



THE REPUBLIC OF UGANDA

IN THE MATTER OF THE COMPANIES ACT CAP. 106

AND

**IN THE MATTER OF THE COMPANIES (POWERS OF THE REGISTRAR)
REGULATIONS SI NO. 71 OF 2016**

AND

IN THE MATTER OF RAKAI COMMUNITY SCHOOL OF NURSING LIMITED

PETITION NO. 41199 OF 2024

BRN: 80010003247376

BUNNYA ERUSA NAMIGADDE:.....: PETITIONER

VERSUS

- 1. BULIME CYRUS**
- 2. NANCY NALWEYISO:.....:RESPONDENTS**

RULING

Before: Daniel Nasasira - Assistant Registrar of Companies

A. Introduction / Background

- 1. The Petitioner is an adult female Ugandan, of sound mind, and is an initial promoter, subscriber, Director and Company Secretary of Rakai Community School of Nursing Limited. The Petitioner owns twenty (20) shares in the Company.
- 2. The first and second Respondents are subscribers with each holding ten (10) and five (5) shares respectively in Rakai Community School of Nursing Limited. The first and second Respondents are also Company directors.
- 3. Rakai Community School of Nursing Limited (hereinafter referred to as the “Company”) is a private company limited by shares incorporated on the 05th day

of December 2008 under registration number 80010003247376. The Company had four subscribers at incorporation that is the late Fred Bunnya with forty (40) shares, Erusa N. Buunya with twenty (20) shares, Cyrus Bulime with ten (10) shares and Nancy Nalweyiso with five (5) shares. The aforementioned persons are also the directors of the Company with the Petitioner, Nancy Nalweyiso also indicated as the Company Secretary.

4. The Petitioner filed this petition on the 18th day of September 2024 before the Registrar of Companies alleging that the first and second Respondents, her step children and directors/subscribers of the company, had mismanaged the Company affairs following the death of her husband, the late Bunnya Fred, the majority shareholder/managing director of the Company. The petitioner made the following prayers;

- a) *That the Registrar of Companies issues summons for the Respondents to appear before the Registrar of Companies to address allegations regarding financial impropriety and mismanagement of the School.*
- b) *That the Registrar grants an order for an audit or valuation of the Company, and that the Respondents provide all the company returns submitted to the Uganda Revenue Authority (URA) and the Uganda Registration Services Bureau (URSB).*
- c) *That the Respondents share the password to the Company URA portal.*
- d) *The Petitioner sought for an order for the Respondents to provide the password to the Company URA portal.*
- e) *The Petitioner sought for an order to be permitted to manage the company's affairs independently until court streamlines the administration of the late Fred Buunya's estate.*

5. The first and second Respondents denied all allegations presented by the Petitioner concerning financial loss, lack of cooperation, and mismanagement of the company. The Respondents stated that the company's operations were being managed effectively; however, disputes emerged with the Petitioner and her

children, who did not acknowledge the company's status as a separate entity from the Estate of the late Fred Bunya, the majority shareholder and Managing Director. The Respondents claimed that the Petition represented an abuse of process, constituted a waste of time, and was initiated in bad faith, purportedly due to inadequate advice given by the Petitioner's children. The respondents argued that the Petition was devoid of merit and requested its dismissal, with costs to be awarded against the Petitioner.

B. Representation

6. *Counsel Kato Juma from M/S Bumpenje & Co. Advocates represented the Petitioner. The Respondents were initially represented by Counsel Ndawula Sylvester from Stallone Advocates from whom they withdrew instructions and were subsequently represented by Counsel Waniaye Akram from Tayebwa, Sserwadda & Co Advocates.*

