

THE COMPANIES ACT, NO. 1 OF 2012

A PRIVATE COMPANY LIMITED BY SHARES

**REGULATIONS (ARTICLES OF ASSOCIATION) FOT THE MANAGEMENT OF A
SINGLE MEMBER COMPANY
OF**

.....- SMC LIMITED

FIRST SCHEDULE REGULUATION 5(2)

1. Interpretation

In these Regulations :

"**The Act**" means the Companies Act, No. 1 of 2012;

"**Alternate nominee director**" means an individual nominated by the single member to act as nominee director in case of the non-availability of the nominee director;

"**Director**" or "**board of directors**" means the board of directors consisting of only the sole director or more than one director if so appointed under the Act;

"**Nominee director**" means an individual nominated by the single member to act as director in case of the death of the single member;

"**Regulations**" means the companies (Single Member) Regulations 2016;

"**Sole director**" means the director of the company who is for the time being the only director and single member of the company.

2. Single member company

The Company is a single member company and as such being a private company limited by shares-

- a) Shall not issue invitation to the public to subscribe for any share of the company;
- b) The number of the members of the company shall be limited to one member, and
- c) Shall have shares wholly owned by the single member.

3. Share and Share Capital

- (1) The company may increase the nominal share capital in accordance with the provisions of the Act
- (2) The company may, upon passing of a special resolution issue further shares or transfer existing shares or part thereof causing the number of members to become two or more in accordance with Regulations but shall become a private company thereafter.
- (3) The company shall not transfer all of the shares of a single member to two or more persons or part of shares of single member to other person(s) or allot further shares to any person other than the single member or at any time, allow transfer of shares or both resulting in number of members to become two or more, except under the authority of a special resolution for change of status from single member company to private company and complying with the requirements of the Regulations.

- (4) A single member may transfer all of his or her shares to a single person under the authority of an ordinary resolution whereby the company shall remain a single member company as it was before such transfer.
- (5) A person whose name is entered as a member in the register of members shall without payment be entitled to receive within ninety days after allotment or within forty-five days of the application for registration of transfer, a certificate specifying the share or shares held.

4. Transfer and Transmission of Shares

- (1) Transfer and transmission of shares shall be in accordance with provisions of the Act.
- (2) In case of the death of a single member, the power to register or refuse to transfer shares shall be exercised by the nominee director or alternate nominee director under this regulation and the Act.
- (3) If the company allots further shares or the shares held by the single member are transferred in total or in part and as a result thereof of the company has two or more members and converts into a private company, in accordance with the regulations, the fact that it has converted from a single member company to private company and the number of its members along with the date of the event and the particulars of the members.
- (4) Transmission of shares to the personal representative shall be recorded in the register of members by the nominee director or secretary.

5. Change of status

The company may convert from a single member company to a private company not being a single member in accordance with the Act and Regulations made under the Act.

6. Meetings

- (1) All meetings of the company shall be held in accordance with the provisions of the Act.
- (2) The secretary, if any shall attend all the meetings of the company but shall have no vote.
- (3) A member of a single member company shall have powers to dispense with the requirement to hold a meeting in accordance with the Regulations.

7. Notice and Proceeding of General Meetings

- (1) Where the law specifies time period for giving of notice of any meeting of the member or of director(s), requirements of the law shall be deemed to have been complied with if both the secretary, if any and the member are notified of the meeting and they attend such meeting provided that in case of an annual general meeting the time period for giving of notice to the auditor of the company shall not be less than twenty -one days.
- (2) The single member present in person or through proxy shall be the quorum for the general meeting provided that the secretary if any shall not act as proxy of the single member.
- (3) Where the single member takes any decision which is required to be taken in a meeting of the board or in the general meeting or by means of a resolution and the decision is delivered by the single member in writing, within three days of the decision to the company for entry in the minute book and is so recorded, that decision shall be valid as if agreed in such a meeting.

8. Directors

- (1) The company shall always have the single member as a director but it may have such number of other director(s) as may be necessary, and who are appointed in accordance with the Act
- (2) The board or the general meeting shall not have the power to remove the member director but the single member shall have the power to remove any director, chief executive or secretary through a resolution.
- (3) The director(s) shall have the powers as specified in the Act.

- (4) The provisions in the Act on appointment, duties, and removal and transactions involving directors shall apply to directors of a single member company.

9. Secretary

- (1) A single member company may appoint a secretary who shall be responsible for discharging duties and functions normally discharged by a secretary of a company.
- (2) The sole director shall not be the secretary of the company.

10. Dividends And Reserve

The Company may declare dividends and pay in accordance with the provisions of the Act.

11. Accounts

- (1) The director shall cause to be kept proper books of accounts in accordance with the Act and shall cause to be prepared and laid before the company, in general meeting, such profit and loss accounts or income and expenditure accounts and balance sheets duly audited and reports as are required by the Act.
- (2) Where the company has only one director, the requirements of section 162 of the Act shall be deemed to have been complied with if the balance sheet and profit and loss account are signed by the sole director.
- (3) Auditors shall be appointed and perform their duties in accordance with the Act.

12. Indemnity

Every officer or agent for the time being of the company maybe indemnified out of the assets of the company against any liability incurred by him in defending any proceedings whether civil or criminal arising out of his dealings in relation to the affairs of the company except those brought by the company against him in which judgement is given in his favour or in which he is acquitted or in connection with any proceedings in which relief is granted to him by Court.

13. The seal

- (1) The director shall provide for the safe custody of the seal
- (2) The seal may only be used by the authority of the director and for the purposed so authorised
- (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

14. Notices

- (1) A notice may be given by the Company to a member either personally or by sending it by post to his or her registered address or if he or she has no registered address within Uganda to the address within Uganda supplied by him or her to the company for the giving of notice to him or her.
- (2) Where a notice is sent by post, service of the notice shall be taken to be effected by properly addressing, prepaying and posting a letter containing the notice and to have been effected in the case of a notice of a meeting at the expiration of seventy two hours after the letter containing the same is posted and in any other case at the time which the letter would be delivered in the ordinary course of post.

I, the person whose names and address is subscribed, I am desirous of being formed into a company in pursuance of this Article of Association.

NAMES, POSTAL ADDRESS OF THE SUBSCRIBERS	SIGNATURE OF SUBSCRIBERS

Dated at.....this..... day of20....

WITNESS TO THE ABOVE SIGNATURES:

NAME: _____

ADDRESS: _____

OCCUPATION: _____

SIGNATURE: _____