powers of Management.**

- (1) The business and affairs of a company shall be managed by, or under the direction or supervision of the board.
- (2) The board shall have all the powers necessary for managing, and for directing and supervising the management of, the business and affairs of the company.
- (3) All powers necessary for managing the business and affairs of the company shall be subject to any modifications, adaptations, exceptions, or limitations contained in this Act or in the company’s articles.

### **239. Major Transactions.**

- (1) A company shall not enter into a major transaction unless the transaction is approved by special resolution or contingent on approval by special resolution.
- (2) In this article –  
“assets” includes property of any kind, whether tangible or intangible;  
“major transaction”, in relation to a company, is –
  - (a) the acquisition of, or an agreement to acquire, whether contingent or not, assets the value of which is more than seventy five per cent of the value of the company’s assets before the acquisition;
  - (b) the disposition of, or an agreement to dispose of, whether contingent or not, assets of the company the value of which is more than seventy five per cent of the value of the company’s assets before the disposition; or
  - (c) a transaction that has or is likely to have the effect of the company acquiring rights or interests or incurring obligations or liabilities the value of which is more than seventy five per cent of the value of the company’s assets before the transaction;
- (3) A company shall not enter into a transaction which involves the acquisition or disposition or the acquiring of rights, interests or incurring obligations of, in any case, more than half the value of the company’s assets unless the transaction is –

- (a) approved by ordinary resolution; or
  - (b) contingent on approval by ordinary resolution, and the description of a major transaction shall, in all respects, apply when determining the nature of such transaction except that “half of the value” shall be applied instead of “seventy five per cent of the value”.
- (4) Subsection (5) shall apply to a transaction under subsection (3) in the same manner as they apply to a major transaction except that “75 per cent of the value” shall be applied instead of “half of the value”.
- (5) Nothing in the definition of “major transaction” shall apply by reason only of the company giving, or entering into an agreement to give, a charge secured over assets of the company, the value of which is more than 75 per cent of the value of the company’s assets for the purpose of securing the repayment of money or the performance of an obligation.
- (6) This section shall not apply to a major transaction or a transaction under subsection (3) entered into by a receiver appointed under an instrument creating a charge over all or substantially all of the property of a company.
- (7) No lender or other person dealing with a company shall be concerned to see or inquire whether the conditions of this section have been fulfilled and no debt incurred or contract entered into with the company by a person dealing with it shall be invalid or ineffectual, except in the case of actual notice to that person, at the time when the debt was incurred or the contract was entered into, that the company was acting in breach of this section.

#### **240. Delegation of Powers.**

- (1) Subject to this Act and any restriction in the articles of the company, the board of a company may delegate to a committee of directors, a director or an employee of the company, or any other person, any one or more of its powers other than its powers to –
- (a) issue shares;
  - (b) determine consideration for issue of shares;
  - (c) issue a certificate in respect of shares not paid for;
  - (d) authorise distribution;
  - (e) issue of shares in lieu of dividends;
  - (f) offer shareholder discounts;
  - (g) authorise purchase of own shares;
  - (h) redeem shares at the option of the company;
  - (i) give financial assistance for acquisition of its own shares;
  - (a)** change the registered office of the company;

- (b) approve amalgamation proposals.
- (2) A board that delegates a power shall be responsible for the exercise of the power by the delegate as if the power had been exercised by the board, unless the board –
  - (a) believed on reasonable grounds at all times before the exercise of the power that the delegate would exercise the power in conformity with the duties imposed on directors of the company by this Act and the company's constitution; and
  - (b) has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

#### **241. Appointment of Directors.**

- (1) A company shall have at least one director who shall be ordinarily resident in South Sudan.
- (2) A company shall appoint a natural person as director.
- (3) No person shall be appointed, or hold office, as a director of a company if he or she is a person who –
  - (a) is under eighteen years of age;
  - (b) is, in the case of a public company, over seventy years of age;
  - (c) is an undischarged bankrupt;
  - (d) is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under this Act;
  - (e) is not a natural person;
  - (f) has been adjudged to be of unsound mind; or
  - (g) by virtue of the articles of a company, does not comply with any qualifications for directors.
- (4) A person who is disqualified from being appointed as a director but who acts as a director shall be deemed to be a director for the purposes of a provision of this Act that imposes a duty or an obligation on a director of a company.
- (5) A person shall not be appointed a director of a company unless that person has consented in writing to be a director and certified that he or she is not disqualified from being appointed or holding office as a director of a company.
- (6) A person named as a director in an application for registration or in an amalgamation proposal shall hold office as a director from the date of registration or the date the amalgamation proposal is effective, as the case may be, until that person ceases to hold office as a director in accordance with this Act.

- (7) All subsequent directors of a company shall, unless the articles of the company otherwise provide, be appointed by ordinary resolution.
- (8) Where –
  - (a) there are no directors of a company, or the number of directors is less than the quorum required for a meeting of the board; and
  - (b) it is not possible or practicable to appoint directors in accordance with the company's articles or under this Act, a shareholder or creditor of the company may apply to the Court to appoint one or more persons as directors of the company, and the Court may make an appointment if it considers that it is in the interests of the company to do so.
- (9) An appointment made under subsection (8) shall be made on such terms and conditions as the Court considers reasonable.
- (10) Subject to the articles of the company, the shareholders of a company shall not vote on a resolution to appoint a director of the company unless –
  - (a) the resolution is in respect of the appointment of one director; or
  - (b) where the resolution is a single resolution for the appointment of two or more persons as directors of the company, a separate resolution that it be so voted on has first been passed without a vote being cast against it.
- (11) A resolution in contravention of subsection (10) shall be void even though no objection was taken at the time it was passed.
- (12) No provision for the automatic reappointment of retiring directors in default of another appointment shall apply on the passing of a resolution in contravention of this section.
- (13) Nothing in this section shall prevent the election of two or more directors by ballot or poll.

#### **242. Removal of Directors.**

- (1) Notwithstanding anything in its articles or in any agreement between the company and a director, a company may by ordinary resolution remove a director before the expiration of his or her period of office, but this subsection shall not, in the case of a private company, authorize the removal of a director holding office for life at the commencement of this Act whether or not subject to retirement under an age-limit by virtue of the articles or otherwise.
- (2) Special notice shall be required of any resolution to remove a director under this section or to appoint somebody instead of a director so removed at the meeting at which he or she is removed.

- (3) On receipt of notice of an intended resolution to remove a director under this section the company shall send a copy of the notice to the director concerned and the director whether or not he or she is a member of the company shall be entitled to be heard on the resolution at the meeting.
- (4) Where notice is given of an intended resolution to remove a director under this section and the director concerned makes with respect to it representations in writing to the company in respect of the intended resolution and requests their notification to members of the company, the company shall as soon as practicable –
  - (a) in any notice of the resolution given to members of the company state the fact of the representation having been made; and
  - (b) send a copy of the representations to every member of the company to whom notice of the meeting is sent whether before or after receipt of the representations by the company.
- (5) Where a copy of the representations is not sent as required by subsection (3) because it was received too late or because of the company's default, the director may without prejudice to his or her right to be heard orally require that the representations shall be read out at the meeting.
- (6) Notwithstanding the provisions of subsection (5), copies of the representations need not be sent out and the representation need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter.
- (7) The court may in the circumstances described in subsection (5) order the company's costs on an application under this section to be paid in whole or in part by the director, notwithstanding that he or she is not a party to the application.
- (8) A vacancy created by the removal of a director under this section, if not filled at the meeting at which the director is removed, may be filled as a temporary vacancy.
- (9) A person appointed director in place of a person removed under this section shall be treated, for the purpose of determining the time at which he or she or any other director is to retire as if he or she had become director on the day on which the person in whose place he or she is appointed was last appointed a director.
- (10) Nothing shall be taken as depriving a person removed under this section, of compensation or damages payable to him or her in respect of the termination of his or her appointment as director or of any appointment terminating services of a director or as derogating from any power to remove a director which may exist apart from this section.



**243. Minimum Age for Appointment of Directors and Retirement of Directors over the Age Limit.**

- (1) Subject to this section, a person shall not be capable of being appointed a director of a public company if at the time of appointment he or she has not attained the age of eighteen or he or she has attained the age of seventy.
- (2) Subject to this section, a director of a company shall vacate his or her office at the conclusion of the first annual general meeting which commenced next after he or she attains the age of seventy but acts done by a person as director shall be valid notwithstanding that it is afterwards discovered that his or her appointment had terminated by virtue of this subsection.
- (3) Where a person retires by virtue of subsection (2), no provision for the automatic reappointment of retiring directors in default of another appointment shall apply and if at the meeting at which he or she retires the vacancy is not filled it may be filled as a casual vacancy.
- (4) Subsection (2) does not apply to a director who is in office at the commencement of this Act so as to terminate his or her appointment held on that date before the conclusion of the third annual general meeting commencing after the commencement of this Act but shall apply so as to terminate it at the conclusion of that meeting if he or she had attained the age of seventy before the commencement of the meeting.
- (5) Notwithstanding subsection (1), nothing in this section shall prevent the appointment of a director at any age or require a director to retire at any time, if his or her appointment is or was made or approved by the company in a general meeting, but; special notice shall be required of any resolution appointing or approving the appointment of a director for it to have effect for the purposes of this subsection and the notice of the intended resolution given to the company and by the company to its members must state or must have stated the age of the person to whom it relates.
- (6) A person reappointed director on retiring by virtue of subsection (2) or appointed in place of a director so retiring shall be treated, for the purposes of determining the time at which he or she or any other director is to retire as if he had become director on the day on which the retiring director was last appointed before his or her retirement; but except as provided by this subsection, the retirement of a director out of turn by virtue of the subsection (2) shall be disregarded in determining when any other directors are to retire.
- (7) In the case of a company first registered after the commencement of this Act, this section shall have effect subject to the company's articles and in the case of a company first registered before the commencement of this Act –

- (a) this section shall have effect subject to any alterations of the company's articles made after the commencement of this Act; and
- (b) if at the commencement of this Act the company's articles contained provision for retirement of directors under an age limit or for preventing or restricting appointments of directors over a given age this section shall not apply to directors to whom that provision applies.

**244. Duty of Directors to Disclose to the Company.**

- (1) A person who is appointed, or who, to his or her knowledge is proposed to be appointed director of a company subject to section 243 at a time before he or she has attained the age of eighteen or after he or she has attained any retiring age applicable to him or her as director either under this Act or under the company's articles shall give notice of his age to the company.
- (2) A person who –
  - (a) fails to give notice of his or her age as required by this section; or
  - (b) acts as director under any appointment which is invalid or has terminated by reason of his or her age, commits an offence and is liable on conviction to a fine not exceeding fifty South Sudanese Pounds for every day during which the failure continues or during which he or she continues to act as described in this subsection.
- (3) For the purposes of subsection (2), a person who has acted as director under an appointment which is invalid or has terminated shall be taken to have continued so to act throughout the period from the date the appointment became invalid or was terminated until the last day on which he or she is shown to have acted under that appointment.

**245. Director Ceasing to Hold Office.**

- (1) The office of director of a company shall be vacated if the person holding that office –
  - (a) resigns in accordance with subsection (2);
  - (b) is removed from office in accordance with this Act or the articles of the company;
  - (c) becomes disqualified from being a director;
  - (d) dies; or
  - (e) otherwise vacates office in accordance with the articles of the company.
- (2) A director of a company may resign office by signing a written notice of resignation and delivering it to the address for service of the company.

- (3) A notice shall be effective when it is received at that address or at a later time specified in the notice.
- (4) Notwithstanding the vacation of office, a person who held office as a director shall remain liable under the provisions of this Act that impose liabilities on directors in relation to acts and omissions and decisions made while that person was a director.

**246. Resignation or Death of Last Remaining Director.**

- (1) Where a company has only one director, that director shall not resign office until that director has called a meeting of shareholders to receive notice of the resignation, and to appoint one or more new directors.
- (2) A notice of resignation given by the sole director of a company shall not take effect, notwithstanding its terms, until the date of the meeting of shareholders.

**247. Duties of Directors.**

- (1) Subject to this section, the directors of a company shall –
  - (a) exercise their powers in accordance with this Act and with the limits and subject to the conditions and restrictions established by the company's articles;
  - (b) obtain the authorisation of a meeting of shareholders before doing any act or entering into any transaction for which the authorization or consent of a meeting of shareholders is required by this Act or by the company's article;
  - (c) exercise their powers honestly in good faith in the best interests of the company and for the respective purposes for which such powers are explicitly or impliedly conferred;
  - (d) exercise the degree of care, diligence and skill required by this Act;
  - (e) not agree to the company incurring any obligation unless the director believes at that time, on reasonable grounds that the company shall be able to perform the obligation when it is required to do so;
  - (f) account to the company for any monetary gain, or the value of any other gain or advantage, obtained by them in connection with the exercise of their powers, or by reason of their position as directors of the company, except remuneration, pension provisions and compensation for loss of office in respect of their directorships of any company;
  - (g) not make use of or disclose any confidential information received by them on behalf of the company as directors otherwise than as permitted and in accordance with this law;
  - (h) not compete with the company or become a director or officer of a competing company, unless it is approved by the company;
  - (i) where directors are interested in a transaction to which the company is a party, disclose such interest;

- (j) not use any assets of the company for any illegal purpose or purpose in breach of this section, and not do, or knowingly allow to be done, anything by which the company's assets may be damaged or lost, otherwise than in the ordinary course of carrying on its business;
  - (k) transfer forthwith to the company all cash or assets acquired on its behalf, whether before or after its incorporation, or as the result of employing its cash or assets, and until such transfer is effected to hold such cash or assets on behalf of the company and to use it only for the purposes of the company;
  - (l) attend meetings of the directors of the company with reasonable regularity, unless prevented from so doing by illness or other reasonable excuse; and
  - (m) keep proper accounting records and make such records available for inspection in accordance with this Act.
- (2) A director of a company that is a wholly-owned subsidiary may, when exercising powers or performing duties as a director, if expressly permitted to do so by the articles of the company, act in a manner which he or she believes is in the best interests of that company's holding company even though it may not be in the best interests of the company.
- (3) A director of a company that is a subsidiary, other than a wholly-owned subsidiary, may, when exercising powers or performing duties as a director, if expressly permitted to do so by the articles of the company and with the prior agreement of the shareholders, other than its holding company, act in a manner which he or she believes is in the best interests of that company's holding company even though it may not be in the best interests of the company.
- (4) A director of a company incorporated to carry out a joint venture between the shareholders may, when exercising powers or performing duties as a director in connection with the carrying out of the joint venture, if expressly permitted to do so by the constitution of the company, act in a manner which he or she believes is in the best interests of a shareholder or shareholders, even though it may not be in the best interests of the company.
- (5) The duties imposed by this section shall be owed to the company, and not to the shareholders, debenture holders or creditors of the company.
- (6) Without prejudice to any other action with regard to the same matter that is lawfully available, any member or debenture holder, as the case may be, may apply to the Court for –
- (a) a declaration that an act or transaction, or proposed act or transaction, by the directors or any director or former director constitutes a breach of any of their duties under this Act; or
  - (b) an injunction to restrain the directors or any director or former director from doing any proposed act or transaction in breach of their duties under this

Act.

- (7) This section shall not limit the power of a director to make provision for the benefit of employees of the company in connection with the company ceasing to carry on the whole or part of its business.

**248. Prohibition of Certain Persons Being Sole Director or Secretary.**

A company shall not –

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

**249. Secretaries.**

- (1) Every company shall have one or more secretaries each of whom shall be a natural person of full age and capacity who shall ordinarily be resident in South Sudan.
- (2) No person shall be appointed as a secretary of a company unless that person has, in an approved form, consented to be a secretary and certified that the person has the qualifications specified under section 251 of this Act.
- (3) A person named as a secretary of the company in an application for incorporation or in an amalgamation proposal shall hold office as a secretary from the date of the incorporation of the company or the date the amalgamation proposal is effective, until that person ceases to hold office in accordance with this Act or the articles the company.
- (4) Subject to the articles of a company, the board may appoint or remove a secretary of the company.
- (5) The office of the secretary shall not be left vacant for more than three months at any time.
- (6) Where the directors fail to appoint a secretary within the period of three months, the registrar or the Court may, on application by a shareholder or director, order the company or its directors to appoint a secretary.
- (7) Where a company or its directors knowingly fail to appoint a secretary within two months of being ordered to do so by the registrar or the Court, the company and every director of the company commits an offence and shall, on conviction, be liable to a fine not exceeding five hundred South Sudanese Pounds.

- (8) The directors may, during any period that the office of secretary is vacant, authorise any officer of the company to carry out all or any of the secretary's duties.

**250. Firm or Corporation May be Appointed Secretary.**

- (1) The registrar may approve the appointment of a firm or corporation to act as secretary provided that –
- (a) at least one member of the firm or one director of the corporation is ordinarily resident in South Sudan;
  - (b) the members of the firm, or the director of the corporation who accepts responsibility for the work of the firm or corporation as secretary are qualified to act as a secretary under this act; and
  - (c) the registrar is satisfied that the firm or corporation is a fit and proper person to be appointed a company secretary.
- (2) The registrar may approve the firm or corporation for appointment as secretary –
- (a) in respect of a named company; or
  - (b) generally as a company secretary and the firm or corporation may then without further approval accept appointment as secretary of companies generally.
- (3) The registrar may revoke an approval given but shall not do so without first providing the firm or corporation with an opportunity to make representations on the matter.
- (4) Any firm which is approved by the registrar as a company secretary shall keep the registrar promptly informed of the names of all partners in the firm and of any changes.

**251. Qualification of Secretary.**

- (1) It is the duty of the directors of a public company to take all reasonable steps to ensure that the secretary, or each joint secretary of the company is a person who appears to them to have the requisite knowledge and experience to discharge the functions of secretary of the company and who shall be –
- (a) a law practitioner or a qualified auditor; or
  - (b) a member of a professional association of company secretaries approved by the Minister.
- (2) The Minister may approve an association of company secretaries and notify such approval in the *Gazette*.
- (3) The Minister may revoke an approval granted under this article where he or she is

satisfied that the association is not maintaining satisfactory standards in the admission of its members or is failing to exercise effective supervision and discipline of its members.

- (4) The Minister shall not revoke the approval of any association which has been approved under this article without first providing that association with an opportunity to make representations.
- (5) In this section, “Minister” means the Minister responsible for finance.

## **252. Duties of Secretary.**

The duties of a secretary shall include but shall not be restricted to –

- (a) providing the board with guidance as to its duties, responsibilities and powers;
- (b) informing the board of all laws relevant to or affecting meetings of shareholders and directors and reporting at any meetings and the filing of any documents required of the company and any failure to comply with such laws;
- (c) ensuring that minutes of all meetings of shareholders or directors are properly recorded and all statutory registers are properly maintained;
- (d) certifying in the annual financial statements of the company that the company has filed with the registrar all such returns as are required of the company under this Act; and
- (e) ensuring that a copy of the company’s annual financial statements and where applicable the annual report are sent in accordance with this Act to every person entitled to such statements or report in terms of this Act.

## **253. Removal or Resignation of Secretary.**

- (1) Where, during any accounting period of the company, the secretary resigns or is removed from office, the company shall notify the registrar within twenty eight days of such resignation or removal.
- (2) Where the secretary is removed, the secretary may require the company in its annual financial statements relating to that accounting period, to set out the secretary’s statement in brief as to the circumstances that resulted in the removal.
- (3) Where the secretary wishes to record a statement as to the circumstances that resulted in his or her removal, the secretary shall give written notice to that effect to the company not later than the end of the accounting period in which the removal took place and such notice shall include the statement.
- (4) The statement of the secretary shall be included in the annual report and, where no annual report is required, shall be included under a separate heading in the company’s annual financial statements.

- (5) Where, on the application of the company or any other person who claims to be aggrieved by the secretary's statement being provided to shareholders, the Court is satisfied that the rights conferred by this article are being abused to secure needless publicity of defamatory matter, the Court may order that the statement need not be included in the annual report or financial statements and need not be provided to shareholders or be read out at the meeting, and the Court may further order that the costs of the application be paid in whole or in part by the secretary.

**254. Notice of Change of Directors and Secretaries.**

- (1) The board shall deliver or cause to be delivered to the registrar, for registration, notice in an approved form of any change in the directors or the secretary of a company or person nominated under this Act.
- (2) A notice under subsection (1) shall –
- (a) specify the date of the change;
  - (b) include the full name and residential address of every person who is a director or secretary of the company or nominated person from the date of the notice;
  - (c) in the case of the appointment of a new director or secretary, or nominated person, be accompanied by a form of consent to be a director and a certificate that he or she is not disqualified from being appointed or holding office as a director; and
  - (d) be delivered to the registrar within twenty eight days –
    - (i) in the case of an appointment or resignation of a director or secretary, of the date on which the change occurs;
    - (ii) in the case of the death of a director or secretary or a change in the name or residential address of a director or secretary, of the date on which the company becomes aware of the change.
- (3) Where the board fails to comply with this section, every director and any secretary of the company commits an offence and shall, on conviction, be liable to a fine not exceeding five hundred South Sudanese Pounds.

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

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



**256. Validity of acts of directors and Managers.**

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

**257. Restrictions on Appointment or Advertisement of Directors.**

(1) A person –

- (a) shall not be capable of being appointed director of a company by the articles;
- (b) shall not be named as director or proposed director of a company in a prospectus issued by or on behalf of the company or as proposed director of an intended company in the prospectus issued in relation to that intended company or in a statement in lieu of prospectus delivered to the registrar by or on behalf of a company or as proposed director of an intended company in a prospectus issued in relation to that intended company or in a statement in lieu of prospectus delivered to the registrar by or on behalf of a company,

unless before the registration of the articles or the publication of the prospectus or the delivery of the statement in lieu of prospectus as the case may be that person had by himself or herself or by his or her agent authorised in writing –

- (i) signed and delivered to the registrar for registration a consent in writing to act as director; and
- (ii) signed the memorandum for a number of shares not less than his qualification, if any;
- (iii) taken from the company and paid or agreed to pay for his or her qualification shares, if any;
- (iv) signed and delivered to the registrar for registration an undertaking in writing to take from the company and pay for his or her qualification shares, if any; or
- (v) made and delivered to the registrar for registration a statutory declaration to the effect that a number of shares, not less than his or her qualification, if any, are registered in his or her name.

(2) Where a person has signed and delivered under this section an undertaking to take and pay for his or her qualification shares, he or she shall as regards those shares be in the same position as if he or she had signed the memorandum for that number of shares.

(3) A reference in this section to the share qualification of a director or proposed director shall be construed as including only a share qualification required on appointment or within a period determined by reference to the time of appointment

and references in this section to qualification shares shall be construed accordingly.

- (4) On the application for registration of the memorandum and articles of a company, the applicant shall deliver to the registrar a list of the persons who have consented to be directors of the company and, if the list contains the name of any person who has not consented, the applicant commits an offence and is liable on conviction to a fine not exceeding one thousand South Sudanese Pounds.
- (5) This section does not apply to –
  - (a) company not having a share capital;
  - (b) a private company;
  - (c) a company which was a private company before becoming a public company; or
  - (d) a prospectus issued by or on behalf of a company after the expiration of one year from the date on which the company was entitled to commence business.

#### **258. Share Qualifications of Directors.**

- (1) Without prejudice to the restrictions imposed by section 257, it shall be the duty of every director who is by the articles of the company required to hold a specified share qualification and who is not already qualified, to obtain his or her qualification within two months after his or her appointment or such shorter time as may be fixed by the articles.
- (2) For the purpose of any provision in the articles requiring a director or manager to hold a specified share qualification, the bearer of a share warrant shall not be taken to be the holder of the shares specified in the warrant.
- (3) The office of director of a company shall be vacated if the director does not within such shorter time as may be fixed by the articles, obtain his or her qualification or if after the expiration of that period or shorter time he or she ceases at any time to hold his or her qualification.
- (4) A person vacating office under this section shall be incapable of being re-appointed director of the company until he or she has obtained his or her qualification.
- (5) Where after the expiration of the period or shorter time any unqualified person acts as a director of the company, he or she commits an offence and is liable on conviction to a fine not exceeding fifty South Sudanese Pounds for every day between the expiration of the period or shorter time or the day on which he or she ceased to be qualified as the case may be and the last day on which it is proved that he or she acted as a director.