C. Petitioners Case

7. The Petitioner argued under paragraph three of the verified Petition that following the demise of the majority shareholder and managing director, her husband, the late Buunya Fred, the Respondents started to mismanage the Company affairs including finances.
8. The Petitioner contended that the first Respondent, Cyrus Bulime, runs a private individual business of a nursing school in Mubende under the name of, 'Mubende Institute of Nursing and Midwifery,' that is parallel to the Company's business. The Petitioner argued that the first Respondent enrolled 91 students and another batch of 98 students but adamantly refused to remit their respective examination fees thereby causing the Company financial loss of about Ugx 56,000,000/=.
9. The Petitioner averred that around 2022, it was agreed that the Company be audited from June 2021 to June 2022 as a general requirement for tax assessment purposes for which, an audit firm by the name M/s Mutumbe Mukobe & Associates quoted Ugx 8,000,000/= as the charges but instead, the second

Respondent confiscated the Company's requisition and expenditures' files and on her motion engaged a one Salim Buule for which, the second Respondent took out Ugx 2,000,000/= allegedly paid it to the said Salim Buule out of the Ugx 8,000,000/= as payment for the audit. The second Respondent also took put another Ugx 6,000,000/= for the Company's audit in 2023 but none of the said two audit reports were ever shared with the Petitioner. The Petitioner argued that these monies paid out for the said audits that were never presented amounted to causing the Company a financial loss and she prayed that the second Respondent be compelled to present the said audit reports and release all the company files in her possession.

10. The Petitioner argued under paragraph five of her Petition that following the demise of the majority shareholder, a number of administration wrangles were reported at the School relating to financial impropriety, following which it was agreed that the Company carry out a valuation exercise of the Company's assets and liabilities to enable management to ascertain the deceased's entitlements. The Company engaged M/s Night Frank which quoted Ugx 29,500,000/= for the valuation exercise and M/s Coveat which asked for Ugx 16,000,000/=. The Petitioner argued that the Respondents unilaterally took out Ugx 29,500,000/= and engaged another firm Ridgeline without her knowledge or consent and the valuation report that the said firm prepared has never been presented or shared. The Petitioner argued that this in essence caused the Company a financial loss.
11. In May 2024, the Company decided to harvest its private forest in Masaka, anticipating a yield of 124 lorries of firewood, each valued at Ugx 800,000/=, resulting in a total estimated cost of Ugx 99,200,000/=. However, the First Respondent proceeded to purchase firewood privately and personally paid himself Ugx 27,000,000/=. However, only 17 lorries of firewood were delivered out of the expected 124 lorries. Of the 17 lorries, only 10 were delivered to the

company's premises, while 7 remained remained at different sites. The Company was compelled to purchase firewood for temporary use, for which the second Respondent withdrew Ugx 1,260,000/=. However, only firewood valued at Ugx 400,000/= was delivered, and the remaining Ugx 860,000/= was not refunded, resulting in a financial loss to the Company.

12. The Petitioner asserted that on January 25th, 2024, the First Respondent withdrew Ugx 4,500,000 for personal purposes. This money was utilized to cover the expenses associated with filing a temporary injunction at Kyanamukaka Court regarding his private land in Nkuuna, Masaka. Nevertheless, the First Respondent neither filed the injunction nor accounted for or refunded the funds, leading to a financial loss to the Company.
13. The Petitioner stated in paragraph 8 of the Petition that it has become nearly impossible to conduct the daily operations of the Company harmoniously as the Respondents have demonstrated a lack of cooperation. Specifically, the Petitioner argued that the Respondents frequently refused to sign cheques for employee salaries or daily expenses. Additionally, they fabricated and submitted a company resolution without any record of a meeting convened with the aim of accessing the Company funds without her knowledge or consent. The Registrar of Companies subsequently found this resolution to be irregular and expunged it following her complaint.
14. The Petitioner contended that the Company has been experiencing continuous losses and is on the brink of collapse unless the Registrar/Court intervenes to streamline its administration. The Petitioner argued that it is in the interest of the company's survival and justice to grant the application by ordering an immediate audit and/or valuation of the company, providing the company returns filed with URA and URSB, requesting the respondents to share the password to the company's URA portal, and permitting the Petitioner to manage the company's

affairs exclusively while the administration of the late Fred Buunya's estate is handled by Court.

