

CHAPTER 486 - Companies Act

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

Arrangement of Sections

- 45 Civil Liability for Mis-statements in Prospectus.
- 46 Criminal Liability for Mis-statements in Prospectus.
- 47 Document Containing Offer of Shares or Debentures for Sale to Be Deemed Prospectus.
- 48 Interpretation of Provisions Relating to Prospectuses.
- 49 Prohibition of Allotment Unless Minimum Subscription Received.
- 50 Prohibition of Allotment in Certain Cases Unless Statement in Lieu of Prospectus Delivered to Registrar.
- 51 Effect of Irregular Allotment.
- 52 Applications For, and Allotment Of, Shares and Debentures.
- 53 Allotment of Shares and Debentures to Be Dealt in on Stock Exchange.
- 54 Return as to Allotments.
- 55 Power to Pay Certain Commissions, and Prohibition of Payment of All Other Commissions, Discounts, Etc.
- 56 Prohibition of Provision of Financial Assistance by Company for Purchase of or Subscription for Its Own, or Its Holding Company's Shares.
- 57 Construction of References to Offering Shares or Debentures to the Public.
- 58 Application of Premiums Received on Issue of Shares.
- 59 Power to Issue Shares at a Discount.
- 60 Power to Issue Redeemable Preference Shares.
- 61 Power of Company to Arrange for Different Amounts Being Paid on Shares.
- 62 Reserve Liability of Limited Company.
- 63 Power of Company Limited by Shares to Alter Its Share Capital.
- 64 Notice to Registrar of Consolidation of Share Capital, Conversion of Shares into Stock, Etc.
- 65 Notice of Increase of Share Capital.
- 66 Power of Unlimited Company to Provide for Reserve Share Capital on Re-registration.
- 67 Power of Company to Pay Interest out of Capital to Certain Cases.

- 68 Special Resolution for Reduction of Share Capital.
- 69 Application to Court for Confirming Order, Objections by Creditors, and Settlement of List of Objecting-creditors.
- 70 Order Confirming Reduction and Powers of Court on Making Such Order.
- 71 Registration of Order and Minute of Reduction.
- 72 Liability of Members in Respect of Reduced Shares.
- 73 Penalty for Concealing Name of Creditor, Etc.
- 74 Rights of Holders of Special Classes of Shares.
- 75 Nature of Shares.
- 76 Numbering of Shares.
- 77 Transfer Not to Be Registered Except on Production of Instrument of Transfer.
- 78 Transfer by Personal Representative.
- 79 Registration of Transfer at Request of Transferor.
- 80 Notice of Refusal to Register Transfer.
- 81 Certification of Transfers.
- 82 Duties of Company with Respect to Issue of Certificates.
- 83 Certificate to Be Evidence of Title.
- 84 Evidence of Grant of Probate.
- 85 Issue and Effect of Share Warrants to Bearer.
- 86 Penalty for Personation of Shareholder.
- 87 Offence in Connection with Share Warrants.
- 88 Provision as to Registers of Debenture Holders.
- 89 Rights of Debenture Holders and Shareholders to Inspect Register of Debenture Holders and to Have Copies of Trust Deed
- 90 Liability of Trustees for Debenture Holders.
- 91 Perpetual Debentures.
- 92 Power to Reissue Redeemed Debentures in Certain Cases.
- 93 Saving, in Case of Reissued Debentures, of Rights of Certain Mortgagees.
- 94 Specific Performance of Contracts to Subscribe for Debentures.
- 95 Payment of Certain Debts out of Assets Subject to Floating Charge in Priority to Claims Under the Charge.

- 96 Registration of Charges.
- 97 Duty of Company to Register Charges Created by Company.
- 98 Duty of Company to Register Charges Existing on Property Acquired.
- 99 Certificate of Registration of Charge.
- 102 Extension of Time to Register Charges.
- 103 Registration of Enforcement of Security.
- 104 Copies of Instruments Creating Charges to Be Kept by Company.
- 105 Company's Register of Charges.
- 106 Right to Inspect Copies of Instrument, Creating Charge, and Company's Register of Charges.