**259. Appointment of Directors to be Voted on Individually.**

- (1) At a general meeting of a company other than a private company, a motion for the appointment of two or more persons as directors of the company by a single resolution shall not be made, unless the resolution has first been agreed to by the meeting without any vote being given against it.
- (2) A resolution moved in contravention of subsection (1) is void whether or not it is objected to at the time it is moved; but where a resolution is moved and passed contrary to subsection (1), no provision for the automatic reappointment of retiring directors in default of another appointment shall apply.
- (3) For the purposes of this section, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for such person's appointment.
- (4) Nothing in this section applies to a resolution altering the company's articles.

**260. Provisions as to Undischarged Bankrupts Acting as Directors.**

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

**261. Power to Restrain Fraudulent Persons from Managing Companies.**

- (1) Where –
  - (a) a person is convicted of any offence in connection with the promotion, formation or management of a company; or
  - (b) in the course of winding up a company it appears that a person –
    - (i) has committed an offence for which he or she is liable whether he or she has been convicted or not under this Act; or
    - (ii) has otherwise committed, while an officer of the company, any fraud in relation to the company or of any breach of his or her duty to the company, the court may make an order that that person shall not without the leave of the court, be a director of or in any way whether directly or indirectly, be concerned or take part in the management of the company for a period not exceeding five years as may be specified in the order.
- (2) A person intending to apply for the making of an order under this section by the court having jurisdiction to wind up a company shall give not less than ten days' notice of his or her intention to the person against whom the order is sought and on the hearing of the application the last mentioned person may appear and himself or herself give evidence or call witnesses.
- (3) An application for the making of an order under this section by the court having jurisdiction to wind up a company may be made by the official receiver or by the liquidator of the company or by a person who is or has been a member or creditor of the company.
- (4) On the hearing of any application for an order under this section by the official receiver or the liquidator or of any application for leave under this section by a person against whom an order has been made on the application of the official receiver or the liquidator, the official receiver or liquidator shall appear and call the attention of the court to any matters which seem to him or her to be relevant and may himself or herself give evidence or call witnesses.
- (5) An order may be made by virtue of subsection (1)(b)(ii) notwithstanding that the person concerned may be criminally liable in respect of the matters on the ground of which the order is to be made.
- (6) Where any person acts in contravention of an order made under this section, he or she commits an offence and is liable on conviction to imprisonment not exceeding one year or to a fine not exceeding one thousand South Sudanese Pounds or both.

- (7) For the purposes of subsection (1) –
- (a) “the court” in relation to the making of an order against any person by virtue of subsection (1)(a) of that subsection, includes the court before which he or she is convicted as well as any court having jurisdiction to wind up the company and in relation to the granting of leave means any court having jurisdiction to wind up the company in respect of which leave is sought;
  - (b) “officer” includes any person in accordance with whose direction or instructions the directors of the company have been accustomed to act.

**262. Prohibition of Tax Free Payments to Directors.**

- (1) It shall not be lawful for a company to pay a director remuneration whether as director or otherwise free of income tax or otherwise calculated by reference to or varying the amount of his or her income tax or to or with the rate of income tax.
- (2) Any provision contained in a company’s articles or in any contract or in any resolution of a company or a company’s directors, for payment to a director of remuneration as aforesaid shall have effect as if it provided for payment as a gross sum subject to income tax referred to in subsection (1), of the net sum for which it actually provides.

**263. Prohibition of Loans to Directors.**

- (1) Subject to exemptions set out in section 266 to 272, a company shall not make a loan to a person who is its director or a director of its holding company or to enter into guarantee or provide security in connection with a loan made to that person by any other person.
- (2) Notwithstanding subsection (1), nothing in this section shall apply –
  - (a) to anything done by a company which is for the time being a private company; or
  - (b) to anything done by a subsidiary, where the director is its holding company.

**264. Other General Restriction on Loans etc to Directors and Persons Connected With Them.**

- (1) Subject to section 263, a relevant company shall not enter into a guarantee or provide security in connection with a loan or quasi-loan or make a quasi-loan to a director of the company or of its holding company or to a person connected with such a director.
- (2) For the purposes of section 263 and this section, a shadow director whose details have not been disclosed by an advocate or who has assigned his or her duties to another person, as provided for under this Act is treated as a director.

- (3) A company shall not arrange for the assignment to it or the assumption by it, of any rights, obligations or liabilities under a transaction which, if it had been entered into by the company, would contravene subsection (1) or (4).
- (4) A company shall not take part in any arrangement by which –
  - (a) another person enters into a transaction which, if it had been entered into by the company, would have contravened subsections (1),(3),(4) or (6); and
  - (b) that other person under the arrangement, has obtained or is to obtain any benefit from the company or its holding company or a subsidiary of the company or its holding company.

**265. Definitions for section 263 and 264.**

For the purposes of interpretation of section 263 and 264, unless the context otherwise requires –

- (a) “guarantee” includes indemnity and cognate expressions are to be construed accordingly;
- (b) “quasi-loan” means a transaction under which one party “the creditor” agrees to pay or pays otherwise than under an agreement, a sum for another “the borrower” or agrees to reimburse, or reimburses otherwise than under an agreement, expenditure incurred by another party for another “the borrower”-
  - (i) on terms that the borrower or a person on his or her behalf will reimburse the creditor;
  - (ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor; or
  - (iii) any reference to the person to whom a quasi-loan is made is a reference to the borrower and the liabilities of a borrower under a quasi-loan include the liabilities of any person who has agreed to reimburse the creditor on behalf of the borrower;
- (c) “relevant company” means a company which –
  - (i) is a public company;
  - (ii) is a subsidiary of a public company;
  - (iii) is a subsidiary of a company which has as another subsidiary a public company; or
  - (iv) has a subsidiary which is a public company;
- (d) “credit transaction” means a transaction under which one party “the creditor” –
  - (i) supplies goods under a hire-purchase agreement or sells land under a conditional sale agreement;
  - (ii) leases any land or hires goods in return for periodical payments; or
  - (iii) otherwise disposes of land or supplies goods or services on the understanding that payment whether in a lump sum or installments or by way of periodical payments or otherwise is to be deferred;

- (e) “services” means anything other than goods or land; and
- (f) a transaction or arrangement is made “for” a person if in the case of –
  - (i) a loan or quasi-loan, it is made to him or her;
  - (ii) a credit transaction, he or she is the person to whom goods or services are supplied or land is sold or otherwise disposed of, under the transaction;
  - (iii) a guarantee or security, if it is entered into or provided in connection with a loan or quasi-loan made to him or her a credit transaction made for him or her;
  - (iv) an arrangement within section 264(5) or (6), the transaction to which the arrangement relates was made for him or her; and
  - (v) any other transaction or arrangement for the supply or transfer of or of any interest in goods, land or services, he or she is the person to whom the goods, land or services or the interest are supplied or transferred.

**266. Short-term Quasi-loans.**

- (1) Section 264 (2) does not prohibit a company, “the creditor” from making a quasi-loan to one of its directors or to a director of its holding company if –
  - (a) the quasi-loan contains a term requiring the director or a person on his or her behalf to reimburse the creditor his or her expenditure within two months of its being incurred; and
  - (b) the aggregate of the amount of that quasi-loan and of the amount outstanding under each relevant quasi-loan does not exceed two hundred thousand South Sudanese Pounds.
- (2) A quasi-loan is relevant for this purpose if it was made to the director by virtue of the creditor or its subsidiary or, where the director is a director of the creditor’s holding company, any other subsidiary of that company and “the amount outstanding” is the amount of the outstanding liabilities of the person to whom the quasi-loan was made.

**267. Inter-company Loans in Same Group.**

In the case of a relevant company which is a member of a group of companies, section 264(2) (b), (c) does not prohibit the company from-

- (a) making a loan or quasi-loan to another member of that group; or
- (b) entering into a guarantee or providing any security in connection with a loan or quasi-loan made by any person to another member of the group, by reason only that a director of one member of the group is associated with another.

**268. Loans of Small Amounts.**

Section 264(1) does not prohibit a company from making a loan to a director of the company or of its holding company if the aggregate of the relevant amounts does not exceed ten thousand South Sudanese Pounds.

**269. Minor Business Transactions.**

- (1) Section 264(3) does not prohibit a company from entering into a transaction with a person if the aggregate of the relevant amounts does not exceed ten thousand South Sudanese Pounds.
- (2) Section 264(3) does not prohibit a company from entering into a transaction with a person if –
  - (a) the transaction is entered into by the company in the ordinary course of its business; and
  - (b) the value of the transaction is not greater and the terms on which it is entered into are no more favourable in respect of the person for whom the transaction is made, than that or those which it is reasonable to expect the company to have offered to or in respect of a person of the same financial standing but unconnected with the company.

**270. Transactions not Prohibited of a Holding Company.**

The following transactions are exempted from the prohibitions of section 264 –

- (a) a loan or quasi-loan by a company to its holding company or a company entering into a guarantee or providing any security in connection with a loan or quasi-loan made by any person to its holding company; and
- (b) a company entering into a credit transaction as creditor for its holding company or entering into a guarantee or providing any security in connection with a credit transaction made by any other person for its holding company.

**271. Funding of Director's Expenditure on Duty to Company.**

- (1) A company is not prohibited by section 263 and 264 from doing anything –
  - (a) to provide a director with funds to meet expenditure incurred or to be incurred by him or her for the purposes of the company or for the purpose of enabling him or her to properly perform his or her duties as an officer of the company; or
  - (b) to enable a director to avoid incurring such expenditure.



- (2) Subsection (1) applies only if one of the following conditions is satisfied –
  - (a) the thing in question is done with the prior approval of the company given at a general meeting at which there are disclosed all the matters mentioned in subsection (4); and
  - (b) that thing is done on condition that, if the approval of the company is not so given at or before the next annual general meeting, the loan is to be repaid or any other liability arising under any such transaction discharged, within six months from the conclusion of that meeting.
- (3) Subsection (1) does not authorise a relevant company to enter into any transaction if the aggregate of the relevant amounts exceeds twenty thousand South Sudanese Pounds.
- (4) The matters to be disclosed under subsection (2) (a) are –
  - (a) the purpose of the expenditure incurred or to be incurred or which would otherwise be incurred, by the director;
  - (b) the amount of the funds to be provided by the company; and
  - (c) the extent of the company’s liability under any transaction which is or is connected with the thing in question.

**272. Loan or Quasi-loan by Money-lending Company.**

- (1) The prohibitions in section 264 do not apply to –
  - (a) a loan or quasi-loan made by a money-lending company to any person; or
  - (b) a money-lending company entering into a guarantee in connection with any other loan or quasi loan.
- (2) For the purposes of this section “money-lending company” means a company whose ordinary business includes the making of loans or quasi-loans or the giving of guarantees in connection with loans or quasi-loans.
- (3) Subsection (1) applies only if the following conditions are satisfied –
  - (a) the loan or quasi-loan in question is made by the company or it enters into the guarantee in the ordinary course of the company’s business; and
  - (b) the amount of the loan or quasi-loan or the amount guaranteed is not greater and the terms of the loan, quasi-loan or guarantee are not more favourable in the case of the person to whom the loan or quasi-loan is made or in respect of whom the guarantee is entered into, than that or those which it is reasonable to expect that company to have offered to or in respect of a person of the same financial standing but unconnected with the company.
- (4) In determining the aggregate, a company which a director does not control is taken not to be connected with him or her.

- (5) The condition specified in subsection (3) (b) does not of itself prevent a company from making a loan to one of its directors or a director of its holding company –
- (a) for the purpose of facilitating the purchase, for use as that director’s only or main residence, of the whole or part of any dwelling-house together with any land to be occupied and enjoyed with it;
  - (b) for the purpose of improving a dwelling-house or part of a dwelling-house so used or any land occupied and enjoyed with it; or
  - (c) in substitution for any loan made by any person and falling within paragraph (a) or (b), if loans of that description are ordinarily made by the company to its employees and on terms not less favourable than those on which the transaction in question is made and the aggregate of the relevant amounts does not exceed fifty thousand South Sudanese Pounds.

**273. Relevant Amounts for Purposes of This Chapter.**

- (1) This section applies for the purposes of defining the relevant amounts to be aggregated under this Chapter and in relation to any proposed transaction or arrangement and the question whether it falls within one or other of the exceptions provided by those sections, the relevant exception is that exception; but where the relevant exception is the one provided by section 269 references in this section to a person connected with a director are to be disregarded.
- (2) Subject to this section, the relevant amounts in relation to a proposed transaction or arrangement are –
- (a) the value of the proposed transaction or arrangement;
  - (b) the value of any existing arrangement which –
    - (i) falls within subsection (3); and
    - (ii) was entered into by virtue of the relevant exception as described in subsection (1) by the company or by a subsidiary of the company or, where the proposed transaction or arrangement is to be made for a director of its holding company or a person connected with that director, by that holding company or any of its subsidiaries;
  - (c) the amount outstanding under any other transaction –
    - (i) falling within subsection (3);
    - (ii) made by virtue of the relevant exception; and
    - (iii) made by the company or by a subsidiary of the, company or, where the proposed transaction or arrangement is to be made for a director of its holding company or a person connected with that director, by that holding company or any of its subsidiaries.
- (3) A transaction falls within this subsection if it was made –
- (a) for the director for whom the proposed transaction or arrangement is to be made or for any person connected with that director; or

- (b) where the proposed transaction or arrangement is to be made for a person connected with a director of a company, for that director or any person connected with him;
- (4) Where the proposed transaction falls within section 264 and is one which a banking company proposes to enter into under subsection (5) of that section, housing loans, any other transaction or arrangement which apart from this subsection would fall within subsection (3) does not do so unless it was entered into under section 264.
- (5) A transaction entered into by a company which is at the time of that transaction is entered into a subsidiary of the company which is to make the proposed transaction or is a subsidiary of that company's holding company, does not fall within subsection (3) if at the time when the question arises as to whether the proposed transaction or arrangement falls within any relevant exception, it no longer is that subsidiary.

**274. Value of Transactions and Arrangements.**

- (1) This section has the effect for determining the value of a transaction or arrangement for the purposes of sections 264 to 293.
- (2) The value of a loan is the amount of its principal.
- (3) The value of a quasi-loan is the amount or maximum amount which the person to whom the quasi-loan is made is liable to reimburse the creditor.
- (4) The value of a guarantee or security is the amount guaranteed or secured.
- (5) The value of an arrangement to which section 264 (5) or (6) applies is the value of the transaction to which the arrangement relates less any amount by which the liabilities under the arrangement or transaction of the person for whom the transaction was made have been reduced.
- (6) The value of a transaction or arrangement not falling within subsections (2) to (5) is the price which it is reasonable to expect could be obtained for the goods, land or services to which the transaction or arrangement relates if they had been supplied at the time the transaction or arrangement is entered into in the ordinary course of business and on the same terms other than price as they have been supplied or are to be supplied, under the transaction or arrangement in question.

**275. Civil Remedies for Breach of Section 263 and 264.**

- (1) Where a company enters into a transaction or arrangement in contravention of section 263 and 264, the transaction or arrangement is voidable at the instance of

the company unless –

- (a) restitution of any money or any other asset which is the subject matter of the arrangement or transaction is no longer possible or the company has been indemnified under subsection (2)(b) for the loss or damage suffered by it; or
  - (b) any rights acquired in good faith for value and without actual notice of the contravention by a person other than the person for whom the transaction or arrangement was made would be affected by its avoidance.
- (2) Where an arrangement or transaction is made by a company for a director of the company or its holding company or a person connected with such a director in contravention of section 263 and 264, that director and the person so connected and any other director of the company who authorised the transaction or arrangement whether or not it has been avoided under subsection (1) is liable-
- (a) to account to the company for any gain which he or she has made directly or indirectly by the arrangement or transaction; and
  - (b) jointly and severally with any other person liable under this subsection to indemnify the company for any loss or damage resulting from the arrangement or transaction.
- (3) Subsection (2) is without prejudice to any liability imposed otherwise than by that subsection but is subject to subsection (4) and (5).
- (4) Where an arrangement or transaction is entered into by a company and a person connected with a director of the company or its holding company in contravention of section 271, that director is not liable under subsection (2) if he or she shows that he or she took all reasonable steps to secure the company's compliance with that section.
- (5) A person connected with a director of the company as described under subsection (4) or any other director mentioned in subsection (2) is not so liable if he or she shows that, at the time the arrangement or transaction was entered into, he or she did not know the relevant circumstances constituting the contravention.

#### **276. Criminal Penalties for Breach of Section 263 and 264.**

- (1) A director of a relevant company who authorises or permits the company to enter into a transaction or arrangement knowing or having reasonable cause to believe that the company by doing so contravenes section 263 and 264 commits an offence.
- (2) A relevant company which enters into a transaction or arrangement for one of its directors or for a director of its holding company in contravention of section 263 and 264 commits an offence.
- (3) A person who procures a relevant company to enter into a transaction or

arrangement knowing or having reasonable cause to believe that the company by doing so contravenes section 264 commits an offence.

- (4) A person convicted of an offence under this section is liable on conviction to a fine not exceeding one thousand South Sudanese Pounds or imprisonment not exceeding two years or both.
- (5) A relevant company does not commit an offence under subsection (2) if it shows that, at the time the transaction or arrangement was entered into, it did not know the relevant circumstances.

### **277. Connected Persons, etc.**

- (1) This section has effect with respect to references in this Chapter to a person being connected with a director of a company and to a director being associated with or controlling a body corporate.
- (2) A person is connected with a director of a company if, he or she not being himself or herself a director of the company is –
  - (a) that director's spouse or child or step-child;
  - (b) except where the context otherwise requires, a body corporate with which the director is associated;
  - (c) a person acting in his or her capacity as trustee of any trust the beneficiaries of which include –
    - (i) the director, his or her spouse or any children; or
    - (ii) a body corporate with which he or she is associated, or of a trust whose terms confer a power on the trustees that may be exercised for the benefit of the director, his or her spouse or any children; or
  - (d) a person acting in his or her capacity as partner of that director or of any person who, by virtue of paragraph (a),(b) or (c) is connected with that director.
- (3) In subsection (2) –
  - (a) a reference to the child means a person below the age of eighteen years and includes a step child, illegitimate child; and adopted child.
  - (b) paragraph (c) does not apply to a person acting in his or her capacity as trustee under an employees' share scheme or a pension scheme.
- (4) A director of a company is associated with a body corporate if, he or she and the persons connected with him or her, together are –
  - (a) interested in shares comprised in the equity share capital of that body corporate of a nominal value equal to at least one-fifth of that share capital; or
  - (b) entitled to exercise or control the exercise of more than one-fifth of the voting power at any general meeting of that body.

- (5) A director of a company is taken to control a body corporate only if –
- (a) he or she or any person connected with him or her is interested in any part of the equity share capital of that body or is entitled to exercise or control the exercise of any part of the voting power at any general meeting of that body; and
  - (b) that director, the persons connected with him or her and the other directors of that company, together, are interested in more than one-half of that share capital or are entitled to exercise or control the exercise of more than one-half of that voting power.
- (6) For the purposes of subsections (4) and (5) –
- (a) a body corporate with which a director is associated is not to be treated as connected with that director unless it is also connected with him or her by virtue of subsection (2)(c) or (d); and
  - (b) a trustee of a trust the beneficiaries of which include a body corporate with which a director is associated is not to be treated as connected with a director by reason only of that fact.
- (7) Subject to this section references in subsections (4) and (5) to voting power the exercise of which is controlled by a director include voting power whose exercise is controlled by a body corporate controlled by the director.

**278. Approval of the Company Requisite for Payment by it to Director for Loss of Office, etc.**

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

**279. Approval of the Company Requisite for any Payment in Connection With Transfer of its Property to Director for Loss of Office, etc.**

- (1) A company shall not in connection with the transfer of the whole or part of the undertaking of property of a company make a payment to a director of the company by way of compensation for loss of office or as consideration for or in connection with his or her retirement from office, unless particulars with respect to the proposed payment including the amount of the payment have been disclosed to the members of the company in a general meeting.
- (2) A payment made in contravention of subsection (1) is illegal; and where any such payment is made to a director of the company, the amount received shall be taken

to have been received by him or her in trust for the company.

**280. Duty of Director to Disclose Payment for Loss of Office, etc., Made in Connection With Take Over or Transfer of Shares in Company.**

- (1) Where, in connection with the transfer to any persons of all or any of the shares in a company, being a transfer resulting from –
  - (a) an offer made to the general body of shareholders;
  - (b) an offer made by or on behalf of some other body corporate with a view to the company becoming its subsidiary or a subsidiary of its holding company;
  - (c) an offer made by or on behalf of an individual with a view to his or her obtaining the right to exercise or control the exercise of not less than one-third of the voting power at any general meeting of the company; or
  - (d) any other offer which is conditional on acceptance to a given extent, a payment is to be made to a director of the company by way of compensation for loss of office or as consideration for or in connection with his or her retirement from office,

it shall be the duty of that director to take all reasonable steps to secure particulars with respect to the proposed payment including the amount of the payment included in or sent with any notice of the offer made for their shares which is given to any shareholders.

- (2) Where –
  - (a) a director to whom subsection (1) applies fails to take reasonable steps as provided in that subsection ; or
  - (b) a person who has been properly required by any such director to include the said particulars in or send them with any such notice fails to do so, he or she is liable to a fine not exceeding five hundred South Sudanese Pounds.

- (3) Where –
  - (a) the requirements of subsection (1) are not complied with in relation to a payment referred to in subsection (2); or
  - (b) the making of the proposed payment is not, before the transfer of any shares in accordance with the offer, approved by a meeting summoned for the purpose of the holders of the shares to which the offer relates and of other holders of shares of the same class as any of those shares, any sum received by the director on account of the payment, shall be deemed to have been received by him or her in trust for any persons who have sold their shares as a result of the offer and the expenses incurred by him or her in distributing that sum among those persons, shall be borne by him or her and not retained out of that sum.

- (4) Where the shareholders referred to in subsection (3)(b) are not all the members of

the company and no provision is made by the articles for summoning or regulating such a meeting as is mentioned in that section, the provisions of this Act and of the company's articles relating to general meetings of the company shall, for that purpose, apply to the meeting without modification or with such modification as the registrar on the application of any person concerned may direct for the purpose of adapting them to the circumstances of the meeting.

- (5) Where at a meeting summoned for the purpose of approving any payment as required by subsection (3)(b) a quorum is not present and, after the meeting has been adjourned to a later date, a quorum is again not present, the payment shall be taken for the purposes of that subsection to have been approved.

## **281. Provisions Supplementary to Sections 278 to 280.**

- (1) Where in proceedings for the recovery of any payment as having, by virtue of section 279 or 280(1) and (3), been received by any person in trust, it is shown that –
  - (a) the payment was made under any arrangement entered into as part of the agreement for the transfer in question or within one year before or two years after that agreement or the offer leading to the arrangement; and
  - (b) the company or any person to whom the transfer was made was privy to that arrangement, the payment shall be taken, except in so far as the contrary is shown, to be one to which the sections 279 or 280 (1) and (3) apply.
- (2) Where in connection with a transfer as mentioned in section 279 or 280–
  - (a) the price to be paid to a director of the company whose office is to be abolished or who is to retire from office for any shares in the company held by him or her is in excess of the price which could for the time being have been obtained by other holders of similar shares; or
  - (b) any valuable consideration is given to the director, the excess or the money value of the consideration as the case may be, shall, for the purposes of that section, be taken to have been a payment made to him or her by way of compensation for loss of office or as consideration for or in connection with his or her retirement from office.
- (3) References in sections 279 or 280 to payments made to any director of a company by way of compensation for loss of office or consideration for or in connection with his or her retirement from office, do not include any bona fide payment by way of damages for breach of contract or by way of pension in respect of past services and for the purposes of this section, “pension” includes any super-annuation allowances, super-annuation gratuity or similar payment.
- (4) Nothing in sections 279 or 280 shall be taken to prejudice the operation of any rule of law requiring disclosure to be made with respect to a payment in those sections mentioned or with respect to any other similar payment made or to be made to the directors of a company.