D. First and Second Respondents Case

15. The Respondents denied the allegations of causing financial loss, being uncooperative and mismanagement of the Company. The Respondents stated that the Petitioner would be put to strict proof in respect of the numerous allegations she had levied against the Respondents in this Petition.
16. The Respondents averred that contrary to what the Petitioner was alleging, they were properly managing the affairs of the Company amidst frustration from the the Petitioner and her children who failed to distinguish the Company as a separate entity from the Estate of the late Fred Bunnya, the majority shareholder/managing director of the School.
17. The Respondents stated under paragraph five of their answer to the Petition that the Petitioner has never been in active management of the School and that she was a housewife who only came out of the kitchen after the death of her husband. The Respondents argued that the Petitioner was a dormant Company secretary without any knowledge of how company business is conducted.
18. The Respondents argued that all the Company meetings that is Board meetings called by the Respondents to address arising issues were always frustrated by the Petitioner who consistently allows her children who are not Board members to attend Board meetings. The Respondents argued that the Petitioner at times adamantly refused to attend meetings tagging her attendance to the issues of the Estate of the late Fred Bunnya.
19. Under paragraph seven (7) of the answer to the Petition, it was argued that it is a known fact that Mubende Institute of Nursing & Midwifery Ltd was started in 2014 with the blessing and help of the late Fred Bunnya, who supported the institute in many ways including paying for its employees.

20. The Respondents averred that they are aware that the Company has had a cooperation arrangement with Mubende Institute of Nursing and Midwifery Ltd since its inception in 2014 and the Petitioner is fully aware of this because she always signed cheques for payments to the Institute.
21. The Respondents stated that it is common knowledge to all the shareholders that the first Respondent has been instrumental in the Company's set up, financial management and its funding since the Company finances are not solely based on student's remittances. It was argued that the first Respondent secured funding/ or donations for infrastructural development of the Company in form of setting up of a Computer lab and classroom blocks through the Germany fund.
22. It was argued that the first Respondent has over time secured foreign funding for close to over thirty (30) students at the Institution and has lobbied for the institution in respect to various opportunities.
23. The Respondents contended that the Company was benefiting from the cooperation arrangement with Mubende Institute of Nursing and Midwifery through branding benefits, good grades, advertisements, goodwill and market penetration all of which have benefited the Company, which benefits are way beyond the alleged loss.
24. That the second Respondent had always been in charge of the Finance Department of the Company where all the financials and related documents were under her custody and therefore the allegations of confiscating the requisition documents are false since such documents had always been prepared, approved and kept by her office.
25. That it is not true that Ugx 8,000,000/= as audit fees was ever requisitioned by the second Respondent as falsely alleged by the Petitioner because the money that was advanced after a negotiation with Salim Buule of Christ Evert Johnson & Co was Ugx 6,000,000/=.

26. The Respondents argued that the Petitioner was only filing this Petition because she was a disgruntled person owing to the fact that the Respondents refused to give her money through her daughter, Babirye Fredah, to run another company, Wisdon Hill Primary School Butiti, which they illegally created after the death of the late Fred Bunnya.
27. The Respondents argued that it is the Petitioner who is trying to mismanage the Company by illegally bringing her children in the Company and at one point allegedly appointed, Priscilla Nakamya as the Managing Director of the Company.
28. The Respondents contended that the Company has always been conducting Audits using certified Accountants and Auditors and regularly paying taxes to URA and all the reports are readily available and had always been shared with all Directors including the Petitioner but she always refused to take copies because of ill advice from her children.
29. The Respondents argued that the alleged Ugx 29,500,000/= for the valuation to Knight Frank Valuers and Auditors was given to the Petitioner who diverted it to her personal use without the Respondents knowledge or consent. That thereafter the Petitioner claimed that she had personal problems and used the money but promised to refund the said money. The Respondents argued that the Petitioner agreed to using Ridgeline Valuers since it would take her time to refund the said money. In fact, the Petitioner only refunded Ugx 21,500,000/= leaving a balance of Ugx 8,000,000/= which she failed to clear.
30. In regard to the allegation concerning the financial loss occasioned due to the purchase of firewood, it was argued that the second Respondent duly purchased firewood as per the requisitions and the same was delivered and as such the allegations were false. The Respondents contended that the other firewood was delivered to different places to serve the various hostels of the Company scattered in different places, which the Petitioner is well aware of.