Part V - MANAGEMENT AND ADMINISTRATION

- 107 Registered Office of Company.
- 108 Notification of Situation of Registered Office and of Change Therein.
- 109 Publication of Name by Company and Form of Seal.
- 110 Statement of Amount of Capital Subscribed and Amount Paid Up
- 111 Restrictions on Commencement of Business.
- 112 Register of Members.
- 113 Index of Members.
- 114 Provisions as to Entries in Register in Relation to Share Warrants
- 115 Inspection of Register and Index.
- 116 Consequences of Failure to Comply with Requirements as Register Owing to Agent's Default.
- 117 Power to Close Register.
- 118 Power of Court to Rectify Register.
- 119 Trusts Not to Be Entered on Register.
- 120 Register to Be Evidence.
- 121 Power for Company to Keep Branch Register.
- 122 Regulations as to Branch Register.
- 123 Stamp Duty in Case of Transfer of Shares Registered in Branch Registers.
- 124 Provisions as to Branch Registers of Commonwealth Companies Kept in Kenya.
- 125 Annual Return to Be Made by Company Having a Share Capital.
- 126 Annual Return to Be Made by Company Not Having a Share Capital.

- 127 Time for Completion of Annual Return.
- 128 Documents to Be Annexed to Annual Return.
- 129 Certificates to Be Sent by Private Company with Annual Return.
- 130 Statutory Meeting and Statutory Report.
- 131 Annual General Meeting.
- 132 Convening of Extraordinary General Meeting on Requisition.
- 133 Length of Notice for Calling Meetings.
- 134 General Provisions as to Meetings and Votes.
- 135 Power of Court to Order Meeting.
- 136 Proxies.
- 137 Rights to Demand a Poll.
- 138 Voting on a Poll.
- 139 Representation of Corporations at Meetings of Companies and of Creditors.
- 140 Circulation of Members' Resolutions, Etc.
- 141 Special Resolutions.
- 142 Resolutions Requiring Special Notice.
- 143 Registration and Copies of Certain Resolutions and Agreements.
- 144 Resolutions Passed at Adjourned Meetings.
- 145 Minutes of Proceedings of Meetings of Company and of Directors.
- 146 Inspection of Minute Books.
- 147 Keeping of Books of Account.
- 148 Profit and Loss Account and Balance Sheet.
- 149 General Provisions as to Contents and Form of Accounts.
- 150 Obligation to Lay Group Accounts Before Holding Company.
- 151 Form of Group Accounts.
- 152 Contents of Group Accounts.
- 153 Financial Year of Holding Company and Subsidiary;
- 154 Meaning of "holding Company" and "subsidiary"
- 155 Signing of Balance Sheet.
- 156 Accounts and Auditors' Report to Be Annexed to Balance Sheet.
- 157 Directors' Report to Be Attached to Balance Sheet.
- 158 Right to Receive Copies of Balance Sheets and Auditors' Report.

- 159 Appointment and Remuneration of Auditors.
- 160 Provisions as to Resolutions Relating to Appointment and Removal of Auditors.
- 161 Disqualifications for Appointment as Auditor.
- 162 Auditors' Report and Right of Access to Books and to Attend and Be Heard at General Meetings.
- 163 Construction of References to Documents Annexed to Accounts.
- 164 Investigation by Registrar.
- 165 Investigation of Company's Affairs on Application of Members.
- 166 Investigation of Company's Affairs in Other Cases.
- 167 Power of Inspectors to Carry Investigation into Affairs of Related Companies.
- 168 Production of Documents, and Evidence, on Investigation.
- 169 Inspector's Report.
- 170 Proceedings on Inspector's Reports.
- 171 Expenses of Investigation of Company's Affairs.
- 172 Inspector's Report to Be Evidence.
- 173 Appointment and Powers of Inspector to Investigate Ownership of Company.
- 174 Power to Require Information as to Persons Interested in Shares or Debentures.
- 175 Power to Impose Restrictions on Shares or Debentures
- 176 Saving for Advocates and Bankers.
- 177 Number of Directors.
- 178 Secretary.
- 179 Prohibition of Certain Persons Being Sole Director or Secretary.
- 180 Avoidance of Acts Done by Person in Dual Capacity as Director and Secretary.
- 181 Validity of Acts of Directors.
- 182 Restrictions on Appointment or Advertisement of Director.
- 183 Share Qualifications of Directors.
- 184 Appointment of Directors to Be Voted on Individually.
- 185 Removal of Directors.
- 186 Minimum Age for Appointment of Directors; and Retirement of Directors