**282. Register of Directors' Shareholding, etc.**

- (1) A company shall keep a register showing as respects each director of the company, not being its holding company the number, description and amount of any share in or the debentures of the company or any other body corporate, being the company's subsidiary or holding company or a subsidiary of the company's holding company which are held by or in trust for him or her or of which he or she has any right to become a holder whether on payment or not.
- (2) The register need not include shares in any body corporate which is the wholly-owned subsidiary of another body corporate and for that purpose a body corporate shall be taken to be the wholly-owned subsidiary of another if it has no members but that other and that other's wholly owned subsidiaries and its or their nominees.
- (3) Where any shares or debentures fail to be or cease to be recorded in the register in relation to any director by reason of a transaction entered into after the commencement of this Act and while he or she is a director, the register shall also show the date of and price or other consideration for the transaction except that where there is an interval between the agreement for any such transaction and the completion of the transaction, the date shall be that of the agreement.
- (4) The nature and extent of a director's interest or right in or over any shares or debentures recorded in relation to him or her in the register shall, if he or she so requires, be indicated in the register.
- (5) The company shall not, by virtue of anything done for the purposes of this section, be affected with notice of, or put upon inquiry as to the rights of any person in relation to any shares or debentures.
- (6) The register shall, subject to this section, be kept at the company's registered office and shall be open to inspection during business hours as the company may by its articles or in general meeting impose as follows –
  - (a) during the period beginning fourteen days before the date of the company's annual general meeting and ending three days after the date of its conclusion, it shall be open to the inspection of any member or holder of debentures of the company; and
  - (b) during that or any other period, it shall be open to the inspection of any person acting on behalf of the registrar.
- (7) The company may, in a general meeting impose reasonable restrictions on inspection under subsection (6) but the restrictions shall not be such as to reduce the period of inspection to less than two hours in each day.

- (8) Without prejudice to the rights of inspection conferred by subsection (7), the registrar may at any time require the production of the register or any part of it.
- (9) The register shall also be produced at the commencement of the company's annual general meeting and remain open and accessible during the continuance of the meeting to any person attending the meeting.
- (10) Where there is default in complying with subsection (9), the company and every officer of the company who is in default is liable to a fine not exceeding five hundred South Sudanese Pounds.
- (11) Where there is default in complying with subsection (1) or (2), or if any inspection required under this section is refused or any copy required under subsection (8) is not sent within a reasonable time, the company and every officer of the company who is in default is liable to a fine not exceeding two hundred South Sudanese Pounds and further to a default fine of one hundred South Sudanese Pounds.
- (12) In the case of any such refusal, the court may by order compel an immediate inspection of the register.
- (13) For the purposes of this section –
  - (a) a person in accordance with whose directions or instructions the directors of a company are accustomed to act shall be taken to be a director of the company; and
  - (b) a director of a company shall be taken to hold or to have an interest or right in or over, any shares or debentures if a body corporate other than the company holds them or has that interest or right in or over them, and either –
    - (i) that body corporate or its directors are accustomed to act in accordance with his or her directions or instructions; or
    - (ii) he or she is entitled to exercise or control the exercise of one-third or more of the voting power at any general meeting of that body corporate.

**283. Particulars in Accounts of Directors' Salaries, Pensions, etc.**

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

- (2) The amount to be shown under subsection (1)(a) shall –
- (a) include any emoluments paid to or receivable by any person in respect of his or her services as director of the company or in respect of his or her services while director of the company, as director of any subsidiary of the company or otherwise in connection with the management of the affairs of the company or any subsidiary of the company; and
  - (b) distinguish between emoluments in respect of services as director, whether of the company or its subsidiary and other emoluments, and for the purposes of this section, “emoluments” in relation to a director, includes fees and percentages, any sums paid by way of expense allowance in so far as those sums are charged to income tax, any contribution paid in respect of him or her under any pension scheme and the estimated money value of any other benefits received by him or her otherwise than in cash.
- (3) The amount to be shown under subsection (1) (b) shall –
- (a) not include any pension paid or receivable under a pension scheme if the scheme is such that the contributions under the scheme are substantially adequate for the maintenance of the scheme but shall include any pension paid or receivable in respect of any such service of a director or past director of the company as are mentioned in subsection (2), whether to or by him or, on his nomination or by virtue of dependence on or other connection with him, to or by any other person; and
  - (b) distinguish between pensions in respect of services as director whether of the company or its subsidiary and other pensions.
- (4) The amount to be shown under subsection (1)(c) shall –
- (a) include any sums paid to or receivable by a director or past director by way of compensation for the loss of office as director of the company or for the loss, while director of the company or on or in connection with his or her ceasing to be a director of the company, of any other office in connection with the management of the company’s affairs or of any subsidiary of the company; and
  - (b) distinguish between compensation in respect of the office of director whether of the company or its subsidiary and compensation in respect of other offices, and for the purposes of this section reference to compensation for loss of office shall include sums paid as consideration for or in connection with a person’s retirement from office.
- (5) The amounts to be shown under subsection (1) (a), (b) and (c) shall –
- (a) include all relevant sums paid by or receivable from –
    - (i) the company;
    - (ii) the company’s subsidiaries; and
    - (iii) any other person,

- except sums to be accounted for the company or any of its subsidiaries or, by virtue of section 279, to past or present members of the company or any of its subsidiaries or any class of those members; and
- (b) distinguish, in the case of the amount to be shown under subsection (1)(c), between the sums respectively paid by or receivable from the company, the company's subsidiaries and persons other than the company and its subsidiaries.
- (6) The amounts to be shown under this section for any financial year shall be the sums receivable in respect of that year, whenever paid or in the case of sums not receivable in respect of a period, the sums paid during that year, except, that where –
- (a) any sums are not shown in the accounts for the relevant financial year on the ground that the person receiving them is liable to account for them as mentioned in subsection (5)(a) but the liability is after that wholly or partly released or is not enforced within a period of two years; or
- (b) any sums paid by way of expense allowance are charged to income tax after the end of the relevant financial year, those sums shall, to the extent to which the liability is released or not enforced or they are charged to income tax as the case may be, be shown in the first accounts in which it is practicable to show them or in a statement annexed to them and shall be distinguished from the amounts to be shown in the accounts apart from this subsection.
- (7) Where it is necessary to do so for the purpose of making any distinction required by this section in any amount to be shown under this section, the directors may apportion any payments between the matters in respect of which they have been paid or are receivable in such manner as they think appropriate.
- (8) Where in the case of any accounts the requirements are not complied with, it shall be the duty of the auditors of the company by whom the accounts are examined to include in their report on the accounts, so far as they are reasonably able to do a statement giving the required particulars.
- (9) In this section a reference to a company's subsidiary –
- (a) in relation to a person who is or was, while a director of the company, a director also, by virtue of the company's nomination, direct or indirect, of any other body corporate, shall, subject to the following paragraph, include that body corporate whether or not it is or was in fact the company's subsidiary; and
- (b) shall for the purposes of subsections (2) and (3) be taken as referring to a subsidiary at the time the services were rendered and for the purposes of subsection (4) be taken as referring to a subsidiary immediately before the loss of office as director of the company.

(10) For the purposes of this section –

“**contribution**” in relation to a pension scheme means any payment including an insurance premium, paid for the purposes of the scheme by or in respect of persons rendering services in respect of which pensions will or may become payable under the scheme, except that it does not include any payment in respect of two or more persons if the amount paid in respect of each of them is not ascertainable;

“**pension**” includes any superannuation allowance, superannuation gratuity or a similar payment;

“**pension scheme**” means a scheme of the provision of pension in respect of services as director or otherwise which is maintained in whole or in part by means of contributions.

#### **284. Particulars in Accounts of Loans to Officers, etc.**

(1) The accounts which under this Act, are to be laid before every company in a general meeting shall, subject to this section, contain particulars showing –

(a) the amount of a loan made during the company’s financial year to –

(i) any officer of the company; or

(ii) any person who, after the making of the loan, became during that year, an officer of the company, by the company or a subsidiary of the company or by any other person under a guarantee from or on a security provided by the company or a subsidiary of the company including any such loan repaid during that year; and

(b) the amount of any loans made in the manner described in subsection (1) to any such officer or person referred to in paragraph (a) at any time before the company’s financial year and outstanding at the expiration thereof.

(2) Subsection (1) shall not require the inclusion in accounts of particulars of –

(a) a loan made in the ordinary course of its business by the company or a subsidiary of the company, where the ordinary business of the company or as the case may be, the subsidiary, includes the lending of money; or

(b) a loan made by the company or a subsidiary of the company to an employee of the company or subsidiary as the case may be, if the loan does not exceed eight hundred South Pounds and is certified by the directors of the company or subsidiary, as the case may be, to have been made in accordance with any practice adopted or about to be adopted by the company or subsidiary with respect to loans to its employees, not being, in either case, a loan made by the company under a guarantee from or on a security provided by a subsidiary of the company or a loan made by a subsidiary of the company under a guarantee from or on a security provided by the company or any other subsidiary of the company.

(3) Where in the case of any accounts referred to in subsection (2) the requirements of this section are not complied with, it shall be the duty of the auditors of the company by whom the accounts are examined to include in their report on the

balance sheet of the company, so far as they are reasonably able to do a statement giving the required particulars.

- (4) References in this section to a subsidiary shall be taken as referring to a subsidiary at the end of the company's financial year whether or not it was a subsidiary at the date of the loan.

**285. General Duty to Make Disclosure for Purposes of Sections 282 to 284.**

- (1) A director of a company shall give notice to the company of such matters relating to himself or herself as may be necessary for the purposes of sections 282, 283 and 284, except so far as it relates to loans made, by the company or by any other person under a guarantee from or on a security provided by the company, to an officer of the company
- (2) A notice given for the purposes of section 282 shall be in writing and, if it is not given at a meeting of the directors, the director giving it shall take reasonable steps to ensure that it is brought up and read at the next meeting of directors after it is given.
- (3) Subsection (1) applies –
  - (a) for the purposes of section 284, in relation to officers other than directors; and
  - (b) for the purposes of section 283 and 284, in relation to persons who are or have any time during the preceding five years been officers, as it applies in relation to directors.
- (4) A person who makes default in complying with subsections (1) to (3) is liable to a default fine not exceeding five hundred South Sudanese Pounds.

**286. Disclosure by Directors of Interests in Contracts.**

- (1) Subject to this section, a director of a company who is in any way, directly or indirectly, interested in a contract or proposed contract with the company shall declare the nature of his or her interest at a meeting of the directors of the company.
- (2) In the case of a proposed contract, the declaration required by this section to be made by a director shall be made at the meeting of the directors at which the question of entering into the contract is first taken into consideration or if the director was not at the date of that meeting interested in the proposed contract, at the next meeting of the directors held after he or she became so interested and in a case where the director becomes interested in a contract after it is made, the declaration shall be made at the first meeting of the directors held after the director becomes so interested.

- (3) For purposes of this section, a general notice given to the directors of a company by a director to the effect that he or she is a member of a specified company or firm or acts for the company in a specified capacity and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm or with himself or herself in that specified capacity shall be taken to be a sufficient declaration of interest in relation to any contract so made.
- (4) Notwithstanding subsection (3), the notice shall not be of effect unless either it is given at a meeting of the directors or the director takes reasonable steps to secure that it is brought up and read at the next meeting of the directors after it is given.
- (5) A director who fails to comply with the above provisions is liable to a fine not exceeding one thousand South Sudanese Pounds.
- (6) Nothing in this section shall be taken to prejudice the operation of any rule of law restricting directors of a company from having any interest in contract with the company.

**287. Substantial Property Transactions Involving Directors, etc.**

- (1) Subject to the exceptions specified in Sections 288, a company shall not enter into an arrangement –
  - (a) by which a director of the company or its holding company or a person connected with such a director, acquires or is to acquire one or more non-cash assets of the prescribed value from the company; or
  - (b) by which the company acquires or is to acquire one or more non-cash assets of the prescribed value from that director or a person so connected, unless the arrangement is first approved by a resolution of the company in a general meeting and, if the director or connected person is a director of its holding company or a person connected with the director, by a resolution in a general meeting of the holding company.
- (2) For the purpose of this section, a non cash asset is of the requisite value if at the time the arrangement in question is entered into its value is not less than five thousand South Sudanese Pounds, exceeds ten percent of the company's asset value, or the value of the company's net assets determined by reference to the accounts prepared and laid under Chapter V in respect of the last preceding financial year in respect of which the accounts were so laid.
- (3) Where no accounts have been prepared and laid as referred to in subsection (2) before the time referred to in that subsection, the company's asset value is the amount of the company's called up share capital.

- (4) For the purposes of this section and sections 288 and 289, a shadow director is treated as a director.

**288. Exceptions From Sections 287.**

- (1) Approval is not required to be given under sections 287 by anybody corporate unless it is a company within the meaning of this Act or, if it is a wholly-owned subsidiary of anybody corporate, wherever incorporated.
- (2) Sections 287 (1) does not apply to an arrangement for the acquisition of a non-cash asset –
  - (a) if the asset is to be acquired by a holding company from any of its wholly-owned subsidiaries or from a holding company by any of its wholly-owned subsidiaries or by one wholly-owned subsidiary of a holding company from another wholly-owned subsidiary of that same holding company; or
  - (b) if the arrangement is entered into by a company which is being wound up, unless the winding up is a members' voluntary winding up.
- (3) Sections 287 (1) (a) does not apply to an arrangement by which a person is to acquire an asset from a company of which he or she is a member, if the arrangement is made with that person in his or her character as a member.
- (4) Sections 287 (1) does not apply to a transaction on a recognised investment exchange which is effected by a director or a person connected with him or her, through the agency of a person who in relation to the transaction acts as an independent broker.
- (5) For the purposes of subsection (4)-
  - (a) an “independent broker” means –
    - (i) in relation to a transaction on behalf of a director, a person who independently of the director selects the person with whom the transaction is to be effected; and
    - (ii) in relation to a transaction on behalf of a person connected with a director, a person who independently of that person or the director selects the person with whom the transaction is to be effected;
  - (b) “recognized” in relation to an investment exchange, means authorized by the Minister by statutory instrument.

**289. Liabilities Arising From Contravention of Section 287.**

- (1) An arrangement entered into by a company in contravention of sections 287 and any transaction entered into under the arrangement whether by the company or any other person is voidable at the instance of the company unless one or more of the conditions specified in subsection (2) exists.



- (2) Those conditions referred to in subsection (1) are that –
  - (a) restitution of any money or other asset which is the subject-matter of the arrangement or transaction is no longer possible or the company has been indemnified by any other person for the loss or damage suffered by it;
  - (b) any rights acquired in good faith for value and without actual notice of the contravention by any person who is not a party to the arrangement or transaction would be affected by its avoidance; or
  - (c) the arrangement is, within a reasonable period, affirmed by the company in a general meeting and, if it is an arrangement for the transfer of an asset to or by a director of its holding company or a person who is connected with the director is so affirmed with the approval of the holding company given by a resolution in general meeting.
  
- (3) Where an arrangement is entered into with a company by a director of the company, its holding company or a person connected with him or her in contravention of sections 286, that director and the person connected and any other director of the company who authorized the arrangement or any transaction entered into under the arrangement is liable –
  - (a) to account to the company for any gain which he or she has made directly or indirectly by the arrangement or transaction; and
  - (b) jointly and severally with any other person liable under this subsection to indemnify the company for any loss or damage resulting from the arrangement or transaction.
  
- (4) Subsection (3) is without prejudice to any liability imposed otherwise than by that subsection and is subject to the following two subsections and the liability under subsection (3) arises whether or not the arrangement or transaction entered into has been avoided under subsection (1).
  
- (5) Where an arrangement is entered into by a company and a person connected with a director of the company or its holding company in contravention of section 286, that director is not liable under subsection (3) if he or she shows that he or she took all reasonable steps to secure the company's compliance with that section.
  
- (6) A person connected to the director of the company and director as mentioned in subsection (3) is not liable if he or she shows that, at the time the arrangement was entered into, he or she did not know the relevant circumstances constituting the contravention.

## **290. Invalidity of Certain Transactions Involving Directors, etc.**

- (1) This section applies where a company enters into a transaction the parties to which include –
  - (a) a director of the company or of its holding company; or
  - (b) a person connected with such a director or a company with whom such a director is associated, and the board of directors in connection with the transaction, exceed any limitation on their powers under the company's constitution.
- (2) A transaction referred to in subsection (1) is voidable at the instance of the company.
- (3) Whether or not it is avoided, any such party to the transaction mentioned in subsection (1)(a) or (b) and any director of the company who authorized the transaction is liable –
  - (a) to account to the company for any gain which he or she has made directly or indirectly by the transaction; and
  - (b) to indemnify the company for any loss or damage resulting from the transaction.
- (4) Nothing in this section shall be construed as excluding the operation of any other enactment or rule of law by virtue of which the transaction may be called in question or any liability to the company may arise.
- (5) The transaction under subsection (1) ceases to be voidable if –
  - (a) restitution of any money or other asset which was the subject matter of the transaction is no longer possible;
  - (b) the company is indemnified for any loss or damage resulting from the transaction;
  - (c) rights acquired in good faith for value and without actual notice of the directors' exceeding their powers by a person who is not party to the transaction would be affected by the avoidance; or
  - (d) the transaction is ratified by the company in a general meeting, by ordinary or special resolution or otherwise as the case may require.
- (6) A person other than a director of the company is not liable under subsection (3) if he or she shows that at the time, the transaction was entered into he or she did not know that the directors were exceeding their powers.
- (7) Where a transaction is voidable by virtue of this section in favour of a person referred to in subsection (6), the court may, on the application of that person or of the company, make such order affirming, severing or setting aside the transaction,

on such terms as appear to the court to be just.

- (8) In this section –
  - (a) “transaction” includes any act;
  - (b) the reference in subsection (1) to limitations under the company’s articles includes limitations deriving –
    - (i) from a resolution of the company in general meeting or a meeting of any class of shareholders; or
    - (ii) from any agreement between the members of the company or of any class of shareholders.

**291. Duty of Director to Disclose Shareholdings in Own Company.**

- (1) A person who becomes a director of a company and at the time when he or she does so is interested in shares in or debentures of the company or any other body corporate, being the company’s subsidiary or holding company or a subsidiary of the company’s holding company is under obligation to notify the company in writing, before the expiration of five days beginning with the day following that day –
  - (a) of the subsistence of his or her interests at that time; and
  - (b) of the number of shares of each class and the amount of debentures of each class of, the company or other such body corporate in which each of his or her interest subsists at that time.
- (2) A director of a company is under an obligation to notify the company in writing of the occurrence, while he or she is a director, of any of the following events before the expiration of five days beginning with the day of the occurrence of the event –
  - (a) any event in consequence of whose occurrence he or she becomes or ceases to be interested in shares in or debentures of the company or any other body corporate, being the company’s subsidiary or holding company or a subsidiary of the company’s holding company;
  - (b) the entering into a contract by him or her to sell any such shares or debentures;
  - (c) the assignment by him or her of a right granted to him or her by the company to subscribe for shares in or debentures of, the company;
  - (d) the grant to him or her by another body corporate, being the company’s subsidiary or holding company or a subsidiary of the company’s holding company, of a right to subscribe for shares in or debentures of, that other body corporate;
  - (e) the exercise of a right granted to him or her under paragraph (c) and the assignment by him or her of that right.
- (3) Notification of the company under subsection (2) must state the number or amount and class of shares or debentures involved.

- (4) For the purposes of this section a person is taken to have an interest in shares or debentures if –
- (a) he or she enters into a contract for purchase by him or her of the shares or debentures whether for cash or other consideration;
  - (b) not being the registered holder, he or she is entitled to exercise any right conferred by the holding of the shares or debentures.
- (5) In the following circumstances obligations arising from subsection (2) are to be treated as not discharged –
- (a) where relevant in the absence of inclusion in the notice of a statement of the price or other consideration to be paid or received by him or her under the contract or the lack of the price or consideration to be paid;
  - (b) where relevant in the absence of inclusion in the statement of an event which consists in the grant to him or her of a right to subscribe for shares or debentures in this case the statement must clearly show, the date on which the right was granted, the period during which or the time at which the right is exercisable and the consideration for that grant if any and subsections (1) and (2) are subject to any exceptions for which provision may be made by regulations made by the Minister.
- (6) Subsection (2) does not require the notification by a person of the occurrence of an event whose occurrence comes to his or her knowledge after he or she has ceased to be a director.
- (7) An obligation imposed by this section is treated as not discharged unless the notice by means of which it purports to be discharged is expressed to be given in fulfillment of that obligation.
- (8) This section –
- (a) applies to shadow directors as to directors; but nothing in it operates so as to impose an obligation with respect to shares in a body corporate which is the wholly-owned subsidiary of another body corporate; and
  - (b) excludes proxies appointed to vote at a specified meeting of a company or of any class of its members and persons appointed by a corporation as representatives at any meeting of a company or any class of its members.
- (9) A person who –
- (a) fails to discharge, within the proper period, an obligation to which he or she is subject under subsections (1) and (2); or
  - (b) in purported discharge of an obligation to which he or she is so subject, knowingly or recklessly makes to the company a statement which is false, commits an offence and is liable to imprisonment or a fine or both.

**292. Extension of Sections 287 and 291 to Spouses and Children.**

- (1) Sections 287 applies to –
  - (a) the wife or husband of a director of a company not being himself or herself a director of it; and
  - (b) an infant child of a director not being himself or herself a director of the company, as it applies to the director.
- (2) It is a defense for a person charged by virtue of this section with an offence under Sections 287 to prove that he or she had no reason to believe that his or her spouse or as the case may be, parent was a director of the company in question.
- (3) For the purposes of this section –
  - (a) “infant child” means a child below the age of eighteen years.
  - (b) a shadow director of a company is taken to be a director of it.
- (4) For the purposes of section 287 –
  - (a) an interest of the wife or husband of a director of a company not being herself or himself a director of it in shares or debentures is to be treated as the director’s interest; and
  - (b) paragraph (a) applies to an interest of an infant child of a director of a company not being himself or herself a director of it in shares or debentures as it applies to the interest of a wife or husband of a director.
- (5) For the purposes of section 291 –
  - (a) a contract, assignment or right of subscription entered into, exercised or made by or a grant made to, the wife or husband of a director of a company not being herself or himself a director of it is to be treated as having been entered into, exercised or made by or as the case may be as having been made to, the director; and
  - (b) paragraph (a) applies to a contract, assignment or right of subscription entered into, exercised or made by or grant made to an infant child of a director of a company not being himself or herself a director of it as it applies to the interest of a wife or husband of a director.
- (6) A director of a company shall notify the company in writing of the occurrence while he or she is a director, of either of the following –
  - (a) the grant by the company to his or her spouse or to his or her infant child, of a right to subscribe for shares in or debentures of, the company;
  - (b) the exercise by his or her spouse or by his or her infant child of such a right granted by the company to the wife, husband or child.

- (7) In a notice given to the company under subsection (6) there shall be stated in the case of the exercise of a right, the information required by that section to be stated by the director on the exercise of a right granted to him or her by another body corporate to subscribe for shares in or debentures of that other body corporate.
- (8) An obligation imposed by subsection (6) on a director must be fulfilled by him or her before the end of five days beginning with the day following that on which the occurrence of the event giving rise to it comes to his or her knowledge; but in reckoning that period of days there is disregarded any public holiday.
- (9) A person who –
  - (a) fails to fulfill, within the proper period, an obligation to which he or she is subject under subsection (6); or
  - (b) in purported fulfillment of that obligation, makes to a company a statement, which he or she knows to be false or recklessly makes to a company a statement which is false, commits an offence and is liable on conviction to imprisonment or a fine or both.

### **293. Register of Directors' Interests.**

- (1) Every company shall keep a register for the purposes of section 287.
- (2) Where a company receives information from a director given in fulfillment of an obligation imposed on him or her by that section, the company shall enter in the register, against the director's name, the information received and the date of the entry.
- (3) The company shall, where it grants to a director a right to subscribe for shares in or debentures of the company, enter in the register against his or her name –
  - (a) the date on which the right is granted;
  - (b) the period during which or time at which, it is exercisable;
  - (c) the consideration for the grant or, if there is no consideration, that fact; and
  - (d) the description of shares or debentures involved and the number or amount of them and the price to be paid for them or the consideration, if otherwise than in money.
- (4) Where a right to subscribe for shares in or debentures of the company in this section is exercised by a director, the company is under obligation to enter in the register against his or her name that fact identifying the right, the number or amount of shares or debentures in respect of which it is exercised and, if they were registered in his or her name, that fact; and, if not, the name or names of the person or persons in whose name or names they were registered, together, if they were registered in the names of two persons or more, with the number or amount of the

shares or debentures registered in the name of each of them.

- (5) For the purposes of this section, a shadow director is taken to be a director.

**294. Sanctions for Non-compliance.**

- (1) Where default is made in complying with section 292 (1),(2),(3) or (4), the company and every officer of the company who is in default is liable to a default fine of two hundred South Sudanese Pounds and, for continued contravention, to a daily default fine of five South Sudanese Pounds.
- (2) Where an inspection of the register required under sections 225 and 226 is refused, the company and every officer of the company who is in default is liable to a default fine of five hundred South Sudanese Pounds and, for continued contravention, to a daily default fine of one hundred South Sudanese Pounds.