- over Age Limit.
- 187 Duty of Directors to Disclose Age to Company.
- 188 Provisions as to Undischarged Bankrupts Acting as Directors.
- 189 Power to Restrain Fraudulent Persons from Managing Companies.
- 190 Prohibition of Tax-free Payments to Directors.
- 191 Prohibition of Loans to Directors.
- 192 Approval of Company Requisite for Payment by It to Director for Loss of Office, Etc.
- 193 Approval of Company Requisite for any Payment in Connection with Transfer of Its Property to Director for Loss of Office, Etc.
- 194 Duty of Director to Disclose Payment for Loss of Office, Etc. Made in Connection with Transfer of Shares in Company.
- 195 Provisions Supplementary to Sections 192, 193 and 194.
- 196 Register of Directors' Shareholdings, Etc.
- 197 Particulars in Accounts of Directors' Salaries, Pensions, Etc.
- 198 Particulars in Accounts of Loans to Officers, Etc.
- 199 General Duty to Make Disclosure for Purposes of Sections
- 200 Disclosure by Directors of Interests in Contracts.
- 201 Register of Directors and Secretaries.
- 202 Particulars with Respect to Directors in Trade Catalogues, Circulars, Etc.
- 203 Limited Company may Have Directors with Unlimited Liability
- 204 Special Resolution of Limited Company Making Liability of Directors Unlimited.
- 205 Provisions as to Assignment of Office by Directors.
- 206 Provisions as to Liability of Officers and Auditors.
- 207 Power to Compromise with Creditors and Members.
- 208 Information as to Compromises with Creditors and Members.
- 209 Provisions for Facilitating Reconstruction and Amalgamation of Companies.
- 210 Power to Acquire Shares of Shareholders Dissenting from Scheme or Contract Approved by Majority.
- 211 Alternative Remedy to Winding Up in Cases of Oppression

Part VI - WINDING UP

- 212 Modes of Winding Up.
- 213 Liability as Contributories of Present and Past Members.

- 214 Definition of Contributory.
- 215 Nature of Liability of Contributory.
- 216 Contributories in Case of Death of Member.
- 217 Contributories in Case of Bankruptcy of Member.
- 218 Jurisdiction to Wind Up Companies Registered in Kenya.
- 219 Circumstances in Which Company may Be Wound Up by the Court.
- 220 Definition of Inability to Pay Debts.
- 221 Provisions as to Applications for Winding Up.
- 222 Power of Court on Hearing Petition.
- 223 Power to Stay or Restrain Proceedings Against Company.
- 224 Avoidance of Dispositions of Property, Etc., After Commencement of Winding Up.
- 225 Avoidance of Attachments, Etc.
- 226 Commencement of Winding Up by the Court.
- 227 Copy of Order to Be Forwarded to Registrar.
- 228 Actions Stayed on Winding-up Order.
- 229 Effect of Winding-up Order.
- 230 Official Receiver in Bankruptcy to Be Official Receiver for Winding-up Purposes.
- 231 Appointment of Official Receiver by Court in Certain Cases.
- 232 Statement of Company's Affairs to Be Submitted to Official
- 233 Report by Official Receiver.
- 234 Power of Court to Appoint Liquidators.
- 235 Appointment and Powers of Interim Liquidator.
- 236 Appointment, Style, Etc., of Liquidators.
- 237 Provisions Where Person Other Than Official Receiver is Appointed Liquidator.
- 238 General Provisions as to Liquidators.
- 239 Custody of Company's Property.
- 240 Vesting of Property of Company in Liquidator.
- 241 Powers of Liquidator.
- 242 Exercise and Control of Liquidator's Powers.
- 243 Books to Be Kept by Liquidator.

- 244 Payments by Liquidator to Official Receiver or into Bank.
- 245 Audit of Liquidator's Accounts;
- 246 Control over Liquidators.
- 247 Release of Liquidators.
- 248 Meetings of Creditors and Contributories to Determine Whether Committee of Inspection Shall Be Appointed.
- 249 Constitution and Proceedings of Committee of Inspection.
- 250 Powers of Court Where No Committee of Inspection.
- 251 Power to Stay Winding Up.
- 252 Settlement of List of Contributories. and Application of Assets.
- 253 Delivery of Property to Liquidator.
- 254 Payment of Debts Due by Contributory to Company and Extent to Which Set-off Allowed.
- 255 Power of Court to Make Calls.
- 256 Payment into Bank of Moneys Due to Company.
- 257 Order on Contributory Conclusive Evidence.
- 258 Appointment of Special Manager.
- 259 Power to Exclude Creditors Not Proving in Time.
- 260 Adjustment of Rights of Contributories.
- 261 Inspection of Books by Creditors and Contributories.
- 262 Power to Order Costs of Winding Up to Be Paid out of Assets.
- 263 Power to Summon Persons Suspected of Having Property of Company, Etc.
- 264 Attendance of Officers of Company at Meetings of Creditors, Etc.
- 265 Power to Order Public Examination of Promoters and Officers.
- 266 Power to Arrest Absconding Promoters, Officers and Contributories.
- 267 Powers of Court Cumulative.
- 268 Delegation to Liquidator of Certain Powers of Court.
- 269 Dissolution of Company.
- 270 Appeals.
- 271 Circumstances in Which Company may Be Wound Up Voluntarily.
- 272 Notice of Resolution to Wind Up Voluntarily.
- 273 Commencement of Voluntary Winding Up.
- 274 Effect of Voluntary Winding Up on Business and Status Of. Company.

- 275 Avoidance of Transfers, Etc., After Commencement of Voluntary Winding Up.
- 276 Statutory Declaration of Solvency in Case of Proposal to Wind Up Voluntarily.
- 277 Provisions Applicable to a Members' Winding Up.
- 278 Power of Company to Appoint and Fix Remuneration of Liquidators.
- 279 Power to Fill Vacancy in Office of Liquidator.
- 280 Power of Liquidator to Accept Shares, Etc., as Consideration for Sale of Property of Company.
- 281 Duty of Liquidator to Call Creditors' Meeting in Case of Insolvency.
- 282 Duty of Liquidator to Call General Meeting at End of Each Year.
- 283 Final Meeting and Dissolution.
- 284 Alternative Provisions as to Annual and Final Meetings in Case of Insolvency.
- 285 Provisions Applicable to a Creditors' Winding Up.
- 286 Meeting of Creditors.
- 287 Appointment of Liquidator.
- 288 Appointment of Committee of Inspection.
- 289 Fixing of Liquidators' Remuneration.
- 290 Cesser of Directors' Powers on Appointment of Liquidator
- 291 Power to Fill Vacancy in Office of Liquidator.
- 292 Application of Section 280 to a Creditors' Voluntary Winding Up.
- 293 Duty of Liquidator to Call Meetings of Company and of Creditor at End of Each Year.
- 294 Final Meeting and Dissolution.
- 295 Provisions Applicable to Every Voluntary Winding Up
- 296 Distribution of Property of Company.
- 297 Powers and Duties of Liquidator in Voluntary Winding Up.
- 298 Power of Court to Appoint and Remove Liquidator in Voluntary Winding Up.
- 299 Notice by Liquidator of His Appointment.
- 300 Arrangement when Binding on Creditors.
- 301 Power to Apply to Court to Have Questions Determined or Powers Exercised.
- 302 Costs of Voluntary Winding Up.