**295. Register of Directors and Secretaries.**

- (1) A company shall keep at its registered office a register of its directors and secretaries.
- (2) The register of directors and secretaries shall contain the following particulars with respect to each director –
- (a) in the case of an individual, his or her present first name and surname, his or her residential and postal address, his or her nationality and, if that nationality is not his or her nationality of origin, his or her nationality of origin, his or her business occupation, if any, particulars of all other directorships held by him or her in the case of a company subject to section 275, the date of his or her birth; and
  - (b) in the case of a corporation, its corporate name and registered or principal office and postal address.
- (3) Notwithstanding subsection (2), it is not necessary for the register to contain particulars of directorships held by a director in companies of which the company is the wholly-owned subsidiary or which is the wholly-owned subsidiary or which are the wholly-owned subsidiaries either of the company or of another company of which the company is the wholly-owned subsidiary.
- (4) For the purposes of subsection (3) –
- (a) “company” includes anybody corporate incorporated in South Sudan; and
  - (b) a body corporate shall be taken to be the wholly-owned subsidiary of another if it has no members except that other and that other’s wholly-owned subsidiary and its or their nominees.

- (5) The register shall contain the following particulars with respect to the secretary or, where there are joint secretaries, with respect to each of them –
- (a) in the case of an individual, his or her present first name and surname, any former first name and surname and his or her usual residential and postal address; and
  - (b) in the case of a corporation, its corporate name and registered office, except where all the partners in a firm are joint secretaries, the name and principal office of the firm may be stated instead of those particulars.
- (6) The company shall, within the periods respectively mentioned in subsection (7), send to the registrar a return in the prescribed form containing the particulars specified in the register and a notification in the prescribed form of any change among its directors or in its secretary or in any of the particulars contained in the register, specifying the date of the change.
- (7) The periods referred to in subsection (6) are the following –
- (a) the period within which the return is to be sent shall be fourteen days from the appointment of the first directors of the company; and
  - (b) the period within which the notification of change is to be sent shall be fourteen days from the happening of the change.
- (8) The register to be kept under this section shall, during business hours be open to the inspection of any member of the company without charge and of any other person on payment of ten South Sudanese Pounds or a less sum as the company may prescribe, for each inspection.
- (9) A company may impose reasonable restrictions by its articles or in general meeting on inspection under subsection (8) but the restriction shall not be such as to reduce the period of inspection to less than two hours in each day.
- (10) Where any inspection required under this section is refused or where there is default in complying with subsection (1), (2), (3), (5) or (7) the company and every officer of the company who is in default is liable to a default fine of five hundred South Sudanese Pounds.
- (11) In the case of a refusal, the court may, by order compel an immediate inspection of the register.
- (12) For the purposes of this section –
- (a) person in accordance with whose directions or instructions the directors of a company are accustomed to act shall be taken to be a director and officer of the company;
  - (b) “director of a company” shall be deemed to hold, or to have an interest or right in or over any shares or debentures if a body corporate other than the



company, holds them or has an interest or right in or over them, and either that body corporate or its directors are accustomed to act in accordance with his or her instructions, or he or she is entitled to exercise or control the exercise of one-third or more of the voting power at any general meeting of that body corporate.

- (c) “first name” includes a forename;
- (d) “former first name” and “former surname” do not include –
  - (i) 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
  - (ii) in the case of a married woman the name or surname by which she was known prior to the marriage.

## **296. Particulars With Respect to Directors in Trade Catalogues, Circulars, etc.**

- (1) Every company shall, in all trade catalogues, trade circulars, show cards and business letters on or in which the company’s name appears and which are issued or sent by the company to any person in any part of the world state in legible letters with respect to every director being a corporation, the corporate name and with respect to every director being an individual, the following particulars –
  - (a) his or her present first name or the initials of that name and the present surname;
  - (b) any former first names and surnames; and
  - (c) his or her nationality.
- (2) Where special circumstances exist which render it in the opinion of the registrar expedient that exemption should be granted, the registrar may by order grant, subject to such conditions as may be specified in the order, exemption from all or any of the obligations imposed by subsection (1).
- (3) Where a company defaults in complying with this section every officer of the company who is in default commits an offence and is liable on conviction for each offence to a fine not exceeding one hundred South Sudanese Pounds.
- (4) For the purposes of subsection (3), where a corporation is an officer of the company, any officer of the corporation shall be taken to be an officer of the company.
- (5) For the purposes of this section –
  - (a) “director” includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act and “officer” shall be construed accordingly;

- (b) “initials” includes a recognised abbreviation of a first name; and
- (c) “show cards” means cards containing or exhibiting articles dealt with or samples or representations of them, and section 295(10)(b), (c) and (d) shall apply as they apply for the purposes of that section.

**297. Limited Liability Company May Have Directors With Unlimited Liability.**

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

**298. Special Resolution of Limited Liability Company Making Liability of Directors Unlimited.**

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

**299. Provisions as to Assignment of Office by Directors.**

Where in the case of any company, provision is made by the articles or by any agreement entered into between any person and the company for empowering a director or manager of the company to assign his or her office as director or manager to another person, any assignment of office made under that provision shall, notwithstanding anything to the

contrary contained in that provision, be of no effect unless it is approved by a special resolution of the company.

### **300. Proceedings of Board.**

Subject to the articles of a company, the provisions set out in Table A in the First Schedule shall govern the proceedings of the board.

### **301. Remuneration and Other Benefits.**

- (1) Subject to the articles of a company –
  - (a) the company shall by ordinary resolution approve the remuneration of the directors and any benefit payable to the directors, including any compensation for loss of employment of a director or former director;
  - (b) the board may determine the terms of any service contract with a managing director or other executive director; and
  - (c) the directors may be paid all travelling, hotel and other expenses properly incurred by them in attending any meetings of the board or in connection with the business of the company.
  
- (2) The articles of a company may provide that the board, instead of the meeting of shareholders of a company, may, where the board considers that it is fair to the company, approve –
  - (a) the payment of remuneration or the provision of other benefits by the company to a director; and
  - (b) the payment by the company to a director or former director of compensation for loss of office.
  
- (3) Where the board approves any payment, the board shall forthwith enter, or cause to be entered, in the interest's register, if the company has one, and in the minutes of directors' meetings particulars of any such payment.
  
- (4) Where a payment is made, any shareholders who –
  - (a) consider that the payment was not fair to the company; and
  - (b) holds between them not less than 10 per cent of the company's voting share capital;may, within one month of the date on which the existence of the payment or other benefit was first made known to shareholders, whether through the annual report, production of the interests register to a shareholders meeting or otherwise, require the directors to call a meeting of shareholders to approve the payment by way of ordinary resolution and to the extent to which the payment is not approved, it shall constitute a debt payable by the director to the company.

**302. Standard of Care and Civil Liability of Officers.**

- (1) Every officer of a company shall exercise –
  - (a) the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the company; and
  - (b) the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (2) Where a director of a public company also holds office as an executive, the director shall exercise that degree of care, diligence and skill which a reasonably prudent and competent executive in that position would exercise.
- (3) Where an officer commits a breach of any duty under this section –
  - (a) the officer and every person who knowingly participated in the breach shall be liable to compensate the company for any loss it suffers as a result of the breach;
  - (b) the officer shall be liable to account to the company for any profit made by the officer as a result of such breach; and
  - (c) any contract or other transaction entered into between the officer and the company in breach of those duties may be rescinded by the company.
- (4) A director or other officer of a company who makes a business judgment shall be taken to meet the requirements of this section in respect of the judgment where the director or officer –
  - (a) makes the judgment in good faith for a proper purpose;
  - (b) does not have a material personal interest in the subject matter of the judgment;
  - (c) informs the company of the subject matter of the judgment to the extent he or she reasonably believes to be appropriate; and
  - (d) reasonably believes that the judgment is in the best interests of the company.
- (5) The director’s or officer’s belief that the judgment is in the best interests of the company shall be taken to be a reasonable one unless the belief is one that no reasonable person in his or her position would hold.
- (6) In this section “business judgment” is any decision to take or not to take action in respect of a matter relevant to the business operations of the company.

**303. Indemnity and Insurance.**

- (1) Except as provided in this section, a company shall not indemnify, or directly or

indirectly effect insurance for, a director or employee of the company or a related company in respect of –

- (a) liability for any act or omission in his or her capacity as a director or employee; or
  - (b) costs incurred by that director or employee in defending or settling any claim or proceedings relating to any such liability.
- (2) An indemnity given in breach of this section shall be void.
- (3) Subject to its articles, a company may indemnify a director or employee of the company or a related company for any costs incurred by him or her or the company in respect of any proceedings –
- (a) that relates to liability for any act or omission in his or her capacity as a director or employee; and
  - (b) in which judgment is given in his or her favour, in which he or she is acquitted, which is discontinued, in which he or she is granted relief or where proceedings are threatened and such threatened action is abandoned or not pursued.
- (4) Subject to its articles, a company may indemnify a director or employee of the company or a related company in respect of –
- (a) liability to any person, other than the company or a related company, for any act or omission in his or her capacity as a director or employee; or
  - (b) costs incurred by that director or employee in defending or settling any claim or proceedings relating to any such liability.
- (5) Subsection (4) shall not apply to criminal liability or liability, in the case of a director who breaches a duty under this act which requires the director to exercise his or her powers honestly in good faith in the best interests of the company and for the respective purposes for which such powers are explicitly or impliedly conferred.
- (6) Subject to its articles, a company may with the prior approval of the board, effect insurance for a director or employee of the company or a related company in respect of –
- (a) liability, not being criminal liability, for any act or omission in his or her capacity as a director or employee;
  - (b) costs incurred by that director or employee in defending or settling any claim or proceeding relating to any such liability; or
  - (c) costs incurred by that director or employee in defending any criminal proceedings
    - (i) that have been brought against the director or employee in relation to any act or omission in that person’s capacity as a director or employee;

- (ii) in which that person is acquitted; or
  - (iii) in relation to which a *nolle prosequi* is entered.
  
- (7) The board shall –
  - (a) enter or cause to be entered in the interests register where the company has one;
  - (b) record or cause to be recorded in the minutes of a directors’ meeting; or
  - (c) disclose or cause to be disclosed in the annual report, the particulars of any indemnity given to, or insurance effected for, any director or employee of the company or a related company.
  
- (8) Where an insurance is effected for a director or employee of a company or a related company and this article has not been complied with, the director or employee shall be personally liable to the company for the cost of effecting the insurance unless the director or employee proves that it was fair to the company at the time the insurance was effected.
  
- (9) In this section –
  - (a) “**director**” is an officer of a company, a management company or registered agent and includes a person formerly holding any one of these offices;
  - (b) “**employee**” includes a former employee; and
  - (c) “**indemnify**” includes relieve or excuse from liability, whether before or after the liability arises and “indemnity” has a corresponding meaning.

#### **304. Duty of Directors on Insolvency.**

- (1) A director of a company who believes that the company is unable to pay its debts as they fall due shall forthwith call a meeting of the board to consider whether the board should appoint a liquidator or an administrator.
  
- (2) Where a meeting is called under this section, the board shall consider whether to appoint a liquidator or an administrator, or to carry on the business of the company.
  
- (3) Where a director fails to comply with this section, and at the time of that failure the company was unable to pay its debts as they fell due; and the company is subsequently placed in liquidation, the court may, on the application of the liquidator or of a creditor of the company, make an order that the director shall be liable for the whole or any part of any loss suffered by creditors of the company as a result of the company continuing to trade.
  
- (4) Where at a meeting called under this section, the board does not resolve to appoint a liquidator or an administrator, and at the time of the meeting there were no reasonable grounds for believing that the company was able to pay its debts as they fell due; and the company is subsequently placed in liquidation, the court may, on

the application of the liquidator or of a creditor of the company, make an order that the directors, other than those directors who attended the meeting and voted in favour of appointing a liquidator or an administrator, shall be liable for the whole or any part of any loss suffered by creditors of the company as a result of the company continuing to trade.

*Avoidance of Provisions in Articles or Contracts Relieving Officers From Liability.*

**305. Provisions as to Liability of Officers and Auditors.**

- (1) Subject to this section, any provision whether contained in the articles of a company or in any contract with a company or otherwise, for exempting any officer of the company or any person whether an officer of the company or not employed by the company as auditor from or indemnifying him or her against, any liability which by virtue of any rule of law would otherwise attach to him or her in respect of any negligence, default, breach of duty or breach of trust for which he or she may be liable in relation to the company, shall be void.
- (2) Nothing in this section shall operate to deprive any person of any exemption or right to be indemnified in respect of anything done or omitted to be done by him or her while that provision was in force.
- (3) A company may under a provision referred to in subsection (1), indemnify the officer or the auditor against any liability incurred by him or her in defending any proceedings whether civil or criminal in which judgment is given in his or her favour or in which he or she is acquitted or in connection with any application to court in which relief is granted to him or her by the court.

**CHAPTER VII  
ARRANGEMENTS, RECONSTRUCTIONS AND AMALGAMATION.**

*Arrangements and Reconstructions*

**306. Power to Compromise with Creditors and Members.**

- (1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them or between the company and its members or any class of them, the court may, on the application of the company or of any creditor or member of the company or where the case of a company being wound up, of the liquidator order a meeting of the creditors or class of creditors or of the members of the company or class of members as the case may be, to be summoned in such manner as the court directs.
- (2) Where the majority in number representing three-fourths in value of the creditors or

class of creditors or members or class of members as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the court, be binding on all the creditors or the class of creditors or on the members or class of members as the case may be and also on the company or in the case of a company in the course of being wound up, on the liquidator and contributories of the company.

- (3) An order made under subsection (2) shall have no effect until a certified copy of the order has been delivered to the registrar for registration and a copy of the order shall be annexed to every copy of the memorandum of the company issued after the order has been made or in the case of a company not having a memorandum, of every copy so issued of the instrument constituting or defining the constitution of the company.
- (4) Where a company defaults in complying with subsection (3), the company and every officer of the company who is in default is liable to a fine not exceeding one thousand South Sudanese Pounds for each copy in respect of which default is made.
- (5) In this section and section 307, “company” means any company liable to be wound up under this Act and “arrangement” includes a re-organization of the share capital of the company by the consolidation of shares of different classes or by the division of shares into shares of different classes or by both methods.

*Information as to Compromise with Creditors and Members.*

**307. Information as to Compromise with Creditors and Members.**

- (1) Where a meeting of creditors or any class of creditors or of members or any class of members is summoned under section 306, there shall-
  - (a) with every notice summoning the meeting which is sent to a creditor or members, be sent also a statement explaining the effect of the compromise or arrangement and in particular stating any material interests of the directors of the company whether as directors or as members or as creditors or as members or as creditors of the company or other and the effect on them of the compromise or arrangement in so far as it is different from the effect on the similar interests of other persons; and
  - (b) in every notice summoning the meeting which is given by advertisement, be included either the statement referred to in paragraph (a) or a notification of the place at which and the manner in which creditors or members entitled to attend the meeting may obtain copies of the statement.
- (2) Where the compromise or arrangement affects the rights of debenture-holders of the company, the statement referred to in subsection (1) shall give similar



explanation as respects the trustees of any deed for securing the issue of the debentures as it is required to give as respects the company's directors.

- (3) Where a notice given by advertisement includes a notification that copies of a statement explaining the effect of the compromise or arrangement proposed can be obtained by creditors or members entitled to attend the meeting, every such creditor or member shall, on making application in the manner indicated by the notice, be furnished by the company free of charge with a copy of the statement.
- (4) Where a company defaults in complying with any requirement of this section, the company and every officer of the company who is in default is liable to a fine not exceeding one hundred South Sudanese Pounds and for the purposes any liquidator of the company and any trustee of deed for securing the issue of debentures of the company is taken to be an officer of the company.
- (5) A person is not liable under subsection (4) if that person shows that the default was due to the refusal of any other person, being a director or trustee for debenture-holders, to supply the necessary particulars as to his or her interests.
- (6) A director of the company and any trustee for debenture holders of the company shall give notice to the company of such matters relating to himself or herself as may be necessary for the purposes of this section.
- (7) A person who makes default in complying with subsection (6) is liable to a fine not exceeding one hundred South Sudanese Pounds.

### **308. Provisions for Facilitating Reconstruction and Amalgamation of Companies.**

- (1) Where an application is made to the court under section 306 for the sanctioning of a compromise or arrangement proposed between a company and the persons mentioned in that section and it is shown to the court that –
  - (a) the compromise or arrangement has been proposed for the purposes of or in connection with a scheme for the reconstruction of any company or the amalgamation of any two or more companies; and
  - (b) that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme, in this section referred to as “a transferor company” is to be transferred to another company, in this section referred to as “the transferee company”, -  
the court may by the order sanctioning the compromise or arrangement or by any subsequent order, make provision for all or any of the following matters –
    - (i) the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of any transferor company;
    - (ii) the allotting or appropriation by the transferee company of any

- shares, debentures, policies or other similar interests in that company which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;
- (iii) the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company;
  - (iv) the dissolution without winding up, of any transferor company;
  - (v) the provision to be made for any persons who, within such time and in such manner as the court directs, dissent from the compromise or arrangement; or
  - (vi) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation shall be fully and effectively carried out.
- (2) Where an order under this section provides for the transfer of property or liabilities, that property shall, by virtue of the order, be transferred to and vest in and those liabilities shall, by virtue of the order, be transferred to and become the liabilities of the transferee company, freed from any charge which is by virtue of the compromise or arrangement to cease to have effect.
- (3) Where an order is made under this section, every company in relation to which the order is made shall cause a certified copy of the order to be delivered to the registrar for registration within seven days after the making of the order.
- (4) Where there is default in complying with subsection (3), the company and every officer of the company who is in default is liable to a default fine of five hundred South Sudanese Pounds.
- (5) In this section –  
“**company**” does not include any company other than a company within the meaning of this Act, notwithstanding section 306(5);  
“**liabilities**” includes duties; and  
“**property**” includes rights and powers of every description.

*Amalgamations.*

**309. Amalgamations.**

Subject to any restrictions in their respective incorporation documents and to sections 310, 311, 312 and 313, two or more companies may amalgamate and continue as one company which may be one of the amalgamating companies or may be a new company.

### **310. Authorization of Amalgamation.**

Each company which proposes to amalgamate must authorize in the manner set out in section 313 –

- (a) an amalgamation proposal which complies with section 311; and
- (b) the proposed incorporation documents of the amalgamated company which complies with section 312.

### **311. Amalgamation Proposal.**

- (1) An amalgamation proposal for authorization under section 310 must set out the terms of the amalgamation and in particular –
  - (a) the manner in which shares of each amalgamating company are to be converted into shares of the amalgamated company;
  - (b) if any shares of an amalgamating company are not to be converted into shares of the amalgamated company, the consideration what the holders of those shares are to receive instead of shares of the amalgamated company;
  - (c) any payment to be made to any shareholder or director of an amalgamating company, other than a payment of the kind described in paragraph (b); and
  - (d) details of any arrangements necessary to perfect the amalgamation and to provide for the subsequent management and operation of the amalgamating company.
- (2) An amalgamation proposal may specify the date on which the amalgamation is intended to become effective.
- (3) Where shares of one of the amalgamating companies are held by or on behalf of another of the amalgamating companies, the amalgamation proposal must provide for the cancellation of those shares when the amalgamation becomes effective without any payment in respect of those shares and no provision may be made in the proposal for the conversion of those shares into shares of the amalgamated company.

### **312. Incorporation Documents of Amalgamated Company.**

- (1) The proposed incorporation documents for authorization under section 310 must be in the prescribed form and must in particular state –
  - (a) the name of the amalgamated company;
  - (b) the share structure of the amalgamated company, specifying-
    - (i) the number of shares of the amalgamated company; and
    - (ii) the rights, privileges, limitations and conditions attached to each

such share or class of share and its transferability, if different from fundamental rights attached to shares;

- (c) the full names, postal and residential addresses of each director of the amalgamated company;
  - (d) in the case of a public company or a private company with a secretary, the full name, postal and residential address of the secretary of the amalgamated company;
  - (e) the registered office of the amalgamated company;
  - (f) the place where the amalgamated company's records are to be kept if not the registered office; and
  - (g) the amalgamated company's accounting reference date.
- (2) The incorporation documents may also contain –
- (a) any restriction on the amalgamated company's capacity and powers; and
  - (b) any provision permitted by this Act or otherwise relating to the internal management of the amalgamated company.
- (3) Where the proposed amalgamated company is to be the same as one of the amalgamating companies, the incorporation documents for authorization may comprise the incorporation documents of that amalgamating company and proposed notice of change of the incorporation documents.

### **313. Manner of Authorizing Amalgamation.**

- (1) The directors of each amalgamating company must resolve that in their opinion –
- (a) the amalgamation is in the best interests of the shareholders of the company; and
  - (b) the amalgamated company will be solvent immediately after the time at which the amalgamation is to become effective.
- (2) The directors voting in favour of a resolution required by subsection (1) must sign a certificate that in their opinion, the conditions set out in subsection (1) are satisfied.
- (3) The directors of each amalgamating company must send to each shareholder of that company not less than twenty working days before the amalgamation is to take effect –
- (a) a copy of the amalgamation proposal;
  - (b) a copy of the proposed incorporation documents which complies with section 312;
  - (c) a copy of the proposed documents of the amalgamated company;
  - (d) copies of the certificates given by each set of directors under subsection (2) and a statement of any material interests of the directors whether in that capacity or otherwise; and

- (e) any further information and explanation necessary to enable a reasonable shareholder to understand the nature and implications for the company and its shareholders of the proposed amalgamation.
- (4) The amalgamation must be authorized –
- (a) by the shareholders of each amalgamating company by special resolution; and
  - (b) by any class of an amalgamating company, where any provision in the amalgamation proposal would if contained in an alteration to that company’s incorporation document or otherwise proposed in relation to that company, require the authorization of that class.

**314. Registration of Amalgamation.**

- (1) After an amalgamation has been authorized under section 313, the following documents must, within ten working days after the resolution passed under this Act for the purpose be delivered, duly completed, to the registrar in relation to the amalgamated company –
- (a) its incorporation document or if the amalgamated company is the same as one of the amalgamating companies, notice of change of incorporation document; and
  - (b) consent in the prescribed form signed by each of the persons named as director or secretary in the incorporation document or in the notice of change of incorporation document as the case may be; and
  - (c) certificates required by section 313.
- (2) Subsection (1)(a) does not apply to any part of the amalgamated company’s incorporation documents relating to the internal management of the company.

**315. Certificate on Amalgamation.**

- (1) The registrar must send to the company or person from whom the documents required under section 313 were received –
- (a) if the amalgamated company is the same as one of the amalgamating companies, a certificate of amalgamation in the prescribed form, together with an amended certificate of incorporation if necessary; or
  - (b) if the amalgamated company is a new company, a certificate of amalgamation in the prescribed form together with a certificate of incorporation in the prescribed form.
- (2) Where an amalgamation proposal specifies a date on which the amalgamation is intended to become effective and that date is the same as or later than the date on which the registrar receives the documents required under section 312, the certificate of amalgamation and any certificate of incorporation issued by the

registrar must be expressed to have effect on that date.

- (3) On the date shown in the certificate of amalgamation –
  - (a) the amalgamation becomes effective;
  - (b) the registrar must remove the amalgamating companies other than the amalgamated company from the register;
  - (c) the amalgamated company succeeds to all the property, rights and privileges of each of the amalgamating companies;
  - (d) the amalgamated company succeeds to all the liabilities of each of the amalgamating companies;
  - (e) proceedings pending by or against any amalgamating company may be continued by or against the amalgamated company;
  - (f) any conviction, ruling order or judgment in favour of or against an amalgamating company may be enforced by or against the amalgamated company; and
  - (g) the shares and rights of the shareholders in the amalgamating companies are converted into the shares and rights provided for in the incorporation document of the amalgamated company.

### **316. Creditors' Rights on Amalgamation.**

Where immediately after the time when an amalgamation becomes effective, an amalgamated company becomes insolvent, any creditor of any of the amalgamating companies may recover any loss he or she has suffered by reason of the amalgamation –

- (a) if no certificate was given by the directors of that amalgamating company at the time the amalgamation was approved; or
- (b) if the certificate was given and if there were no reasonable grounds for the opinion that the amalgamated company would be solvent from the directors who signed the certificate.

### **317. Powers of Court in Relation to Amalgamations.**

- (1) Notwithstanding anything in this Act or in the incorporation document of any company, where it is not practicable to effect an amalgamation in accordance with the procedures set out in this Act or the incorporation document of the amalgamating companies, those companies may apply to the court for approval of an amalgamation and the court may approve the proposal on such terms and subject to such conditions as it thinks fit.
- (2) Within ten working days after an order is made by the court under subsection (1), the directors of each amalgamating company must deliver a copy of the order to the registrar who must take such steps if any as the order may specify.