- 303 Saving for Rights of Creditors and Contributories.
- 304 Power to Order Winding Up Subject to Supervision.
- 305 Effect of Petition for Winding Up Subject to Supervision.
- 306 Application of Sections 224 and 225 to Winding Up Subject to Supervision.
- 307 Power of Court to Appoint or Remove Liquidators.
- 308 Effect of Supervision Order.
- 309 Debts of All Descriptions may Be Proved.
- 310 Application of Bankruptcy Rules in Winding Up of Insolvent Companies.
- 311 Preferential Payments.
- 312 Fraudulent Preference.
- 313 Liabilities and Rights of Certain Fraudulently Preferred Persons.
- 314 Effect of Floating Charge.
- 315 Disclaimer of Onerous Property in Case of Company Wound Up
- 316 Restriction of Rights of Creditor as to Execution or Attachment in Case of Company Being Wound Up.
- 317 Duties of Court as to Goods Taken in Execution.
- 318 Offences by Officers of Companies in Liquidation.
- 319 Penalty for Falsification of Books.
- 320 Fraud by Officers of Companies Which Have Gone into Liquidation.
- 321 Officers of Company Failing to Account for Loss of Part of Company's Property.
- 322 Liability Where Proper Accounts Not Kept.
- 323 Responsibility for Fraudulent Trading of Persons Concerned.
- 324 Power of Court to Assess Damages Against Delinquent Directors, Etc.
- 325 Prosecution of Delinquent Officers and Members of Company.
- 326 Disqualification for Appointment as Liquidator.
- 327 Corrupt Inducement Affecting Appointment as Liquidator.
- 328 Enforcement of Duty of Liquidator to Make Returns, Etc.
- 329 Notification That a Company is in Liquidation.
- 330 Exemption of Certain Documents from Stamp Duty on Winding Up of Companies.
- 331 Books of Company to Be Evidence.
- 332 Disposal of Books and Papers of Company.

- 333 Information as to Pending Liquidations.
- 334 Unclaimed Assets to Be Paid to Companies Liquidation Account.
- 335 Resolutions Passed at Adjourned Meetings of Creditors and Contributories.
- 336 Meetings to Ascertain Wishes of Creditors or Contributories.
- 337 Swearing of Affidavits and Declarations.
- 338 Power of Court to Declare Dissolution of Company Void.
- 339 Registrar may Strike Defunct Company off Register.
- 340 Property of Dissolved Company to Be Bona Vacantia.
- 341 Power of Government to Disclaim Title to Property Vesting Under Section 340.
- 342 Companies Liquidation Account.
- 343 Investment of Surplus Funds; Companies Contingency Fund.
- 344 Rules and Fees for Winding Up.

Part VII - RECEIVERS AND MANAGERS

- 345 Disqualification of Body Corporate for Appointment as Receiver.
- 346 Disqualification of Undischarged Bankrupt from Acting as Receiver or Manager.
- 347 Power to Appoint Official Receiver as Receiver for Debenture Holders or Creditors.
- 348 Receivers and Managers Appointed out of Court.
- 349 Notification That Receiver or Manager Appointed.
- 350 Power of Court to Fix Remuneration on Application of Liquidator.
- 351 Provisions as to Information Where Receiver or Manager Appointed.
- 352 Special Provisions as to Statement Submitted to Receiver
- 353 Delivery to Registrar of Accounts of Receivers and Managers.
- 354 Enforcement of Duty of Receivers and Managers to Make Returns, Etc.
- 355 Construction of References to Receivers and Managers.

Part VIII - APPLICATION OF ACT TO COMPANIES FORMED OR REGISTERED UNDER THE REPEALED ORDINANCES

- 356 Application of Act to Companies Formed and Registered Under the Repealed Ordinances.

Part IX - WINDING UP OF UNREGISTERED COMPANIES

- 357 Meaning of Unregistered Company.
- 358 Winding Up of Unregistered Companies.

- 359 Foreign Companies may Be Wound Up Although Dissolved.
- 360 Contributories in Winding Up of Unregistered Company.
- 361 Power of Court to Stay or Restrain Proceedings.
- 362 Actions Stayed on Winding-up Order.
- 363 Provisions of Part IX Cumulative.
- 364 Saving for Winding Up Under the Repealed Ordinances.

Part X - COMPANIES INCORPORATED OUTSIDE KENYA

- 365 Application of Sections 366 to 375.
- 366 Documents, Etc., to Be Delivered to Registrar by Foreign Companies Carrying on Business in Kenya.
- 367 Certificate of Registration and Power to Hold Land.
- 368 Returns to Be Delivered to Registrar by Foreign Company.
- 369 Registration of Charges Created by Foreign Companies.
- 370 Accounts of Foreign Company.
- 371 Obligation to State Name of Foreign Company, Whether Limited and Country Where Incorporated.
- 372 Service on Foreign Company.
- 373 Cessation of Business by Foreign Company and Striking off Register.
- 374 Penalties.
- 375 Interpretation of Sections 366 to 374.
- 376 Dating of Prospectus and Particulars to Be Contained Therein.
- 377 Provisions as to Expert's Consent and Allotment.
- 378 Registration of Prospectus.
- 379 Penalty for Contravention of Sections 376 to 378.
- 380 Civil Liability for Mis-statements in Prospectus.
- 381 Interpretation of Provisions as to Prospectus.

Part XI - GENERAL PROVISIONS AS TO REGISTRATION

- 382 Appointment of Registrar, Etc.
- 383 Fee.
- 384 Inspection, Production and Evidence of Documents Kept by Registrar.
- 385 Enforcement of Duty of Company to Make Returns to Registrar.

Part XII - MISCELLANEOUS PROVISIONS WITH RESPECT TO INSURANCE AND PRODUCE COMPANIES, AND CERTAIN SOCIETIES AND

PARTNERSHIPS

- 386 Certain Companies to Publish Periodical Statement.
- 387 Certain Companies Deemed Insurance Companies.
- 388 Produce Companies.
- 389 Prohibition of Partnerships with More Than Twenty Members.

Part XIII - GENERAL

- 390 Form of Registers, Etc.
- 391 Service of Documents.
- 392 Returns, Etc., Filed out of Time.
- 393 Penalty for False Statements.
- 394 Penalty for Improper Use of Word "limited".
- 395 Provision with Respect to Default Fines and Meaning of "officer in Default".
- 396 Production and Inspection of Books Where Offence Suspected.
- 397 Cognizance of Offences.
- 398 Application of Fines.
- 399 Provisions Relating to Institution of Criminal Proceedings by the Attorney-general.
- 400 Saving for Privileged Communications.
- 401 Costs in Actions by Certain Limited Companies.
- 402 Power of Court to Grant Relief in Certain Cases.
- 403 Power to Enforce Orders.
- 404 Regulations; Power to Alter Tables and Forms.
- 405 Saving for Repealed Companies Ordinance.
- 406 Provision as to Winding Up Commenced Prior to Appointed Day

Part I - PRELIMINARY

- 1 Short Title.
- 2 Interpretation.
- 3 Register of Companies.

Part II - INCORPORATION OF COMPANIES AND MATTERS INCIDENTAL THERETO

- 4 Mode of Forming Incorporated Company.
- 5 Requirements with Respect to Memorandum.
- 6 Signature of Memorandum.

- 7 Restriction on Alteration of Memorandum.
- 8 Mode in Which and Extent to Which Objects of Company may Be Altered
- 9 Articles Prescribing Regulations for Companies.
- 10 Regulations Required in Case of Unlimited Company or Company Limited by Guarantee.
- 11 Adoption and Application of Table A.
- 12 Printing and Signature of Articles.
- 13 Alteration of Articles by Special Resolution.
- 14 Statutory Forms of Memorandum and Articles.
- 15 Registration of Memorandum and Articles.
- 16 Effect of Registration.
- 17 Conclusiveness of Certificate of Incorporation.
- 18 Registration of Unlimited Company as Limited.
- 19 Reservation of Name and Prohibition of Undesirable Name.
- 20 Change of Name.
- 21 Power to Dispense with "limited" in Name of Charitable and Other Companies.
- 22 Effect of Memorandum and Articles.
- 23 Provision as to Memorandum and Articles of Companies Limited by Guarantee.
- 24 Alteration in Memorandum or Articles Increasing Liability to Contribute to Share Capital Not to Bind Existing Members Without Consent.
- 25 Power to Alter Conditions in Memorandum Which Could Have Been Contained in Articles. .
- 26 Copies of Memorandum and Articles to Be Given to Members.
- 27 Issued Copies of Memorandum to Embody Alterations.
- 28 Definition of Member.
- 29 Membership of Holding Company.
- 30 Meaning of
- 31 Consequence of Default in Complying with Conditions Constituting a Company a Private Company.
- 32 Statement in Lieu of Prospectus to Be Delivered to Registrar by Company on Ceasing to Be Private Company.
- 33 Members Severally Liable for Debts Where Business Carried on with Fewer Than Seven, or in Case of Private Company Two, Members .

- 34 Form of Contracts
- 35 Bills of Exchange and Promissory Notes.
- 36 Execution of Deeds Abroad.
- 37 Power for Company to Have Official Seal for Use Abroad.
- 38 Authentication of Documents.