**318. Power to Acquire Shares of Shareholders Dissenting From Scheme or Contract Approved by Majority.**

- (1) Where a scheme or contract involving the transfer of shares or any class of shares in a company, in this section referred to as “the transferor company” to another company whether a company within the meaning of this Act or not, in this section referred to as “the transferee company”, has, within four months after the making of the offer for the purpose, by the transferee company, been approved by the holders of not less than nine-tenths in value of the shares whose transfer is involved, other than shares already held at the date of the offer by or by a nominee for the transferee company or its subsidiary, the transferee company may, at any time within two months after the expiration of the four months, give notice in the prescribed manner to any dissenting share-holder that it desires to acquire his or her shares.
- (2) Where the notice is given under subsection (1), the transferee company is, unless on an application made by the dissenting shareholder within one month from the date on which the notice was given the court thinks fit to order otherwise, entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee company.
- (3) Where shares in the transferor company of the same class or classes as the shares whose transfer is involved are already held as described in subsection (1) to a value greater than one-tenth of the aggregate of their value and that of the shares other than those already held as described in subsection (1) whose transfer is involved, subsections (1) and (2) shall not apply unless –
  - (a) the transferee company offers the same terms to all holders of the shares other than those already held as referred to in subsection (1) whose transfer is involved or where these shares include shares of different classes, of each class of them; and
  - (b) the holders who approve the scheme or contract, besides holding not less than nine-tenths in value of the shares other than those already whose transfer is involved, are not less than three-fourths in number of the holders of those shares.
- (4) Where under a scheme or contract referred in subsection (2), shares in a company are transferred to another company or its nominee and those shares together with any other shares in the first-mentioned company held by or by a nominee for, the transferee company or its subsidiary at the date of the transfer comprise or include nine-tenths in value of the shares in the first-mentioned company or of any class of those shares, then –
  - (a) the transferee company shall within one month from the date of the transfer unless on a previous transfer under the scheme or contract it has already complied with this requirement of this paragraph give notice of that fact in

the prescribed manner to the holder of the remaining shares or of the remaining shares of that class as the case may be who have not assented to the scheme or contract; and

- (b) any holder may within three months from the giving of the notice to him or her require the transferee company to acquire the shares in question.
- (5) Where a shareholder gives notice under subsection (4)(b) with respect to any shares, the transferee company is entitled and bound to acquire those shares on the terms on which under the scheme or contract the shares of the approving shareholders were transferred to it or on such other terms as may be agreed or as the court on the application of either the transferee company or the shareholder may order.
- (6) Where a notice has been given by the transferee company under subsection (1) and the court has not, on an application made by the dissenting shareholder, made an order to the contrary, the transferee company shall, on the expiration of one month from the date on which the notice was given or, if an application to the court by the dissenting shareholder is then pending, after that application has been disposed of, transmit a copy of the notice to the transferor company together with an instrument of transfer executed on behalf of the shareholder by a person appointed by the transferee company and on its own behalf by the transferee company and pay or transfer to the transferor company the amount or other consideration representing the price payable by the transferee company for the shares which by virtue of this section that company is entitled to acquire and the transferor company shall immediately register the transferee company as the holder of those shares
- (7) An instrument of transfer shall not be required for any shares for which a share warrant is for the time being outstanding.
- (8) Sums received by the transferor company under this section shall be paid into a separate bank account and those sums and any other consideration so received shall be held by that company on trust for the several persons entitled to the shares in respect of which those sums or other consideration were respectively received.
- (9) In this section “dissenting shareholder” includes a shareholder who has not assented to the scheme or contract and a shareholder who has failed or refused to transfer his or her shares to the transferee company in accordance with the scheme or contract.



**CHAPTER VIII**  
**SPECIAL PROVISIONS**

*Minorities.*

**319. Alternative Remedy to Winding Up in Cases of Oppression.**

- (1) A member of a company who complains that the affairs of the company are being conducted in a manner oppressive to some members including himself or herself may make a complaint to the Chief Registrar and the member may make an application to the court by petition for an order under this section.
- (2) Where on any petition under subsection (1) the court is of the opinion –
  - (a) that the company’s affairs are being conducted as referred to in subsection (1); and
  - (b) that to wind up the company would unfairly prejudice that part of the members but otherwise the facts would justify the making of a winding up order on the ground that it was just and equitable that the company should be wound up, the court may, with a view to bringing to an end the matters complained of, make such order as it thinks fit whether for regulating the conduct of the company’s affairs in future or for the purchase of the shares of any members of the company by other members of the company or by the company and in the case of a purchase by the company, for the reduction accordingly of the company or of the company’s capital, or otherwise.
- (3) Where an order under this section makes any alteration in or addition to any company’s memorandum or articles, then, notwithstanding anything in this Act but subject to the provisions of the order, the company concerned shall not have power without the leave of the court to make any further alteration in or addition to the memorandum or articles inconsistent with the provisions of the order; but, subject to this subsection, the alterations or addition made by the order shall be of the same effect as if duly made by resolution of the company and the provisions of this Act shall apply to the memorandum or articles as so altered or added to accordingly.
- (4) A certified copy of an order under this section altering or adding to or giving leave to alter a company’s memorandum or articles shall, within fourteen days after the making of the order, be delivered by the company to the registrar for registration.
- (5) Where a company makes default in complying with subsection (4), the company and every officer of the company who is in default is liable to a default fine of five hundred South Sudanese Pounds.

**320. Order on Application of a Member of a Company.**

- (1) A member of a company may apply to the court by petition for an order under this Chapter on the ground that the company's affairs are being or have been conducted in a manner which is unfairly prejudicial to the interests of its members generally or of some of its members including at least himself or herself or that any actual or proposed act or omission of the company including an act or omission on its behalf is or would be so prejudicial.
- (2) The provisions of this part apply to a person who is not a member of a company but to whom shares in the company have been transferred or transmitted by operation of law as those provisions apply to a member of the company and references to a member or members are to be construed accordingly.

**321. Order on Application of the Registrar.**

- (1) Where in the case of any company –
  - (a) the registrar has received a report under section 319; and
  - (b) it appears to him or her that the company's affairs are being or have been conducted in a manner which is unfairly prejudicial to the interests of its members generally or of some part of its members or that any actual or proposed act or omission of the company including an act or omission on its behalf is or would be so prejudicial, the registrar may personally in addition to or instead of presenting a petition for the winding up of the company, apply to the court by petition for an order under this part.
- (2) In this section and so far as applicable for its purposes in section 322 "company" means anybody corporate which is liable to be wound up under this Act.

**322. Provisions as to Petitions and Orders Under This Part.**

- (1) Where the court is satisfied that a petition under this part is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.
- (2) Without prejudice to the general effect of subsection (1), the court's order may –
  - (a) regulate the conduct of the company's affairs in the future;
  - (b) require the company to refrain from doing or continuing an act complained of by the petitioner or to do an act which the petitioner has complained it has omitted to do;
  - (c) authorize civil proceedings to be brought in the name and on behalf of the company by such person or persons and on such terms as the court may direct; or
  - (d) provide for the purchase of the shares of any members of the company by

other members or by the company itself and in the case of a purchase by the company itself, the reduction of the company's capital accordingly.

- (3) Where an order made under this part requires the company not to make any or any specified alteration in the memorandum or articles, the company does not then have power without leave of the court to make any such alteration in breach of that requirement.
- (4) Any alteration in the company's memorandum or articles made by virtue of an order under this part is of the same effect as if duly made by resolution of the company and the provisions of this Act apply to the memorandum or articles as so altered accordingly.
- (5) A certified copy of an order under this part altering or giving leave to alter a company's memorandum or articles shall, within fourteen days after the making of the order or such longer period as the court may allow, be delivered by the company to the registrar for registration and if a company makes default in complying with this subsection, the company and every officer of it who is in default is liable to a default fine of fifty South Sudanese Pounds and, for continued contravention, to a daily default fine of five South Sudanese Pounds in respect of each day the default continues.

#### *Provisions Not Applicable to Small Companies*

### **323. Provisions not Applicable to Small Size private Companies.**

- (1) A small size private company shall not be required to comply with the provisions of this Act requiring a company to –
  - (a) appoint auditors according to section 215;
  - (b) appoint a company secretary who is separate from the directors; or
  - (c) conduct company meetings according to sections 183- 200.
- (2) The Minister may, by statutory instrument, with approval of the Legislative Assembly, prescribe other provisions of the Act which may not apply to small size private companies.
- (3) For the purposes of this part, a company shall qualify as a small size private company where –
  - (a) its turnover in respect of its last preceding accounting period, is less than such amount as may be prescribed by Order of the Minister in consultation with the minister of finance;
  - (b) it employs not more than seven employees; and
  - (c) its share capital does not exceed an amount to be prescribed by the Minister

### *Nationals Participation in private companies*

- (4) Small size private companies shall be the domain of South Sudanese nationals only
- (5) Medium and large size private companies shall be open to non-South Sudanese investors on the condition that financially able South Sudanese shall have not less than 31% shareholding in such companies
- (6) A Medium or large size private company shall be one whose share capital shall not be less than such amount as may be prescribed by the minister
- (7) Minister, for purposes of this section, means the Minister responsible for commerce.

### *Provisions Applicable to Dormant Companies.*

#### **324. Meaning of “Dormant Company”.**

- (1) For the purposes of this Act, a company –
  - (a) is a dormant company for any period during which no significant accounting transaction occurs in relation to the company; and
  - (b) shall cease to be a dormant company when any significant accounting transaction occurs in relation to the company.
- (2) No significant accounting transaction shall be deemed to have occurred unless it is a transaction which is required to be entered in the accounting records of the company.
- (3) A significant accounting transaction shall not include any transaction which arises from the issue to a subscriber of shares in the company in respect of the application for incorporation; or the payment of bank charges, licence fees or any other compliance costs.

#### **325. Company may be Recorded In Register as Dormant Company.**

- (1) Where a company has been dormant from the time of its formation or has been dormant since the end of its previous accounting period and is not required to prepare group accounts for that period, the company may, by a special resolution passed at a meeting of shareholders of the company at any time after copies of the annual accounts and reports for that year have been duly sent to shareholders, declare itself to be a dormant company.
- (2) A company shall not declare itself to be a dormant company where it is a company formed for the business of banking or insurance.

- (3) The company shall, within fourteen days of the passing of the special resolution declaring itself to be a dormant company give notice to the registrar of the passing of that resolution and the registrar shall, on receipt of that resolution for registration, record the company in the register as being a dormant company.
- (4) Where a company which has declared itself to be a dormant company ceases to be dormant, the company shall, within fourteen days of any significant accounting transaction taking place which has resulted in the company ceasing to be dormant, give notice to the registrar that the company has ceased to be dormant.
- (5) Where the registrar receives a notice he or she shall enter in the register of companies the fact that the company has ceased to be dormant.

**326. Exemption Available to Dormant Companies.**

Any company, which is recorded by the registrar as being a dormant company, shall, for so long as it continues to be a dormant company –

- (a) be exempted from the requirement of having its accounts audited under this law; and
- (b) be exempted from the payment of any prescribed fee as is relevant to its situation, as determined by the registrar.

**CHAPTER IX  
VOLUNTARY WINDING UP.**

*Resolutions For and Commencement of Voluntary Winding Up.*

**327. Circumstances in Which a Company May be Wound Up Voluntarily.**

- (1) A company may be wound up voluntarily –
  - (a) when the period, if any, fixed for the duration of the company by the articles of association expires, or the event, if any, occurs, on the occurrence of which the articles provide that the company is to be dissolved, and the company in a general meeting passes a resolution requiring the company to be wound up voluntarily;
  - (b) if the company resolves by special resolution that the company be wound up voluntarily.
- (2) In this Act, a “resolution for voluntary winding up” means a resolution passed under any of the provisions of subsection (1) of this section.

**328. Notice of Resolution for Voluntary Winding Up.**

- (1) Where a company passes a resolution for voluntary winding up, it shall, within fourteen days after passing of the resolution, give notice of the resolution in the *Gazette*, and in a newspaper in the official language with a wide circulation in South Sudan.
- (2) The resolution for voluntary winding up shall be registered with the registrar and a copy sent to the Official Receiver within seven (7) days from the date of passing such resolution.
- (3) If default is made in complying with this section, the company and every officer of the company who is in default shall be liable to a default fine not exceeding five hundred South Sudanese Pounds, and for the purposes of this subsection the liquidator of the company shall be deemed to be an officer of the company.

**329. Commencement of Voluntary Winding Up.**

Voluntarily winding up shall be taken to commence at the time of passing the resolution for voluntary winding up.

*Consequences of Voluntary Winding Up.*

**330. Effect of Voluntary Winding up on the Business and Status of a Company.**

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

**331. Avoidance of Transfers, etc., After Commencement of Voluntary Winding Up.**

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

***Declaration of Solvency.***

**332. Statutory Declaration of Solvency in Case of a Proposal for Voluntary Winding Up.**

- (1) Where it is proposed to liquidate a company voluntarily, the directors of the company or, in the case of a company having more than two directors, the majority of the directors may, at a meeting of the directors make a declaration in the prescribed form to the effect that they have made a full inquiry into the affairs of the company, and that, having so done, they have formed the opinion that the company will be able to pay its debts in full within a period not exceeding twelve months from the commencement of the winding up, as may be specified in the declaration.
- (2) A declaration made in subsection (1) shall have no effect for the purposes of this Act unless: –
  - (a) it is made within thirty days preceding the date of the passing of the resolution for liquidating the company and is delivered to the registrar with a copy to the Official Receiver for registration before that date; and
  - (b) it embodies a statement of the company's assets and liabilities as at the latest practicable date before the making of the declaration.
- (3) A director of a company who makes a declaration under this section, without reasonable grounds for the opinion that the company will be able to pay its debts in full within the period specified in the declaration, commits an offence and shall be liable on conviction to imprisonment not exceeding twelve months or to a fine not exceeding one hundred South Sudanese Pounds or both.
- (4) Where the company is wound up in pursuance of a resolution passed within the period of thirty days after the making of the declaration, but its debts are not paid or provided for in full within the period stated in the declaration, it shall be presumed until the contrary is shown that the director did not have reasonable grounds for his or her opinion.
- (5) Where a declaration has been made and delivered in accordance with this section, the winding up shall be referred to as “a members’ voluntary winding up”, and where no declaration has been made or delivered, the winding up shall be referred to as “a creditors’ voluntary winding up”.

***Provisions Applicable to a Members’ Voluntary Winding Up.***

**333. Provisions Applicable to a Members’ Voluntary Winding Up.**

The provisions contained in sections 334 to 340 subject to the provisions of section 340

apply in relation to members' voluntary winding up.

**334. Power of the Company to Appoint and Fix Remuneration of Liquidators.**

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

**335. Power to Fill Vacancy in Office of Liquidator.**

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

**336. Power of a Liquidator to Accept Shares, etc., as Consideration for Sale of Property of Company.**

- (1) Where it is proposed, or where the transferor company is in the course of voluntary winding up, and where it is proposed that the whole or part of the transferor company's business or property is to be transferred or sold to a transferee company, the liquidator of the transferor company, may –
  - (a) with the sanction of a special resolution of the company, conferring a general authority on the liquidator or a specific authority in respect of any particular arrangement, receive, in compensation or part compensation for the transfer or sale, shares, policies or other similar interests in the transferee company for distribution among the members of the transferor company; or
  - (b) enter into any other arrangement where the members of the transferor company may, in lieu of receiving cash, shares, policies or other similar interests, or in addition to these, participate in the profits of or receive any other benefit from the transferee company.
- (2) Any sale or arrangement in pursuance of this section shall be binding on the



members of the transferor company.

- (3) A member of the transferor company who did not vote in favour of the special resolution may express his or her dissent to the sale or other arrangement, to the liquidator in writing, delivered to the registered office of the company within seven days after passing the resolution, requiring the liquidator to –
  - (a) abstain from carrying the resolution into effect; or
  - (b) purchase his or her interest at a price to be determined by agreement or by arbitration in accordance with the law relating to arbitration for the time being in force in South Sudan.
- (4) Where the liquidator elects to purchase the member's interest, the purchase money must be paid before the company is dissolved as may be determined by special resolution.
- (5) A special resolution shall not be invalid for the purposes of this section by reason that it is passed before or concurrently with a resolution for voluntary winding up or for appointing liquidators, but, if an order is made within a year for the winding up of the company by or subject to the supervision of the court, the special resolution shall not be valid unless sanctioned by the court.

**337. Duty of a Liquidator to Call Creditors' Meeting in Case of Insolvency.**

- (1) Where voluntary winding up is commenced and the liquidator is at any time of the opinion that the company will not be able to pay its debts in full within the period stated in the declaration under section 322 the liquidator shall immediately notify the registrar and the official receiver and summon a meeting of the creditors, and present a statement of the assets and liabilities of the company.
- (2) A liquidator who fails to comply with this section, shall be guilty of an offence and on conviction is liable to a fine not exceeding one thousand South Sudanese Pounds.

**338. Duty of a Liquidator to Call a General Meeting at End of Each Year.**

Subject to section 340, in the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company at the end of the first year of the commencement of the winding up, and of each succeeding year, or at the first convenient date within three months from the end of the year or such longer period as the registrar may allow, and shall lay before the meeting an account of his or her acts and dealings and of the conduct of the winding up during the preceding year.

- (1) A liquidator who fails to comply with this section, commits an offence and on

conviction is liable to a fine not exceeding one hundred South Sudanese Pounds.

**339. Final Meeting and Dissolution.**

- (1) Subject to section 340, as soon as the company is fully wound up, the liquidator shall –
  - (a) prepare an account of the winding up, showing how the winding up was conducted and how the property of the company was disposed of; and
  - (b) call a general meeting of the company to present the accounts and to give any required explanation.
- (2) The meeting shall be called by a notice in the *Gazette*, and in a newspaper of wide circulation in South Sudan, specifying the time, place and the object of the meeting, published at least thirty days before the meeting.
- (3) Within fourteen days after the meeting, the liquidator shall –
  - (a) send a copy of the account to the registrar; and
  - (b) make a return of the meeting and of its date to the registrar, and if the copy of the account is not sent or the return of the meeting is not made in accordance with this subsection the liquidator shall be liable to a fine not exceeding one hundred South Sudanese Pounds for every day during which the default continues.
- (4) Where quorum is not realized at the meeting, this subsection shall be deemed to have been complied with if the liquidator, in lieu of the return of the meeting, makes a return that the meeting was duly summoned but that no quorum was realised.
- (5) The registrar shall, on receiving the account and either of the returns in subsection (3), register them.
- (6) On the expiration of three months from the registration of the return, the company shall be deemed to be dissolved unless court on the application of the liquidator or of any other person who appears to the court have an interest in the company, makes an order deferring the date on which the dissolution of the company is to take effect, for such time as the court may think fit.
- (7) It shall be the duty of the person on whose application an order of the court under subsection (5) is made, to deliver the order, to the registrar, with a copy to the official receiver for registration within seven days after the making of the order, and if that person fails he or she shall be liable to a fine not exceeding five South Sudanese Pounds per day, for the duration of the default.

**340. Alternative Provisions to Annual and Final Meetings in Case of Insolvency.**

Where section 337 is applicable, sections 349 and 350 shall apply to the winding up of a company to the exclusion of sections 338 and 339, as if the winding up were a creditors' voluntary winding up and not a member's voluntary winding up, but that the liquidator shall not be required to summon a meeting of creditors under section 349 at the end of the first year of the commencement of the winding up, unless the meeting held under section 350 is held more than three-months before the end of that year.

*Provisions Applicable to Creditors' Voluntary Winding Up.*

**341. Provisions Applicable to Creditors' Voluntary Winding Up.**

Sections 342 to 359 shall apply in relation to creditors' voluntary winding up.

**342. Meeting of Creditors.**

- (1) For the creditors' voluntary winding up, the company shall –
  - (a) cause a meeting of the creditors of the company to be summoned on the same day as the meeting for the resolution for winding up is to be proposed or on the following day; and
  - (b) send by post to the creditors, notices for the meeting of the creditors of the company, together with the notices for the meeting for proposing the resolution for winding up.
- (2) The notice for the meeting of the creditors shall be advertised once in the *Gazette* and in a newspaper in the official language of wide circulation in South Sudan.
- (3) The directors of the company shall –
  - (a) present a full statement of the position of the company's affairs and a list of the creditors of the company and the estimated amount of their claims, to the meeting of the creditors; and
  - (b) appoint one of them to preside at the meeting.
- (4) It shall be the duty of the director appointed to preside at the meeting of the creditors to attend the meeting and to preside.
- (5) Where the meeting of the company at which the resolution for voluntary winding up is to be proposed is adjourned and the resolution is passed at an adjourned meeting, any resolution passed at the meeting of the creditors held under subsection (1), shall have effect as if it has been passed immediately after the passing of the resolution for liquidating the company.
- (6) Where default is made –

- (a) by the company contrary to subsections (1) and (2);
- (b) by the directors contrary to subsection (3); or
- (c) by any director of the company contrary to subsection (4), the company, directors or director, as the case may be, shall be liable to a fine not exceeding five hundred South Sudanese Pounds, and, in the case of default by the company, every officer of the company who is in default shall be liable to a similar penalty.

**343. Appointment of Liquidator.**

- (1) The creditors and the company at their respective meetings in section 342, may nominate a person to be liquidator for the purpose of liquidating the affairs and distributing the assets of the company, and if the creditors and the company nominate different persons, the person nominated by the creditors shall be the liquidator, and if the creditors do not nominate any person, the person, if any, nominated by the company shall be the liquidator.
- (2) Where different persons are nominated by the company and the directors, any director, member or creditor of the company may, within seven days after the nomination by the creditors, apply to court for an order –
  - (a) directing that the person nominated as liquidator by the company shall be liquidator instead of, or jointly with the person nominated by the creditors; or
  - (b) appointing another person to be liquidator instead of the person appointed by the creditors.

**344. Appointment of Committee of Inspection.**

- (1) The creditors at the creditors' meeting held under section 342 or at any subsequent meeting may appoint not more than five persons to be members of a committee of inspection.
- (2) Where the creditors meeting appoints a committee of inspection, the company may, either at the meeting at which the resolution for voluntary winding up is passed or at a subsequent time in a general meeting, appoint a number of persons as the company thinks fit, to act as members of the committee, provided that the majority of the members of the committee shall be persons appointed by the creditors.
- (3) The creditors may by resolution declare that all or any of the persons appointed by the company ought not to be members of the committee of inspection, and, if the creditors so resolve, the persons mentioned in the resolution shall not, unless the court otherwise directs, be qualified to act as members of the committee.
- (4) On the application of the creditors, court may appoint any other persons to act as a

member of the committee, in place of the persons mentioned in the resolution.

**345. Proceedings of Committee of Inspection.**

Subject to section 349 and to any general rules made, the following provisions shall apply to a committee of inspection –

- (a) the committee shall meet at least once a month, and the liquidator or any member of the committee may call a meeting of the committee as and when he or she thinks necessary;
- (b) the committee shall act by a majority of its members present at a meeting;
- (c) a member of the committee may resign by notice in writing signed by him or her and delivered to the liquidator;
- (d) where a member of the committee appointed by the creditors or contributories, becomes bankrupt, compounds, arranges with his or her creditors or is absent from five consecutive meetings of the committee without the leave of the other members who also represent the creditors or contributories, as the case may be, his or her office shall immediately become vacant;
- (e) a member of the committee may be removed by an ordinary resolution at a meeting of creditors or contributories, as the case may be, for which a twenty-one days' notice stating the object of the meeting, is given;
- (f) where there is a vacancy in the committee, the liquidator shall immediately summon a meeting of creditors or of contributories, as the case may require, to fill the vacancy, and the meeting may, by resolution, reappoint the same person or appoint another creditor or contributory to fill the vacancy, unless the liquidator, having regard to the position in winding up, is of the opinion that it is not necessary to fill the vacancy, he or she may apply to the court for an order that the vacancy shall not be filled, or shall be filled under the circumstances specified in the order; and
- (g) where there is a vacancy, the remaining members of the committee, if not less than two, may continue to act as the committee of inspection.

**346. Fixing of Liquidators' Remuneration and Seizure of Directors' Powers.**

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

**347. Power to Fill Vacancy in Office of Liquidator.**

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

the vacancy.

**348. Power of a Liquidator to Accept Shares in Creditors' Voluntary Winding Up.**

Section 349 shall apply to creditors' voluntary winding up and to members' voluntary winding up, provided that the powers of the liquidator under that section shall not be exercised except with the sanction either of the court or of the committee of inspection in substitution for the sanction of special resolution.

**349. Duty of Liquidator to Call Meetings of Company and of Creditors at End of Each Year.**

- (1) In the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company at the end of the first year of the commencement of the winding up, and of each succeeding year, or at the first convenient date within three months from the end of the year or such longer period as the registrar may allow, and shall lay before the meeting an account of his or her acts and dealings and of the conduct of the winding up during the preceding year.
- (2) A liquidator who fails to comply with this section, commits an offence and on conviction is liable to a fine not exceeding one thousand South Sudanese Pounds.

**350. Final meeting and Dissolution.**

- (1) As soon as the company is fully wound up, the liquidator shall –
  - (a) prepare an account of the winding up, showing how the winding up was conducted and how the property of the company was disposed of; and
  - (b) call a general meeting of the company and a meeting of the creditors of the company, to present the account and to give any required explanation.
- (2) The meetings shall be called by a notice in the *Gazette*, and in a newspaper of wide circulation in South Sudan, specifying the time, place and the objects of the meetings, published at least thirty days before the meetings.
- (3) Within seven days after the meetings, or if the meetings are not held on the same day, after the date of the later meeting, the liquidator shall –
  - (a) send a copy of the account to the registrar; and
  - (b) make a return of holding the meetings and of the dates of the meetings to the registrar, and if the copy of the account is not sent or the returns of the meetings are not made in accordance with this subsection the liquidator shall be liable to a fine not exceeding five South Sudanese Pounds for every day during which the default continues.

- (4) If a quorum is not realized at the meeting, subsection (1) shall be deemed to have been complied with if the liquidator, in lieu of the return of the meeting, makes a return that the meeting was duly summoned but that no quorum was realised.
- (5) The registrar shall, on receiving the account and in respect of each meeting, either of the returns in subsection (3), register them.
- (6) On the expiration of three months from the registration of the returns, the company shall be deemed to be dissolved unless court on the application of the liquidator or of any other person who appears to the court have an interest in the company, makes an order deferring the date on which the dissolution of the company is to take effect, for such time as the court may think fit.
- (7) It shall be the duty of the person on whose application an order of the court under subsection (5) is made, to deliver the order, to deliver to the registrar, with a copy to the official receiver a certified copy of the order for registration within seven days after the making of the order, and if that person fails he or she shall be liable to a fine not exceeding five hundred South Sudanese Pounds per day, for the duration of the default.

*Provisions Applicable to Both Members' and Creditors' Voluntary Winding Up.*

### **351. Members' and Creditors' Voluntary Winding Up.**

Sections 352 to 359, apply to both members' and creditors' voluntary winding up.

### **352. Distribution of the Property of a Company.**

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

### **353. Powers and Duties of a Liquidator in Voluntary Winding Up.**

- (1) The liquidator may –
  - (a) without sanction, exercise any of the powers given to the liquidator in a winding up by the court;
  - (b) exercise the power of the court of settling a list of contributories, and the list of contributories shall be *prima facie* evidence of the liability of the persons named in the list as contributories;
  - (c) exercise the power of the court of making calls; or
  - (d) summon general meetings of the company for the purpose of obtaining the

sanction of the company by special resolution or for any other purpose as he or she may think fit.

- (2) The liquidator shall pay the debts of the company and shall adjust the rights of the contributories among themselves.
- (3) Where several liquidators are appointed, any power given by this Act may be exercised by one or more of the liquidators as may be determined at the time of their appointment, or, in default of such determination, by any number of liquidators of not less than two.

**354. Power of Court to Appoint and Remove Liquidator in Voluntary Winding Up.**

- (1) Court may appoint a liquidator for any cause where there is no liquidator acting.
- (2) The court may, on cause shown, remove a liquidator and appoint another liquidator.

**355. Notice by Liquidator of His or Her Appointment.**

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

**356. Arrangement When Binding on Creditors.**

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

**357. Power to Apply to Court to Have Questions Determined or Powers Exercised.**

- (1) The liquidator or any contributory or creditor may apply to the court to –
  - (a) determine any question arising in the winding up of a company;



- (b) exercise, the enforcing of calls or any other matter, or
  - (c) exercise any of the powers which the court may exercise if the company was wound up by the court.
- (2) The court, if satisfied that the determination of the question or the required exercise of power will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as it thinks fit or may make such other order on the application.
- (3) A copy of an order staying the proceedings in the winding up made under this section, shall immediately be delivered by the company, or as may be prescribed, to the registrar for registration and a copy shall be sent to the official receiver.

**358. Costs of Voluntary Winding Up.**

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

**359. Saving for Rights of Creditors and Contributories.**

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

**CHAPTER X  
COMPANIES INCORPORATED OUTSIDE SOUTH SUDAN.**

*Provisions as to Establishment of Place of Business in South Sudan.*

**360. Application.**

This Chapter shall apply to a foreign company only if it has a place of business or is carrying on business in South Sudan and for the purposes of this Chapter, “foreign company” means a company incorporated outside South Sudan.

**361. Meaning of “Carrying on Business”.**

- (1) For the purposes of this Chapter, a reference to a foreign company carrying on business in South Sudan includes a reference to the foreign company –

- (a) establishing or using a share transfer office or a share registration office in South Sudan ; or
  - (b) administering, managing or dealing with property in South Sudan as an agent, personal representative or trustee, whether through its employees or an agent or in any other manner.
- (2) A foreign company shall not be held to carry on business in South Sudan merely because in South Sudan it –
- (a) is or becomes a party to a legal proceeding or settles a legal proceeding or a claim or dispute;
  - (b) holds meetings of its directors or shareholders or carries on other activities concerning its internal affairs;
  - (c) maintains a bank account;
  - (d) effects a sale of property through an independent contractor;
  - (e) solicits or procures an order that becomes a binding contract only if the order is accepted outside South Sudan;
  - (f) creates evidence of a debt or creates a charge on property;
  - (g) secures or collects any of its debts or enforces its rights in relation to securities relating to those debts;
  - (h) conducts an isolated transaction that is completed within a period of thirty one days, not being one of a number of similar transactions repeated from time to time; or
  - (i) invests its funds or holds property.

**362. Name to be Reserved Before Carrying on Business.**

- (1) A foreign company shall not carry on business in South Sudan on or after the commencement of this law unless the name of the foreign company has been reserved.
- (2) Subsection (1) shall not apply to a foreign company that, immediately before the commencement of this Act, is registered under any law that existed before the coming into force of this Act.
- (3) A foreign company registered under this Chapter that carries on business in South Sudan shall not change its name unless the name has first been reserved in accordance with this law, subject to any necessary modifications to the reservation of the name of a foreign company.
- (4) Where a foreign company contravenes this section, the company and every director of the company commits an offence and shall, on conviction, be liable to a fine not exceeding one thousand South Sudanese Pounds.

**363. Documents, etc. to be Delivered to the Registrar by Foreign Companies Carrying on Business in South Sudan.**

- (1) A foreign company which, establishes a place of business within South Sudan shall, within thirty days after the establishment of the place of business, deliver to the registrar for registration –
  - (a) a certified copy of the charter, statutes or memorandum and articles of the company or other instrument constituting or defining the constitution of the company, and, where the instrument is not written in the English language, a certified translation of the instrument;
  - (b) a list of the directors and secretary of the company containing the particulars mentioned in subsection (2);
  - (c) where the list includes directors resident in South Sudan who are members of the local board of directors of the company, a memorandum duly executed by or on behalf of the foreign company stating the powers of the local directors;
  - (d) a memorandum of appointment or power of attorney under the seal of the foreign company or executed on its behalf in such manner as to be binding on the company, stating the names and addresses of two or more persons resident in South Sudan, not including a foreign company, authorised to accept on its behalf service of process and any notices required to be served on the company;
  - (e) notice of the situation of its registered office in South Sudan and, unless the office is open and accessible to the public during ordinary business hours on each day, other than Saturdays and public holidays, the days and hours during which it is open and accessible to the public;
  - (f) a statement of all subsisting charges created by the company, being charges of the kinds set out in section 143(3) and not being charges comprising solely property situated outside South Sudan;
  - (g) the names and postal addresses of one or more persons resident in South Sudan authorized to accept on behalf of the company service of process and any notices required to be served on the company; and
  - (h) the full address of the registered or principal office of the company.
- (2) The list referred to in subsection (1) (b) shall contain the following particulars with respect to each director and secretary –
  - (a) in the case of an individual, his or her present first name and surname and any former first name or surname, his or her usual postal address, his or her nationality and his or her business occupation, if any; and
  - (b) in the case of a corporation, its corporate name and registered or principal office and its postal address, except that where all the partners in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars mentioned in this subsection.
- (3) Where a charge, being a charge which ought to have been included in the statement

required by subsection (1) (c), is not so included, it shall be void as regards property in South Sudan against the liquidator and any creditor of the company.

- (4) Where a memorandum of appointment or power of attorney is executed by a person on behalf of the company, a duly authenticated copy of the deed or document by which that person is authorised to execute the memorandum of appointment or power of attorney shall be filed.

#### **364. Registration of Foreign Companies.**

- (1) Where a foreign company has complied with section 363 above, the registrar shall register the company under this Chapter.
- (2) The registrar shall assign a registration number to each company so registered.
- (3) A company shall indicate its registration number on all its official documentation.

#### **365. Certificate Conclusive proof of Registration.**

A certificate signed by the registrar that the company has complied with section 363 shall be conclusive evidence that the company is registered as a foreign company under this Act.

#### **366. Returns to be Delivered to the Registrar by a Foreign Company.**

- (1) Where any alteration is made in –
  - (a) the charter, constitution, statutes, or memorandum and articles of a foreign company or any instrument referred to in section 363(1)(a);
  - (b) the directors or secretary of a foreign company of the particulars contained in the list of the directors and secretary;
  - (c) the name or postal addresses of the persons authorized to accept service on behalf of a foreign company; or
  - (d) the address of the registered or principal office of a foreign company,the company shall within sixty days after the alteration, deliver to the registrar for registration a return containing the prescribed particulars of the alteration.
- (2) Where in the case of a company to which this Chapter applies –
  - (a) a winding up order is made by; or
  - (b) proceedings substantially similar to a voluntary winding up of the company under this Act are commenced in, a court of the country in which the company was incorporated, the company shall within thirty days after the date of the making of the order or the commencement of the proceedings as the case may be, deliver to the registrar a return containing the prescribed particulars relating to the making of the order or the commencement of the

proceedings and shall cause the prescribed advertisements in relation to them to be published.

**367. Registration of Charges Created by Foreign Companies.**

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

**368. Obligation to State Name of Foreign Company, Whether Limited and Country Where Incorporated.**

- (1) A foreign company shall –
  - (a) in every prospectus inviting subscription for its shares or debentures in South Sudan state the country in which the company is incorporated;
  - (b) conspicuously exhibit in legible characters on every place where it carries on business in South Sudan the name of the company and the country in which the company is incorporated;
  - (c) cause the name of the company and of the country in which the company is incorporated to be stated in legible letters in all Act heads and letter paper and in all notices and other official publication of the company; and
  - (d) if the liability of the members of the company is limited, cause notice of that fact to be stated in the English language in legible characters in every prospectus referred to in paragraph (a) and in all Act heads, letter paper, notices and other official publications of the company in South Sudan and to be affixed on every place where it carries on its business.
- (2) A foreign company shall, in all trade catalogues, trade circulars, show cards and business letters on or in which the company's name appears and which are issued or sent by the company to any person in South Sudan, state in legible letters with respect to every director being a corporation, the corporate name, and with respect to every director, being an individual, the following particulars –
  - (a) his or her present first name, or the initials of that name, and present

- surname;
  - (b) any former first names and surnames; and
  - (c) his or her nationality.
- (3) Where special circumstances exist which render it in the opinion of the registrar expedient that the exemption should be granted, the registrar may by order grant, subject to such conditions as may be specified in the order, exemption from the obligations imposed by subsection (2).

**369. Return of Alterations.**

- (1) Where a foreign company increases its authorised share capital, it shall, within one month, file with the registrar a notice of the amount from which and of the amount to which it has been so increased.
- (2) Where a foreign company not having a share capital increases the number of its members beyond the registered number it shall, within one month, file with the registrar a notice of the increase.
- (3) Where an order is made by a court under any law in force in the country in which a foreign company is incorporated which corresponds to orders made in relation to amalgamations, compromises with creditors or approval of arrangements, amalgamations and compromises by a court, the company shall, within one month, file with the registrar a copy of the order.
- (4) On the registration of a foreign company under this Chapter or the filing with the registrar of particulars of a change or alteration, the registrar shall issue a certificate to that effect.

**370. Balance Sheet.**

- (1) A foreign company shall, within three months of its annual meeting of shareholders, file with the registrar –
- (a) a copy of its balance sheet made up to the end of its last preceding accounting period in such form and containing such particulars and accompanied by copies of such documents as the company is required to annex, attach or send with its balance sheet by the act for the time being applicable to that company in the place of its incorporation or origin; and
  - (b) a declaration certifying that the copies are true copies of the documents so required.
- (2) Where the registrar is of the opinion that the balance sheet and other documents do not sufficiently disclose the company's financial position, he or she may by written notice to the company require the company to file a balance sheet within such

period, in such form and containing such particulars and to annex thereto such documents as he or she requires.

- (3) Nothing in this section shall authorise the registrar to require a balance sheet to contain any particulars, or the company to annex, attach or to send, any document, that would not be required to be furnished if the company were a public company.
- (4) Where a foreign company is not required by the act of the place of its incorporation or origin to hold an annual meeting of shareholders and prepare a balance sheet, the company shall prepare and file with the registrar a balance sheet within such period, in such form and containing such particulars and annex thereto such documents as the directors of the company would have been required to prepare or obtain if the company were a public company.
- (5) A foreign company shall, in addition to the balance sheet and other documents required to be filed under this Act file its financial statements which shall comply with International Accounting Standards, fairly showing the assets employed in, and liabilities arising out of, and its profit or loss arising out of, its operations conducted in or from South Sudan.
- (6) The financial statements shall be filed with the registrar within six months after the end of the accounting period of the company.
- (7) The company shall be entitled to make such apportionments of expenses incurred in connection with operations or administration affecting both South Sudan and elsewhere and to add such notes and explanations as in its opinion are necessary or desirable in order to give a true and fair view of the profit or loss of its operations in South Sudan.
- (8) The registrar may waive compliance with this section in relation to any foreign company where he or she is satisfied that –
  - (a) it is impracticable to comply with this article having regard to the nature of the company's operations in South Sudan;
  - (b) it would be of no real value having regard to the amount involved;
  - (c) it would involve expense unduly out of proportion to its value; or
  - (d) it would be misleading or harmful to the business of the company or to any related corporation.
- (9) The financial statements shall be deemed to have been duly audited for the purpose of this section where it is accompanied by a qualified auditor's report which complies, so far as is practicable, with this Act.

**371. Notice by Foreign Company of Particulars of its Business in South Sudan.**

A foreign company shall file with the registrar in each year at the time a copy of its balance sheet is filed, a notice containing particulars with respect to the business being carried out by the company in South Sudan.

**372. Service on a Foreign Company.**

- (1) Any process or notice required to be served on a foreign company shall be sufficiently served if addressed to any person whose name has been delivered to the registrar under this Act, left at or sent by registered post to the address which has been so delivered.
- (2) Where –
  - (a) a company referred to in subsection (1) makes default in delivering to the registrar the name and address of a person resident in South Sudan who is authorised to accept on behalf of the company service of process or notices; or
  - (b) at any time all the persons whose names and addresses have been delivered under paragraph (a) are dead or have ceased to reside in South Sudan, or refuse to accept service on behalf of the company, or for any reason cannot be served, a document may be served on the company by leaving it at or sending it by registered post to any place of business established by the company in South Sudan.

**373. Branch Registers.**

- (1) A foreign company which has a share capital and has a shareholder resident in South Sudan shall keep at its registered office in South Sudan or at some other place in South Sudan a branch register for the purpose of registering shares of shareholders resident in South Sudan who apply to have the shares registered therein.
- (2) The company shall not be obliged to keep a branch register until after the expiry of two months from the receipt by it of a written application by a shareholder resident in South Sudan for registration of his or her shares.
- (3) This section shall not apply to a foreign company which by its articles prohibits an invitation to the public to subscribe for shares in the company.
- (4) Every branch register shall be kept in the manner provided by this Act and any transfer shall be effected in the same manner.
- (5) Every transfer registered at its registered office in South Sudan shall be binding on



the company and the court shall have jurisdiction in relation to rectification of the register.

- (6) Where a foreign company opens a branch register, it shall, within fourteen days of the date the branch register is opened, file with the registrar a notice to that effect specifying the address where the register is kept.
- (7) Where any change is made in the place where the register is kept or where the register is discontinued, the company shall, within fourteen days of the date of the change, file with the registrar a notice to that effect.
- (8) Where a company or corporation is entitled under the laws of the place of incorporation of a foreign company to give notice to a dissenting shareholder in that foreign company that it desires to acquire any of his or her shares registered on a branch register kept in South Sudan, this section shall cease to apply to that foreign company until –
  - (a) the shares have been acquired; or
  - (b) the company or corporation has ceased to be entitled to acquire the shares.
- (9) On application made in that behalf by a member resident in South Sudan, the foreign company shall register in its branch register the shares held by a member which are registered in any other register kept by the company.
- (10) On application made in that behalf by a member holding shares registered in a branch register, the foreign company shall remove the shares from the branch register and register them in such other register within South Sudan as is specified in the application.
- (11) This Act shall, with such adaptations and modifications as may be necessary, apply respectively to the inspection and the closing of the register.
- (12) This Act shall with such adaptations and modifications as may be necessary, apply with respect to the transfer of shares on, and the rectification of, the branch register.
- (13) A branch register shall be prima facie evidence of any matters under this section directed or authorised to be inserted in the branch register.
- (14) A certificate under the seal of a foreign company or signed by a director of the company specifying any shares held by any shareholder of that company and registered in the branch register shall be prima facie evidence of the title of the shareholder to the shares and the registration of the shares in the branch register.

**374. Cessation of Business by a Foreign Company and striking it off the Register.**

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

### **375. Offences and Penalties.**

Where a foreign company fails to comply with any of the provisions of this Chapter, the company and every officer or agent of the company who knowingly and willfully authorises or permits the default commits an offence and is liable on conviction to a fine not exceeding one thousand South Sudanese Pounds, or, in the case of a continuing offence, five South Sudanese Pounds for everyday during which the contravention continues.

### *Prospectuses*

### **376. Dating of Prospectus and Particulars to be Contained Therein.**

- (1) It shall not be lawful for any person to issue, circulate or distribute in South Sudan any prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside South Sudan, whether the company has or has not established, or when formed will or will not establish, a place of business in South Sudan, unless the prospectus is dated and –
  - (a) contains particulars with respect to the following matters –
    - (i) the instrument constituting or defining the constitution of the company;
    - (ii) the legislation, or provisions having the force of legislation, by or under which the incorporation of the company was effected;
    - (iii) an address in South Sudan where the said instrument, enactments or provisions, or copies thereof, and if the same are in a language other than English an English translation thereof certified in the prescribed manner, can be inspected;
    - (iv) the date on which and the country in which the company was incorporated; and

- (v) whether the company has established a place of business in South Sudan, and, if so, the address of its principle office in South Sudan.
  - (b) Subject to the provisions of this section, states the matters specified in Part I of the Third Schedule and sets out the reports specified in Part II of that Schedule, subject always to the provisions contained in Part III of that Schedule.
- (2) Notwithstanding the provisions of subsection (1), the provisions of subparagraph (i), (ii) and (iii) of paragraph (a) shall not apply in the case of a prospectus issued more than two years after the date at which the company is entitled to commence business, and, in the application of Part I of the Third Schedule for the purposes of this subsection, paragraph 2 thereof shall have effect with the substitution, for the reference to the articles, of a reference to the constitution of the company.
- (3) Any condition requiring or binding an applicant for shares or debentures to waive compliance with any requirement imposed by virtue of paragraph (a) or paragraph (b) of subsection (1), or purporting to affect him or her with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void.
- (4) It shall not be lawful for any person to issue to any person in South Sudan a form of application for shares in or debentures of such a company or intended company as is mentioned in subsection (1) unless the form is issued with a prospectus which complies with this Chapter and the issue whereof in South Sudan does not contravene the provisions of relating to registration of prospectus under this Chapter.
- (5) Subsection (4) shall not apply if it is shown that the form of application was issued in connection with a bona fide invitation to a person to enter into an underwriting agreement with respect to the shares or debentures.
- (6) In the event of non-compliance with or contravention of any of the requirements imposed by paragraphs (a) and (b) of subsection (1), a director or other person responsible for the prospectus shall not incur any liability by reason of the non-compliance or contravention, if –
  - (a) as regards any matter not disclosed, he or she proves that he or she was not cognizant thereof;
  - (b) he or she proves that the non-compliance or contravention arose from an honest mistake of fact on his or her part; or
  - (c) the non-compliance or contravention was in respect of matters which, in the opinion of the court dealing with the case, were immaterial or were otherwise such as ought, in the opinion of that court, having regard to all the circumstances of the case reasonably to be excused.
- (7) Notwithstanding subsection (6), in the event of failure to include in a prospectus a statement with respect to the matters contained in paragraph 16 of the Third Schedule, no director or other person shall incur any liability in respect of the failure unless it is proved that he or she had knowledge of the undisclosed matter.

- (8) This section –
- (a) shall not apply to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favour of other persons;
  - (b) except in so far as it requires a prospectus to be dated, shall not apply to the issue of a prospectus relating to shares or debentures which are or are to be in all respects uniform with shares or debentures previously issued, but, subject as aforesaid, this section shall apply to a prospectus or form of application whether issued on or with reference to the formation of a company or subsequently.
- (9) Nothing in this section shall limit or diminish any liability which any person may incur under the general provision of this Act, apart from this section.

**377. Provisions as to Expert’s Consent and Allotment.**

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

**378. Registration of Prospectus.**

- (1) It shall not be lawful for any person to issue, circulate or distribute in South Sudan any prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside South Sudan, whether the company has or has not established, or when formed will or will not establish, a place of business in South Sudan, unless before the issue, circulation or distribution of the prospectus in South Sudan, a copy of the prospectus certified by the chairman and two other directors of the company as having been approved by resolution of the managing body has been delivered to the registrar for registration, and the prospectus states

on the face of it that a copy has been so delivered, and there is endorsed on or attached to the copy –

- (a) any consent to the issue of the prospectus required by section 376;
  - (b) a copy of any contract required by paragraph 14 of the Third Schedule to be stated in the prospectus or, in the case of a contract not reduced into writing, a memorandum giving full particulars of the contract; and
  - (c) where the persons making any report required by Part II of that Schedule have stated in the report or have, without giving the reasons, indicated in the report any such adjustments as are mentioned in paragraph 29 of that Schedule, a written statement signed by those persons setting out the adjustments and giving the reasons for the statements.
- (2) The references in paragraph (b) of subsection (1) to the copy of a contract required thereby to be endorsed on or attached to a copy of the prospectus shall, in the case of a contract wholly or partly in a language other than English, be construed as references to a copy of a translation of the contract in English or a copy embodying a translation in English of the parts in a language other than English, as the case may be, being a translation certified in the prescribed manner to be a correct translation, and the reference to a copy of a contract required to be available for inspection shall include a reference to a copy of a translation thereof or a copy embodying a translation of parts thereof.

**379. Penalty for Contravention of Sections 376 and 378.**

Any person who is knowingly responsible for the issue, circulation or distribution of a prospectus, or for the issue of a form of application for shares or debentures, in contravention of any of the provisions of sections 376, 377 and 378 commits an offence and shall on conviction be liable to a fine not exceeding five thousand South Sudanese Pounds.

**380. Civil Liability for Mis-Statements in Prospectus.**

The penalty applicable to experts under this Act shall extend to every prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside South Sudan, whether the company has or has not established, or when formed will or will not establish, a place of business in South Sudan, except as provided by section 377.

**381. Interpretation of Provisions as to Prospectus.**

- (1) Where any document by which any shares in or debentures of a company incorporated outside South Sudan are offered for sale to the public would, if the company concerned had been a company within the meaning of this Act, have been deemed to be a prospectus issued by the company, that document shall be deemed to be, for the purposes of this Chapter, a prospectus issued by the company.
- (2) An offer of shares or debentures for subscription or sale to any person whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, shall not be deemed an offer to the public for the purposes of this Chapter.