Part III - SHARE CAPITAL AND DEBENTURES

- 39 Dating of Prospectus.
- 40 Matters to Be Stated and Reports to Be Set out in Prospectus.
- 41 Provisions of Section 40 Not to Limit any Other Liability.
- 42 Expert's Consent to Issue of Prospectus Containing Statement by Him.
- 43 Registration of Prospectus.
- 44 Restriction on Alteration of Terms Mentioned in Prospectus or Statement in Lieu of Prospectus.
- 100 Endorsement of Certificate Registration on Debentures.
- 101 Registration of Satisfaction and Release of Property from Charge.

Schedules

FIRST SCHEDULE

SECOND SCHEDULE 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.

THIRD SCHEDULE Matters to Be Specified in Prospectus and Reports to Be Set out Therein.

FOURTH SCHEDULE Form of Statement in Lieu of Prospectus to Be Delivered to Registrar by a Company Which Does Not Issue a Prospectus or Which Does Not Go to Allotment on a Prospectus Issued, and Reports to Be Set out Therein.

FIFTH SCHEDULE Contents and Form of Annual Return of a Company Having a Share Capital.

SIXTH SCHEDULE

SEVENTH SCHEDULE Matters to Be Expressly Stated in Auditors' Report

EIGHTH SCHEDULE Provisions of This Act Which Do Not Apply in the Case of a Winding Up Subject to Supervision of the Court

NINTH SCHEDULE Form of Statement to Be Published by Insurance Companies and Deposit, Provident or Benefit Societies

TENTH SCHEDULE Provisions Referred to in Section 393

Subsidiary legislation

Bank Prescribed Under Sections 342, 343

The Companies (high Court) Rules

The Companies (winding-up Fees) Rules

The Companies Regulations

The Companies (winding Up) Rules

Civil liability
for
misstatements
in
prospectus.

45. (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 therein, that is to say -

(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 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:

Provided that, where under section 42 the consent of a person is required to the issue of a prospectus and he has given that consent, he shall not by reason of his having given it 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 as an expert.

(2) No person shall be liable under subsection (1) if he proves -

(a) that, having consented to become a director of the company, he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent; or

(b) that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or

(c) that, after the issue of the prospectus and before allotment thereunder, he, on becoming aware of any untrue statement therein, withdrew his consent thereto and gave reasonable public notice of the withdrawal and of the reason therefor; 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 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; and

(ii) as regards every untrue statement purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation of an expert, it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation, and he had reasonable ground to believe and did up to the time of the issue of the prospectus believe that the person making the statement was competent to make it and that person had given the consent required by section 42 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:

Provided that this subsection shall not apply in the case of a person liable, by reason of his having given a consent required of him by section 42 as a person who has authorized the issue of the prospectus in respect of an untrue statement purporting to be made by him as an expert.

(3) A person who, apart from this subsection would under subsection (1) be liable, by reason of his having given a consent required of him by section 42, as a person who has authorized the issue of a prospectus in respect of an untrue statement purporting to be made by him as an expert shall not be so liable if he proves -

(a) that, having given his consent under section 42 to the issue of the prospectus, he withdrew it in writing before delivery of a copy of the prospectus for registration; or

(b) that, after delivery of a copy of the prospectus for registration and before allotment thereunder, he, on becoming aware of the untrue statement, withdrew his consent in writing and gave reasonable public notice of the withdrawal, and of the reason therefor; or

(c) that he was competent to make the statement and that he 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.

(4) Where -

(a) the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorized or consented to the issue thereof; or

(b) the consent of a person is required under section 42 to the issue of the prospectus and he either has not given that consent or has withdrawn it before the issue of the prospectus, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorized the issue thereof shall be liable to indemnify the person named as aforesaid or whose consent was required as aforesaid, as the case may be against all damages, costs and expenses to which he may be made liable by reason of his name having been inserted in the prospectus or of the inclusion therein of a statement purporting to be made by him as an expert as the case may be, or in defending himself against any action or legal proceeding brought against him in respect thereof :

Provided that 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 having given the consent required by section 42 to the inclusion therein of a statement purporting to be made by him as an expert.

(5) For the purposes of this section -

(a) "promoter" means a promoter who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement, but does not include any person by reasons engaged in procuring the formation of the company; and

(b) "expert" has the same meaning as in section 42.