- (3) In this Chapter,
- (a) “**director**”, in relation to a company, includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act;
  - (b) “**place of business**” includes a share transfer or share registration office; and
  - (c) “*prospectus*”, “*shares*” and “*debentures*” have the same meaning as when used in relation to a company incorporated under this Act.

**CHAPTER XI**  
**MISCELLANEOUS PROVISIONS WITH RESPECT TO**  
**INSURANCE COMPANIES AND CERTAIN SOCIETIES AND ASSOCIATIONS**

**382. Certain Companies to Publish Periodical Statement.**

- (1) Every company including a company incorporated outside South Sudan and having a place of business in South Sudan being an insurance company or a deposit, provident or benefit society, shall, before it commences business, and also on the first Monday in February and the first Tuesday in August in every year during which it carries on business, make and file with the registrar a statement in the form set out in the Seventh Schedule to this Act or as near thereto as circumstances permit.
- (2) A copy of the statement shall be exhibited in a conspicuous place in every office of the company or other place where the business of the company is carried on.
- (3) Every member and every creditor of the company shall be entitled to a copy of the statement, on payment of a sum not exceeding two South Pounds.
- (4) Where there is default in complying with this section, the company and every officer of the company who is in default is liable to a default fine of five hundred South Sudanese Pounds.
- (5) This section shall not apply to any insurance company to which the provisions of the Insurance Act requiring the insurance company to prepare and deposit accounts and balance sheet, if the company complies with those provisions.

**383. Certain Companies Taken to be Insurance Companies.**

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

**CHAPTER XII**  
**GENERAL PROVISIONS.**

**384. Appointment of Registrars, etc.**

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

**385. Fees.**

- (1) Unless otherwise specified, the fees to be paid to the registrar under this Act shall be prescribed by the Minister, in consultation with the Minister of finance and Economic Planning.
- (2) Unless otherwise prescribed, all fees paid under this Act shall be paid to the South Sudan Revenue Authority.

**386. Inspection, Production and Evidence of Documents Kept by the Registrar.**

- (1) A person may –
  - (a) inspect the documents kept by the registrar, on payment of the prescribed fee;
  - (b) require a certificate of the incorporation of a company or a copy or extract of any other document or any part of any other document, to be certified by the registrar, on payment of the prescribed fee except that –
    - (i) in relation to documents delivered to the registrar with a prospectus under the rights conferred by this subsection shall be exercisable only during the fourteen days beginning with the date of the prospectus or with the permission of the registrar, and in relation to documents so delivered those rights shall be exercisable only during the fourteen days beginning with the date of the prospectus or with the permission of the registrar; and

- (ii) the right conferred by paragraph (a) shall not extend to any copy sent to the registrar under this Act, of a statement relating to the affairs of a company or of any comments of the receiver or his or her successor or a continuing receiver or manager on the statement as to the affairs of the company but only to the summary of the statement;
  - (iii) paragraph (ii) (b) of subsection (1) shall not apply where the person claiming the right either is or is the agent of a person stating himself or herself in writing to be a member or creditor of the company to which the statement relates and the right conferred by this paragraph shall be similarly limited.
- (2) No process for compelling the production of any documents kept by the registrar shall issue from any court except with the leave of that court and the process if issued shall bear a statement on it that it is issued with the leave of the court.
- (3) A copy of or extract from, any document kept and registered at the office of the registrar, certified to be a true copy signed by the registrar whose official position it shall not be necessary to prove shall in all legal proceedings be admissible as prima facie evidence of that document or extract as the case may be and of the matters, transactions and accounts in it recorded in it.
- (4) The registrar shall not in any legal proceeding to which he or she is not a party, be compellable –
  - (a) to produce any document the contents of which can be proved under subsection (3); or
  - (b) to appear as a witness to prove the matters, transactions or accounts recorded in any such document, unless by order of the court made for special cause.
- (5) A person who fraudulently states himself or herself in writing for the purposes of subsection (1)(b)(iii) to be a member or creditor of a company commits an offence and is liable on conviction to imprisonment not exceeding two years or to a fine not exceeding one thousand South Sudanese Pounds.

**387. Enforcement of Duty of Company to Make Returns to the Registrar.**

- (1) Where a company, having made repeated default in complying with any provision of this Act which required it to file with, deliver or send to the registrar any return, account or other document or to give notice to him or her of any matter, fails to make good the default within fourteen days after the service of a notice on the company requiring it to do so, the court may, on an application made to the court by any member or creditor of the company or by the registrar, make an order directing the company and any officer of the company to make good the default within such time as may be specified in the order.



- (2) Any such order may provide that all costs incidental to the application shall be borne by the company or by any officer of the company responsible for the default.
- (3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalties on a company or its officers in respect of any default referred to in subsection (1).
- (4) Where a company fails to make good the default in subsection (1), as ordered by court and is not a dormant company under section 324, the registrar may publish in the Gazette, and send to the company, by post or any other appropriate means, a notice that at the expiration of three months from the date the name of the company mentioned therein will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.
- (5) Where the company itself or where any director or the secretary of the company has requested the registrar to strike the company off the register or where the registrar receives an answer to the effect that the company is not carrying on business or in operation and is not a company under section 324, the registrar shall strike the name off the register and shall publish the notice thereof in the Gazette, and on the publication of the notice in the Gazette, the company shall be dissolved.
- (6) The liability, if any, of every director, officer and member of the company dissolved under this section, shall continue and may be enforced as if the company had not been dissolved; and nothing in this section shall affect the power of the court to wind up a company the name of which has been struck off the register.
- (7) Where a company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the court, on an application made by the company or member or creditor before the expiration of five years from the publication in the Gazette of the notice aforesaid may, if satisfied that the company was at the time of the striking off carrying on business or in operation, or otherwise that it is just that the company be restored to the register, order the name of the company to be restored to the register.
- (8) Where a company is ordered to be restored to the register under subsection (7), and upon a certified copy of the order being delivered to the registrar for registration, the company shall be deemed to have continued in existence as if its name had not been struck off; and the court may by the order give such directions and make such provisions as seem just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off.
- (9) A notice to be sent under this section to a liquidator may be addressed to the liquidator at his or her last known place of business, and a letter or notice to be sent under this section to a company may be addressed to the company at its registered postal address or, if no postal address has been registered, to the care of any officer of the company, or, if there is no officer of the company whose name and address

are known to the registrar, may be sent to each of the persons who subscribed to the memorandum, addressed to them at the address mentioned in the memorandum.

- (10) Where a company is dissolved under this section, all property and rights whatsoever vested in or held in trust for the company immediately before its dissolution, including leasehold property but not including property held by the company in trust for any other person, shall, subject and without prejudice to any order which may at any time be made by the court under this section, be deemed to be *bona vacantia*, and shall accordingly vest in the Government of South Sudan.
- (11) Where any property vests in the Government of South Sudan under this section, title thereto under that section may be disclaimed by a notice signed by the Minister of Justice and that property shall be deemed not to have vested in the Government of South Sudan under this section.
- (12) A notice of disclaimer under this section shall be of no effect unless it is executed within twelve months of the date on which the vesting of the property as aforesaid came to the notice of the Minister or, if an application in writing is made to the Minister by any person interested in the property requiring him to decide whether he or she will or will not disclaim, within a period of three months after the receipt of the application or such further period as may be allowed by the court which would have had jurisdiction to wind up the company if it had not been dissolved.
- (13) A statement in a notice of disclaimer of any property under this section that the vesting of the property came to the notice of the Minister on a specified date or that no such application as aforesaid was received by him or her with respect to the property before a specified date shall, until the contrary is proved, be sufficient evidence of the fact stated.
- (14) A notice of disclaimer under this section shall be delivered to the registrar for registration by him, and copies thereof shall be published in the Gazette and sent to any persons who have given the Minister notice that they claim to be interested in the property.

*Form of Registers, etc.*

**388. Form of Registers, etc.**

- (1) A register, index, minute book or book of account required by this Act to be kept by a company may be kept either by making entries in bound books or by recording the matters in question in any other manner.
- (2) Where a register, index, minute book or book of account referred to in subsection (1) is not kept by making entries in a bound book but by some other means, adequate precautions shall be taken for guarding against falsification and

facilitating its discovery.

- (3) Where there is default in complying with subsection (2), the company and every officer of the company who is in default is liable to a default fine not exceeding two hundred South Sudanese Pounds and further to a default fine.

### **389. Use of Computer System.**

- (1) Notwithstanding any provision to the contrary, the registrar may authorize –
  - (a) the incorporation or registration of a company;
  - (b) the payment of any fees;
  - (c) the submission of the annual return and the filing of any notice or document;  
or
  - (d) the performance of any act or thing which is required to be done in relation to paragraphs (a) to (c), to be made, submitted or done electronically in such manner and through such computer system as may be approved by the Minister.
- (2) With effect from such date as may be notified in the *Gazette*, the registrar may direct that any matter, act or thing referred to in subsection (1) shall be made, submitted or done electronically or otherwise.
- (3) The Minister may make regulations for the purposes of this section –
  - (a) authorising the destruction of any documents which have been recorded or stored electronically or by other means;
  - (b) providing that any document reproduced electronically or by other means by the registrar shall for all purposes be treated as if it were the original document, notwithstanding any law to the contrary;
  - (c) otherwise giving full effect to and ensuring the efficient operation of any device or facility of the kind referred to in subsection (1).

#### *Service of Documents.*

### **390. Service of Documents.**

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

### **391. Returns, etc. Filed out of Time.**

- (1) Where under this Act any return, account, notice or other document or particulars is or are required to be filed, delivered, given or sent to the registrar within a specified period, the duty to file, deliver, give or send the return, account, notice or other document shall not cease on the expiration of that period but shall be a continuing duty.
- (2) The registrar shall, on payment of such additional fee as may be prescribed, register any document delivered to him or her for registration notwithstanding the expiration of the period within which the document ought to have been delivered but the registration shall relieve any person from any liability he may have incurred by reason of his or her default in delivering that document within the specified period.

*Offences and Penalties.*

**392. Penalty for False Statements.**

Where any person in any return, report, certificate, balance sheet or other document, required by or for the purposes of any of the provisions of this Act specified in the Eighth Schedule to this Act, willfully makes a false statement in any material particular, knowing it to be false, he or she commits an offence and is liable on conviction to imprisonment not exceeding two years or a fine not exceeding two thousand South Sudanese Pounds, or both.

**393. Provision with Respect to Default Fines and Meaning of “Officer in Default”.**

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

**394. Production and Inspection of Books Where Offence Suspected.**

- (1) Where on an application made to a judge of the High Court in chambers by the Director of Public Prosecutions or the registrar there is shown to be reasonable

cause to believe that any person has, while an officer of a company, committed an offence in connection with the management of the company's affairs and that evidence of the commission of the offence is to be found in any books or papers of or under the control of the company, an order may be made –

- (a) authorising any person named in the order to inspect the books or papers or any of them for the purpose of investigating and obtaining evidence of the offence; or
  - (b) requiring the secretary of the company or such other officer of the company as may be named in the order to produce the books or papers referred to in paragraph (a) or any of them to a person named in the order at a place named in the order.
- (2) Subsection (1) shall apply also in relation to any books or papers of a person carrying on the business of banking so far as they relate to the company's affairs as it applies to any books or papers of or under the control of the company, except that an order referred to in paragraph (b) of that subsection shall not be made by virtue of this subsection.

**395. Cognisance of Offences.**

- (1) A court lower than a subordinate court of the first class shall try any offence under this Act.
- (2) Proceedings in respect of any offence under this Act may, notwithstanding anything to the contrary contained in the Code of Criminal Procedure, be taken by the Director of Public Prosecutions or by the registrar at any time within twelve months from the date on which evidence sufficient in the opinion of the Director of the Public Prosecutions or the registrar as the case may be, to justify the proceedings comes to the knowledge of the Director of Public Prosecutions or the registrar as the case may be; except that proceedings shall not be so taken more than three years after the commission of the offence.
- (3) For purposes of subsection (2), a certificate of the Director of Public Prosecutions or the registrar as to the date on which such evidence referred to in subsection (2) came to his or her knowledge shall be conclusive evidence thereof.

**396. Application of Fines.**

The court imposing any fine under this Act may direct that the whole or any part of it shall be applied in or towards payment of the costs of the proceedings or in or towards rewarding the person on whose information or at whose suit the fine is recovered or be paid into the Consolidated Fund.

**397. Provisions Relating to Institution of Criminal Proceedings.**

- (1) Nothing in this Act relating to the institution of criminal proceedings by the Director of Public Prosecutions shall be taken to preclude any person from instituting or carrying on any such proceedings.
- (2) Where in this Act the Director of Public Prosecutions is permitted or required to institute or carry on any criminal or other proceedings or to make any application those proceedings may be instituted or carried on and the application may be made by the Director of Public Prosecutions or on behalf of the Director of Public Prosecutions by any person who-
  - (a) has been instructed by the Director of Public Prosecutions to do so; and
  - (b) is otherwise entitled to appear before the court or before a judge or magistrate in chambers by virtue of the Advocates Rules or in the case of criminal proceedings, the provisions of the Code of Criminal Procedure relating to the appointment of public prosecutors, but where by this Act the consent of the Director of Public Prosecutions is required before any proceedings are instituted or thing done, nothing in this subsection shall be taken as permitting any person other than the Director of Public Prosecutions to give that consent.

**398. Savings for Privileged Communications.**

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

*Legal Proceedings.*

**399. Costs in Actions by Certain Limited Liability Companies.**

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

**400. Power of Court to Grant Relief in Certain Cases.**

- (1) Where in any proceeding for negligence, default, breach of duty or breach of trust against an officer of a company or a person employed by a company as auditor whether he or she is or is not an officer of the company, it appears to the court hearing the case that that officer or person is or may be liable in respect of the negligence, default, breach of duty or breach of trust but that he or she has acted

honestly and reasonably and that, having regard to all the circumstances of the case including those connected with his or her appointment, he or she ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the court may relieve him or her either wholly or partly from his or her liability on such terms as the court may consider reasonable.

- (2) Where any such officer or person referred to in subsection (1) has reason to apprehend that any claim will or might be made against him or her in respect of any negligence, default, breach of duty or breach of trust, he or she may apply to the court for relief and the court on any such application shall have the same power to relieve him or her as under this section it would have had if it had been a court before which proceedings against that person for negligence, default, breach of duty or breach of trust had been brought.

#### **401. Power to Enforce Orders.**

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

#### **402. Regulations.**

- (1) The Minister may by statutory instrument, make regulations for giving full effect to this Act and in particular for payment of fees under this Act or making provision for any matter required to be prescribed or provided for by the Minister under this Act.
- (2) Without prejudice to the general effect of subsection (1), the Minister may make regulations under subsection (1)-
  - (a) to alter, add or replace the Forms Tables (A, B, C, D and E) in the First Schedule to this Act;
  - (b) to alter, add or replace the content and Forms in the Second Schedule to this Act;
  - (c) to alter, add or replace the requirements to matters to be stated in a prospectus in the Third Schedule of this Act;
  - (d) to alter, add or replace the contents of the Forms and requirements on annual returns in the Fourth Schedule to this Act;
  - (e) to alter, add or replace the requirements of this Act as to matters to be stated in a company's balance sheet, profit and loss accounts and group accounts in particular the requirements of the Fifth Schedules of this Act;
  - (f) to alter, add or replace the contents of the Forms and requirements in the auditor's report in the Sixth Schedule to this Act;
  - (g) to alter, add or replace the requirement under the Seventh Schedule to this Act.
  - (h) to alter, add or replace the list of sections under the Eighth Schedule to this

Act.

- (3) Regulations made by virtue of subsection (2) shall not impose requirements more onerous than the requirements existing before the making of the regulations unless the regulations have been laid before the assembly and approved by its resolution.
- (4) Regulations made under this section may impose in respect of a contravention of the regulations, a penalty not exceeding five hundred South Sudanese Pounds and may impose an additional fine not exceeding two hundred South Sudanese Pounds in respect of each day on which the contravention continues.

**403. Power of Minister to Amend Fines.**

The Minister may by statutory instrument, with the approval of the Council of Ministers and approval of the National Legislative Assembly, amend the fines in this Act.



## SCHEDULES

### *First Schedule*

#### Tables

ss. 5, 16, 20, 403.

#### Table A

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

#### **1. Interpretation.**

In these Regulations –

“ Act” means the Companies Act, 2012;

“seal” means the common seal of the company;

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

(1) 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.

(2) 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 order 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 this 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 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 different 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 111 of the Act, provided that the rate 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 a fee for every certificate 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, 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 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 specified transactions mentioned under 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 receding 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 installments.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.
18. Where 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 sub regulation (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, 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 installment 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 payment 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 this Act, 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; or
  - (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 requisitioner, as provided by the Act.
- (2) Where at any time there are not within South Sudan 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 sub-regulation (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 number to be chairperson of the meeting.

56. If at any meeting no director is willing to act as chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairperson of the meeting.
57. (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 sub-regulation (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 authorized 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 South Sudan 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  
....., 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 adjourned of the  
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  
....., 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 adjourned date  
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 or 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 sub-regulation (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 this 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 (both inclusive) 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 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 sub-regulation (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, Acts 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 of the Act;
  - (b) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;

- (c) becomes prohibited from being a director by reason of any order made under the Act;
- (d) becomes of unsound mind;
- (e) resigns his or 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 reelection 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 was 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 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 sub regulation (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 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 dispatch 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 South Sudan.
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 sub regulation (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 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 sub regulation (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 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 for a term, at remuneration and upon conditions as they may think fit.

(2) A secretary appointed under sub regulation (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 authorized 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 or her 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 sub regulation (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 sub regulation (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 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 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 sub regulation (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 sub regulation (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 of fractional certificates;
  - (b) to pay in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions; and
  - (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 215 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 South Sudan to the address, within South Sudan 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 South Sudan 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 South Sudan have not supplied to the company an address within South Sudan for the giving of notices to them;
  - (b)** every person upon whom the ownership of a share devolves by reason of his/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 sub-regulation (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 judgement is given in his or her favour or in which he or she is acquitted or in connection with any application under 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** in the First Schedule with the exception of regulations 24 and 53 shall apply.
- (2) The company is a private company and accordingly –
  - (a) the right to transfer shares is restricted in the manner 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; and
  - (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 authorized 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 **Part II** are alternative to regulations 24 and 53 respectively of **Part I**].

**Table B.**

**FORM OF MEMORANDUM OF ASSOCIATION OF A COMPANY LIMITED BY SHARES.**

1. The name of the company is “.....(insert name of company, Limited or PLC.”
2. The registered office of the company will be situated in South Sudan.
3. 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.”
4. The liability of the members is limited.
5. The share capital of the company is ..... (insert the amount of share capital) divided into .....shares of ..... South Sudanese Pounds each (indicate if applicable).

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

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		

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

Witness to the above signatures .....

**Table C.**

**FORM OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF A COMPANY LIMITED BY GUARANTEE, AND NOT HAVING A SHARE CAPITAL.**

**Part I - MEMORANDUM OF ASSOCIATION.**

1. The name of the company is “..... (insert name of company), Limited or PLC.”
2. The registered office of the company will be situated in South Sudan.
3. The objects for which the company is established are ..... and the doing of all such other things as are incidental or conducive to the attainment of those objects.”
4. The liability of the members is limited
5. 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 ..... South Sudanese Pounds.

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

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

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

Witness to the above signatures .....

## **PART II-ARTICLES OF ASSOCIATION TO ACCOMPANY MEMORANDUM OF ASSOCIATION.**

### **Interpretation.**

1. In these Articles –
  - (1) The following words shall have the meanings set forth as follows:
    - “**Act**” means the Companies Act 2012;
    - “**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 ....., 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 the Act.
  - (2) If at any time there are not within South Sudan 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 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 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.

- (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 otherwise provided in these articles, three members present in person shall be a quorum
10.
  - (1) Where 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.
  - (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 present within half an hour from the time appointed for the meeting the members present shall be a quorum.
11.
  - (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.
12. 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.
13.
  - (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 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.

14. (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.
15. 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.
  16. 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.
  17. (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.
  18. 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.**

19. Every member has one vote.

- 20. 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.
- 21. 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.
- 22. On a poll votes may be given either personally or by proxy.
- 23. (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.
- 24. 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 South Sudan 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.
- 25. 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 or her 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.....

- 26. 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 or 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 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.”*

27. The instrument appointing a proxy shall be taken to confer authority to demand or join in demanding a poll.
28. 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.**

29. 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.**

30. 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.
31.
  - (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.**

32. 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.**

33. (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 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 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 had the regulations not been made.
34. (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 the attorney 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.
35. All cheques, promissory notes, drafts, Acts 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.
36. (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

- (c) any committee of the directors; and
  - (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.**

37. (1) The office of director shall be vacated where the director -
- (a) without the consent of the company in general meeting holds any other office of profit under the company;
  - (b) becomes bankrupt or makes an arrangement or composition with his or her creditors generally;
  - (c) becomes prohibited from being a director by reason of any order made under 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 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 309 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.**

38. 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.
39. 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.
40. A retiring director shall be eligible for re-election.
41. 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 reelection, 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.

42. 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 nor more than twenty-one days before the date appointed for the meeting, there shall have been left at the registered office of the company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which 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.
43. 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.
44. (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.
45. (1) The company may by ordinary resolution, of which special notice has been given in accordance with 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 sub-article (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.
46. (1) The company may by ordinary resolution, appoint another person in place of a director removed from office under article 45.
- (2) Without prejudice to the powers of the directors under article 45, the company in 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.**

47. (1) The directors may meet together for the dispatch 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 South Sudan.
48. 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.
49. 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.
50. 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
51. (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 sub-article (1) shall in the exercise of the powers delegated conform to any regulations that may be imposed on it by the directors.
52. (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.
53. (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.
54. 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.
55. 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.**

56. (1) The secretary shall be appointed by the directors for a term, at remuneration and upon conditions determined by the directors.
- (2) A secretary appointed under sub article (1) may be removed by the directors.
57. 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.**

58. (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.**

59. (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



- (c) 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.
60. The books of account shall be kept at the registered office of the company, or, subject to the Act, at such other place or places as the directors think fit, and shall always be open to the inspection by the directors.
61. (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.
62. The directors shall from time to time in accordance with the Act, cause to be prepared and to be laid before the company in general meeting profit and loss accounts, balance sheets, group accounts, if any, and reports as referred to in those sections.
63. (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 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.**

64. Auditors shall be appointed and their duties regulated in accordance with sections 206 to 214 of the Act.

#### **Notice.**

65. (1) A notice may be given by the company to any member either personally or by sending it by post to him or to his or her registered address, or if he or she has no registered address within South Sudan to the address, if any, within South Sudan supplied by him 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 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.
66. (1) Notice of every general meeting shall be given in any manner authorized in article 66 to –
- (a) every member except those members who have no registered address within South Sudan and who have not supplied to the company and address within South Sudan 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 sub article (1) is not entitled to receive notices of general meetings.

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

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

Witness to the above signatures .....

**Table D.**

**MEMORANDUM AND ARTICLES OF ASSOCIATION OF AN UNLIMITED COMPANY  
HAVING A SHARE CAPITAL.**

**PART I - MEMORANDUM OF ASSOCIATION.**

1st. The name of the company is “.....(insert name of company).”

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

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.

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		

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 South Sudanese Pounds divided into twenty shares of one hundred South Sudanese Pounds each.
3. The company may by special resolution –
  - (a) increase the share capital by such sum to be divided into shares of such amount as the resolution may prescribe;
  - (b) consolidate its shares into shares of a larger amount than its existing shares;
  - (c) subdivide its shares into shares of a smaller amount than its existing shares;
  - (d) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any persons;
  - (e) reduce its share capital in any way.
4. The regulations of Table A, Part I, set out in the First Schedule to the Companies Act other than regulations 40 to 46 inclusive shall be taken to be incorporated with these articles and shall apply to the 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.		

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

Witness to the above signatures .....

## Table E

## Section 17

### CODE OF CORPORATE GOVERNANCE.

#### PART I - BOARD 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. Composition of the board.**

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.**

- (1) There shall be a division of responsibilities between chief executive officer and chairperson of the board 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 three 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 organize 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 this 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; and
    - (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 part in committees.
- (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. Evaluation of the board of directors.**

- (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.

**PART II - 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.

### **PART III - 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 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.

#### **PART IV - 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 categorized 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 number of staff and 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.

**PART V - ACCOUNTING AND AUDITING.**

**17. Auditing and non-audit services.**

- (1) Financial statements shall be presented in line with applicable relevant laws and in accordance with International Financial Reporting Standards unless otherwise allowed by the Minister by Statutory Instrument.
- (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) Majority of members of the audit committee shall consist of independent directors.
- (2) The chairperson of the audit committee shall be independent, and the board

chairperson shall not be a member of the audit committee.

- (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-
  - (i) written terms of reference are given; and
  - (ii) 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-
  - (i) transparent;
  - (ii) reflect accountability;
  - (iii) objective; and
  - (iv) 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.



SECOND SCHEDULE

ss.25, 177, 403

Form of Statement in Lieu of Prospectus to be Delivered to Registrar by a Private Company on Becoming a Public Company and reports to be set out therein.

PART I - FORM OF STATEMENT AND PARTICULARS TO BE CONTAINED IN THE PROSPECTUS

Statement in lieu of Prospectus delivered for registration by (insert the name of the company)

Pursuant to section 25 of the Companies Act, 2010.

Delivered for registration by .....

The nominal share capital of the company ... South Sudanese Pounds. Divided into ... Shares of South Sudanese Pounds. --- -- each

Shares of South Sudanese Pounds. -----

each Amount (if any) of above capital which consists of redeemable preference shares. Shares of South Sudanese Pounds. ----- each Shares of South Sudanese Pounds. ----- each

The earliest date on which the company has power to redeem these shares. Names, occupations and postal addresses of directors or proposed directors. Amount of shares issued .. . Amount of commissions paid in connection therewith shares. Amount of discount (if any) allowed on the issue of any shares, or so much thereof as has not been written off at the date of the statement .. .

Unless more than one year has elapsed since the date on which the company was entitled to commence business - Amount of preliminary expenses ... South Sudanese Pounds.

By whom those expenses have been paid or are payable. Amount paid to any promoter .. . Name of promoter - Amount: South Sudanese Pounds. Consideration for the payment .. . Consideration - Any other benefit given to any promoter. Name of promoter - Nature and value of benefit - Consideration for giving of benefit Consideration - If the share capital of the company is divided into different classes of shares, the right of voting at

meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively.

Number and amount of shares and debentures issued within 1. shares of SSP:----  
 fully paid the two years preceding the date of this statement as fully 2. shares  
 upon which South Sudanese Pounds ---- or partly paid up otherwise than for cash or agreed to be  
 so per share credited as paid.

issued at the date of this statement. 3. debenture South Sudanese  
 Pounds.

Consideration for the issue of those shares or debentures ... 4. Consideration -

Number, description and amount of any shares or debentures 1. shares of South Sudanese  
 Pounds ---

which any person has or is entitled to be given an option and debentures of  
 South Sudanese pounds ---  
 to subscribe for, or to acquire from a person to whom they  
 have been allotted or agreed to be allotted with a view to  
 to his offering them for sale .....

Period during which option is exercisable ..... 2. Until

Price to be paid for shares or debentures subscribed for or  
 acquired upon option. 3.

Consideration for option or right to option ..... 4. Consideration -

Persons to whom option or right to option was given or, if  
 given to existing shareholders or debenture-holders as such, 5. Names and postal  
 addresses-  
 the relevant shares or debentures .....

Names and postal addresses of vendors of property (1) purchased or acquired by the company  
 within the two years preceding the date of this statement or (2) agreed or proposed to be  
 purchased or acquired by the company, except where the contract for its purchase or acquisition  
 was entered into in the ordinary course of business and there is no connection between the  
 contract and the company ceasing to be a private company or where the amount of the purchase  
 money is not material.

Amount (in cash, shares or debentures) paid or payable to each  
 separate vendor.

Amount paid or payable in cash, shares or debentures for any Total purchase price South  
 Sudanese Pounds.

such property, specifying the amount paid or payable for  
 goodwill ..... Cash .....  
 South Sudanese Pounds.

Shares ..... SSP.

Debentures ..... SSP.

Goodwill ..... SSP

Short particulars of any transaction relating to any such property which was completed within the two preceding years and in which any vendor to the company or any person who is, or was at the time thereof, a promoter, director or proposed director of the company had any interest direct or indirect.

Dates of, parties to, and general nature of every material contract (other than contracts entered into in the ordinary course of business or entered into more than two years before the delivery of this statement).

Time and place at which the contracts or copies thereof may be inspected or (1) in the case of a contract not reduced into writing, a memorandum giving full particulars thereof, and (2) in the case of a contract wholly or partly in a foreign language, a copy of a translation thereof in English or embodying a translation in English of the parts in a foreign language, as the case may be, being a translation certified in the prescribed manner to be a correct translation.

Names and postal addresses of the auditors of the company.

Full particulars of the nature and extent of the interest of every director in any property purchased or acquired by the company within the two years preceding the date of this statement or proposed to be purchased or acquired by the company or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares, or otherwise, by any person either to induce him to become or to qualify him as, a director, or otherwise for services rendered or to be rendered to the company by him or by the firm.

Rates of the dividends (if any) paid by the company in respect of each class of shares in the company in each of the five financial years immediately preceding the date of this statement or since the incorporation of the company, whichever period is the shorter.

Particulars of the cases in which no dividends have been paid in respect of any class or shares in any of these years.

(Signatures of the persons above named as directors or proposed directors or of their agents authorized in writing.)

.....  
.....  
.....

## PART II - REPORTS TO BE SET OUT

1. If unissued shares or debentures of the company are to be applied in the purchase of a business,  
a report made by accountants (who shall be named in the statement) upon:-
  - (a) the profits or losses of the business in respect of each of the five financial years immediately preceding the delivery of the statement to the registrar; and
  - (b) the assets and liabilities of the business at the last date to which the accounts of the

business were made up.

2. (1) If unissued shares or debentures of the company are to be applied directly or indirectly in any manner resulting in the acquisition of shares in a body corporate which by reason of the acquisition or anything to be done in consequence thereof or in connection therewith will become a subsidiary of the company, a report made by accountants (who shall be named in the statement) with respect to the profits and losses and assets and liabilities of the other body corporate in accordance with subparagraph (2) or (3), as the case requires, indicating how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the company, and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired.

(2) If the other body corporate has no subsidiaries, the report referred to in subparagraph (1) shall:-

(a) so far as regards profits and losses, deal with the profits or losses of the body corporate in respect of each of the five financial years immediately preceding the delivery of the statement to the registrar; and

(b) so far as regards assets and liabilities deal with the assets and liabilities of the body corporate at the last date to which the accounts of the body corporate were made up.

(3) If the other body corporate has subsidiaries, the report referred to in subparagraph (1) shall:-

(a) so far as regards profits and losses, deal separately with the other body corporate's profits or losses as provided by the last foregoing subparagraph, and in addition deal either:-

(i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern members of the other body corporate; or

(ii) individually with the profits or losses of each subsidiary, so far as they concern members of the other body corporate.

or, instead of dealing separately with the other body corporate's profits or losses, deal as a whole with the profits or losses of the other body corporate and, so far as they concern members of the other body corporate, with the combined profits or losses of its subsidiaries; and

(b) so far as regards assets and liabilities, deal separately with the other body corporate's assets and liabilities as provided by the last foregoing subparagraph and, in addition, deal either-

(i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the other body corporate's assets and liabilities; or

(ii) individually with the assets and liabilities of each subsidiary,

and shall indicate as respects the assets and liabilities of the subsidiaries the allowance to be made for persons other than members of the company.

### **PART III - PROVISIONS APPLYING TO PARTS I AND II OF THIS SCHEDULE**

3. In this Schedule the expression "vendor" includes a vendor as defined in Part III of the Third Schedule, and the expression "financial year" has the meaning assigned to it in that Part of that Schedule.

4. If in the case of a business which has been carried on, or of a body corporate which has been carrying on business, for less than five years, the accounts of the business or body corporate have only been made up in respect of four years, three years, two years or one year, Part II of this Schedule shall have effect as if references to four years, three years, two years or one year, as the case may be, were substituted for references to five years.

5. Any report required by Part II of this Schedule shall either indicate by way of note any adjustments as respects the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the persons making the report necessary or shall make those adjustments and indicate that adjustments have been made.

6. Any report by accountants required by Part II of this Schedule shall be made by accountants qualified under this Act for appointment as auditors of a company which is not a private company and shall not be made by any accountant who is an officer or servant, or a partner of or in the employment of an officer or servant, of the company, or of the company's subsidiary or holding company or of a subsidiary of the company's holding company; and for the purposes of this paragraph the expression "officer" shall include a proposed director but not an auditor.

### THIRD SCHEDULE

ss. 63, 72, 376, 378, 403

Matters and Reports to be Specified in Prospectus.

#### PART I - MATTERS TO BE SPECIFIED

1. The number of founders or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company.
2. The number of shares, if any, fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors.
3. The names, occupations and postal addresses of the directors or proposed directors.
4. Where shares are offered to the public for subscription, particulars as to:-
  - (a) the minimum amount which, in the opinion of the directors, must be raised by the issue of those shares in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums, required to be provided in respect of each of the following matters:-
    - (i) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;
    - (ii) any preliminary expenses payable by the company, and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares in the company;
    - (iii) the repayment of any moneys borrowed by the company in respect of any of the foregoing matters;
    - (iv) working capital; and
  - (b) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided.
5. The time of the opening of the subscription lists.
6. The amounts payable on application and allotment on each share, and, in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the two preceding years, the amount actually allotted, and the amount, if any, paid on the shares so allotted.
7. The number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the following particulars of the option, that is to say:-
  - (a) the period during which it is exercisable;
  - (b) the price to be paid for shares or debentures subscribed for under it;
  - (c) the consideration (if any) given or to be given for it or for the right to it;
  - (d) the names and postal addresses of the persons to whom it or the right to it was

given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.

8. The number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued.

9. (1) As respects any property to which this paragraph applies-

(a) the names and postal addresses of the vendors;  
(b) the amount payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor;

(c) short particulars of any transaction relating to the property completed within the two preceding years in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest direct or indirect.

(2) The property to which this paragraph applies is property purchased or acquired by the company or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus or the purchase or acquisition of which has not been completed at the date of the issue of the prospectus, other than property:-

(a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the company's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or

(b) as respects which the amount of the purchase money is not material.

10. The amount, if any, paid or payable as purchase money in cash, shares or debentures for any property to which the last foregoing paragraph applies, specifying the amount, if any, payable for goodwill.

11. The amount, if any, paid within the two preceding years, or payable, as commission (but not including commission to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the company, or the rate of any such commission.

12. The amount or estimated amount of preliminary expenses and the persons by whom any of those expenses have been paid or are payable, and the amount or estimated amount of the expenses of the issue and the persons by whom any of those expenses have been paid or are payable.

13. Any amount or benefit paid or given within the two preceding years or intended to be paid or given to any promoter, and the consideration for the payment or the giving of the benefit.

14. The dates of parties to and general nature of every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or a contract entered into more than two years before the date of issue of the prospectus.

15. The names and postal addresses of the auditors, if any, of the company.

16. Full particulars of the nature and extend of the interest, if any, of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.

17. If the prospectus invites the public to subscribe for shares in the company and the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively.

18. In the case of a company which has been carrying on business, or of a business which has been carried on for less than three years, the length of time during which the business of the company or the business to be acquired, as the case may be, has been carried on.

## PART II - REPORTS TO BE SET OUT

19. (1) A report by the auditors of the company with respect to:-

(a) profits and losses and assets and liabilities, in accordance with subparagraph (2) or (3), as the case requires; and

(b) the rates of the dividends, if any, paid by the company in respect of each class of shares in the company in respect of each of the five financial years immediately preceding the issue of the prospectus, giving particulars of each such class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares in respect of any of those years,

and, if no accounts have been made up in respect of any part of the period of five years ending on a date three months before the issue of the prospectus, containing a statement of that fact.

(2) If the company has no subsidiaries, the report shall:-

(a) so far as regards profits and losses, deal with the profits or losses of the company in respect of each of the five financial years immediately preceding the issue of the prospectus; and

(b) so far as regards assets and liabilities, deal with the assets and liabilities of the company at the last date to which the accounts of the company were made up.

(3) If the company has subsidiaries, the report shall:-

(a) so far as regards profits and losses, deal separately with the company's profits or losses as provided by subparagraph (2), and in addition, deal either:-

(i) as a whole with the combined profits and losses of its subsidiaries, so far as they concern members of the company; or

(ii) individually with the assets and liabilities of each subsidiary,

and shall indicate as respects the assets and liabilities of the subsidiaries the allowance to be made for persons other than members of the company.



20. If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants (who shall be named in the prospectus) upon:-

- (a) the profits or losses of the business in respect of each of the five financial years immediately preceding the issue of the prospectus; and
- (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.

21. (1) If -

- (a) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the company of shares in any other body corporate; and
- (b) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith that body corporate will become a subsidiary of the company,

a report made by accountants (who shall be named in the prospectus) upon:-

- (i) the profits or losses of the other body corporate in respect of each of the five financial years immediately preceding the issue of the prospectus; and
- (ii) the assets and liabilities of the other body corporate at the last date to which the accounts of the body corporate were made up.

(2) The said report shall:-

- (a) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the company and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired; and
- (b) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by subparagraph (3) of paragraph 19 in relation to the company and its subsidiaries.

### PART III - PROVISIONS APPLYING TO PARTS I AND II OF SCHEDULE

22. Paragraphs 2, 3, 12 (so far as it relates to preliminary expenses) and 16 shall not apply in the case of a prospectus issued more than two years after the date at which the company is entitled to commence business.

23. Every person shall for the purposes of this Schedule, be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where:-

- (a) the purchase money is not fully paid at the date of the issue of the prospectus;
- (b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus;
- (c) the contract depends for its validity or fulfillment on the result of the issue.

24. Where any property to be acquired by the company is to be taken on lease, this Schedule shall have effect as if the expression "vendor" included the lessor, and the expression "purchase money" included the consideration for the lease, and the expression "sub-purchaser" included a

sub-lessee.

25. References in paragraph 7 to subscribing for shares or debentures shall include acquiring them from a person to whom they have been allotted or agreed to be allotted with a view to his offering them for sale.

26. For the purposes of paragraph 9 where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors.

27. If in the case of a company which has been carrying on business, or of a business which has been carried on for less than five years, the accounts of the company or business have only been made up in respect of four years, three years, two years or one year, Part II of this Schedule shall have effect as if references to four years, three years, two years or one year, as the case may be, were substituted for references to five years.

28. The expression “financial year” in Part II of this Schedule means the year in respect of which the accounts of the company or of the business, as the case may be, are made up, and where by reason of any alteration of the date on which the financial year of the company or business terminates the accounts of the company or business have been made up for a period greater or less than a year, that greater or less period shall for the purpose of that Part of this Schedule be deemed to be a financial year.

29. Any report required by Part II of this Schedule shall either indicate by way of note any adjustments as respects the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the persons making the report necessary or shall make those adjustments and indicate that adjustments have been made.

30. Any report by accountants required by Part II of this Schedule shall be made by accountants qualified under this Act for appointment as auditors of a company which is not a private company and shall not be made by any accountant who is an officer or servant, or a partner of or in the employment of an officer or servant, of the company or of the company's subsidiary or holding company or of a subsidiary of the company's holding company; and for the purposes of this paragraph the expression “officer” shall include a proposed director but not an auditor.

## FOURTH SCHEDULE

ss. 73, 177, 403

### 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 South Sudan 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 South Sudan).*
3. Summary of share capital and debentures.
  - (a) Nominal share capital.
 

Nominal share capital South Sudanese Pounds ..... divided into:  
*(Insert number and class)* shares of ..... each  
 ..... shares of ..... each

..... shares of ..... each  
 ..... shares of ..... each

**(b)** Issued share capital and debentures.

	Number	Class	
Number of shares of each class taken up to the date of this return 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 ..... South Sudanese Pounds per share
			shares issued as paid up to the extent of ..... South Sudanese Pounds per share
			shares issued as paid up to the extent of ..... South Sudanese Pounds per share
			shares issued as paid up to the extent of ..... South Sudanese Pounds 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 South Sudanese Pounds.			

Amount called up on number of shares of each class South Sudanese Pounds_____per share on South Sudanese Pounds_____per share on South Sudanese Pounds_____per share on South Sudanese Pounds_____per share on	Number	Class	South Sudanese Pounds.	
			shares	
			shares	
			shares	
			shares	
Total amount of calls received, including payments on application and allotment and any sums received on shares forfeited				
	South Sudanese Pounds	Number	Class	
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				
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	South Sudanese Pounds	Number	Class	Shares
Total amount of calls unpaid				
Total amount of the sums if any paid by way of commission in respect of any shares or debentures				
Total amount of the sums if any allowed by way of discount in respect of any debentures since the date of the last return				
Total number of shares of each class forfeited	Number	Class		
			Shares	
			Shares	
			Shares	
Total amount paid if any on shares forfeited				South Sudanese Pounds
Total amount of shares for which share warrants to bearer are outstanding				South Sudanese Pounds
Total amount of share warrants to bearer	Issued:		South Sudanese Pounds	

issued and surrendered respectively since the date of the last return			
	Surrendered		South Sudanese Pounds
Number of shares comprised in each share warrant to bearer, specifying in the case of warrants of different kinds, particulars of each kind			

4. Particulars of indebtedness.

Total amount of indebtedness of the company in respect of all mortgages and charges which are required to be registered with the registrar of companies under the Companies Act, South Sudanese Pounds .....

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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.

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)

The aggregate number of shares held by each member must be stated, and the aggregates must be added up so as to agree with the number of shares stated in the summary of share capital and debentures to have been taken up.

When the shares are of different classes these columns should be subdivided so that the number of each class held, or transferred, may be shown separately. Where any shares have been converted into stock, the amount of stock held by each member must be shown.

The date of registration of each transfer should be given as well as the number of shares transferred on each date. The particulars should be placed opposite the name of the transferor and not opposite that of the transferee, but the name of the transferee may be inserted in the "Remarks" column immediately opposite the particulars of each transfer.

**Notes**

- (i) If the return for either of the two immediately preceding years has given as at the date of that return the full particulars required as to past and present members and the shares and stock held and transferred by them, only such of the particulars need be given as relate to persons ceasing to be or becoming members since the date of the last return and to shares transferred since that date or to changes as compared with that date in the amount of stock held by a member.
- (ii) If the names in the list are not arranged in alphabetical order an index sufficient to enable the name of any person to be readily found must be annexed.

**6. Particulars of directors and secretaries.**

Particulars of the persons who are directors of the company at the date of this return.

Name in the case of an individual, present 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

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

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

Signed ....., Director.

Signed ....., Secretary.

**Notes.**

- (i) “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.
- (ii) “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.
- (iii) “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 South Sudan 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 subject to section 163of the Companies Act, namely, a company which is not a private company or which, being a private company, is the subsidiary of a body corporate incorporated in South Sudan which is not a private company.

Where all the partners in a firm are joint secretaries, the name and principal office of the firm may be stated.

\* Delivered for filing by .....

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

**CERTIFICATES AND OTHER DOCUMENTS ACCOMPANYING ANNUAL RETURN.**

*Certificate to be given by a director and the secretary of every private company.*

We certify that the company has not since the date of \* (the incorporation of the company/the last annual return) issued any invitation to the public to subscribe for any shares or debentures of the company.

Signed ....., Director

Signed ....., Secretary.

\* In the case of the first return strike out the second alternative. In the case of the second or subsequent return strike out the first alternative.

*Further certificate to be given 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 48 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 181 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 a 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.

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.

## **FIFTH SCHEDULE.**

**ss. 201, 203, 213, 206, 403**

### **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 283 and 284 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 trade marks.
- (4) For the assets under each heading whose amount is arrived at in accordance with subparagraphs (1) and (2), there shall be shown -
- (a) the aggregate of the amounts referred to in paragraph (a) of that subparagraph; and
  - (b) the aggregate of the amounts referred to in paragraph (b) thereof.
- (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 trade marks 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.
- 13. 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,
- 14. Particulars of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.
- 15. 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.

16. Where practicable, the aggregate amount or estimated amount, if it is material, of contracts for capital expenditure, so far as not provided for.
17. If in the opinion of the directors any of the current assets have not a value, on realization 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.
18. The aggregate market value of the company's quoted investments, other than trade investments, where it differs from the amount of the 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.
19. The basis on which foreign currencies have been converted into South Sudanese currency, where the amount of the assets or liabilities affected is material.
20. 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.
21. 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**

1. (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; and
  - (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.
2. 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".
3.
  - (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.**

4.
  - (1) This paragraph shall apply where the company is a holding company, whether or not it is itself a subsidiary of another body corporate.
  - (2) The aggregate amount of assets consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, the company's subsidiaries, distinguishing shares from indebtedness, shall be set out in the balance sheet separately from all the other assets of the company, and the aggregate amount of indebtedness

(whether on account of a loan or otherwise) to the company's subsidiaries shall be so set out separately from all its other liabilities and –

- (a) the references in Part I of this Schedule to the company's investments shall not include investments in its subsidiaries required by this paragraph to be separately set out; and
      - (b) 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.
5. (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.**

6. 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.
7. 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.

8. Sections 205 and 206 shall not, by virtue of paragraphs 17 and 18, apply for the purpose of the consolidated accounts.
9. 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.
10. 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 group accounts, but as if references in it to the holding company's accounts were references to the consolidated accounts.
11. 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.**

12. (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.
13. An insurance company as defined in 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

- subparagraphs (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.**

- 14. (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.
- 15.** For the purposes of paragraph 25, “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. 210, 403.

### 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 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 Fifth 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 Fifth Schedule to this Act are not required to be disclosed.

#### **Consolidated Accounts of Holding Company and Subsidiaries.**

5. 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.

6. Subject to paragraph 7 to 9 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.
7. The provisions of the Act shall apply subject to paragraph. 6.
8. 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 5(4) 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 II - EXCEPTION FOR SCHEDULED BANKS AND FOR INSURANCE COMPANIES.**

9.
  - (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 law on banking.
10. An insurance company as defined, which is subject to the requirements of the law 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 2 and 3, paragraph 4 so far as it relates to fixed and current assets, paragraph 8 except sub-paragraph (1) (a) and (d) and subparagraph (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 sub-paragraph 12(1) (h), paragraph 13 and paragraphs 14(1), (4) and (5).

## **PART III - INTERPRETATION OF SCHEDULE**

- 11. (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.



**SEVENTH SCHEDULE**

**ss. 382 and 403.**

**FORM OF STATEMENT TO BE PUBLISHED BY INSURANCE COMPANIES  
AND DEPOSIT, PROVIDENT OR BENEFIT SOCIETIES.**

The share capital of the company is ....., divided into ..... shares of ..... each.

The number of shares issued is .....

Calls to the amount of ..... South Sudanese Pounds per share have been made, under which the sum of ..... South Sudanese Pounds 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, South Sudanese Pounds.
- On notes or Acts, South Sudanese Pounds.
- On contracts, South Sudanese Pounds.
- On estimated liabilities, South Sudanese Pounds.

The assets of the company on that day were -

- Government securities (stating them)
- Acts of exchange and promissory notes, South Sudanese Pounds.
- Cash at the bankers, South Sudanese Pounds.
- Other securities, South Sudanese Pounds.

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\*If the company has no share capital the portion of the statement relating to capital and shares must be omitted.-----

## EIGHTH SCHEDULE

s. 393

### PROVISIONS REFERRED TO IN SECTION 393 OF THIS ACT

Section or provision of Schedule.	Subject matter
23.	Conclusiveness of certificate of incorporation.
78.	Return as to allotments.
143.	Registration of charges
144.	Duty of a company to register charges created by company.
145.	Duty of a company to register charges existing on property acquired.
181.	Certificates to be sent by private company with annual return.
174.	Statutory meeting and statutory report.
201/220.	(1), (3) Auditors' report and right to access to books and to attend and be heard at general meetings
257.	Restrictions on appointment or advertisement of director.

#### **Fourth Schedule, Part I, paragraphs 2, 4, and 6.**

Particulars in annual return of company having a share capital.

**ASSENT OF THE PRESIDENT OF THE REPUBLIC OF SOUTH SUDAN**

In accordance with the provision of Article 85 (1) of the Transitional Constitution of the Republic of South Sudan, 2011, I, Gen. Salva Kiir Mayardit, President of the Republic of South Sudan, hereby Assent to the Companies Act, 2012 and sign it into law.

Signed under my hand in Juba, this -----day of the month of -----in the year 2012.

**Gen. Salva Kiir Mayardit**  
**President**  
**Republic of South Sudan**  
**RSS/ Juba.**