31. The Respondents contended that both the Respondents and the Petitioner agreed to protect the Property of the late Fred Bunnya at Nkuuna which was being grabbed and the money was used to file a Court case at vide C.S No. 02 of 2024, Bulime Cyrus Edson & Mayanja Moses Vs. Sarah Kachubya, Chief Magistrates of Masaka at Kyanamukaka, which injunction was granted by Court and the matter is still pending hearing.

32. The Respondents argued that the petition was an abuse of process, waste of time and was brought in bad faith intended as a result of bad advice from the Petitioner's children devoid of any merit and prayed that the same be dismissed with costs.

E. Rejoinder

33. The Petitioner filed a rejoinder on the 21st day of November 2024 wherein she argued that there was no invitation for any Board meeting that had ever been served on her and that she had never received any valuation or audit report from the Respondents. The Petitioner argued that she could not refuse to receive what the Respondents had never even attempted to avail her.

34. The Petitioner argued that she was not aware that her late husband Bunnya Fred is a majority shareholder at the Mubende School since the first Respondent deals with it secretly as his individual property thus she has no formal arrangement or working relationship with the first Respondents conflicting business at Mubende.

35. The Petitioner argued that the Company had never got any funds from German and that she was not aware of any funds that the first Respondent had ever lobbied for the School. The Petitioner averred that the only small classroom block and computer lab were built by the late Bunnya Fred through the IP-BTVET project which was offered to various schools including Rakai Community School of Nursing Ltd.

36. The Petitioner claimed that the first Respondent had never brought the thirty (30) students as he claimed.
37. The Petitioner stated the Wisdom Hill Primary School was started by the late Buunya Fred and given to his children namely Priscilla and Babirye *inter vivos* and the two have never got any loan from the School.
38. The Petitioner argued that she has never made her children directors of the Company, instead, the late Bunnya Fred left a will which appropriated his shares to Priscilla recommending her for appointment as Director and which auxiliary role she took on not until we got informed that the said will was void for lack of witnesses otherwise her children are formal staff of the School working as librarian and tutors respectively.
39. The Petitioner argued that the first Respondent had indicated a desire to sell off his shares in the Company for which an agreement was reached to undertake a joint valuation exercise. M/s Knight Frank was contacted which quoted Ugx 29,500,000/= and another firm Covet quoted Ugx 16,000,000/= to value all company properties in different places but instead the Respondents opted to go with another firm Ridgeline which the Petitioner did not agree to. The Petitioner argues that another firm under the name Salem Appraisal instead conducted the valuation and yet the same was not mutually agreed to by the parties.
40. The Petitioner averred that the second Respondent out of the blue took out Ugx 119,715,000/= from the Company's bank account for unknown reasons which prompted the Petitioner to report the matter to the Uganda Police for assistance in recovery of the said money upon which, the second Respondent returned the said money less Ugx 29,500,000/=.
41. The Petitioner stated that the first Respondent owes the Company money since he earns a teaching monthly salary as a tutor for the Company which initially was Ugx 4,000,000/= now Ugx 2,500,000/= but without teaching.

42. The Petitioner maintained the claim that the School expected the first Respondent to deliver fifty (50) trips of firewood to the School premises but he only delivered ten (10) trips and seven (7) trips were delivered to the Company's hostels thereby causing a loss of 33 trips despite having cleared the Company's entire forest meant for regular firewood collection. The Petitioner claimed that the first Respondent sold off the rest of trees for charcoal burning, depleted the firewood source all to the Company's detriment.
43. The Petitioner argued that due to the Respondents uncooperative behavior, sidelining her and their refusal to sign Company cheques had frustrated company operations and it was just to allow her to run the Company alone as the estate administration of her late husband was ongoing in Court.
44. The Petitioner averred that it is also not satisfactory that the first Respondent took over Ugx 4,500,000/= in January 2024 from the Company account to get a temporary injunction in respect to land that he treats as his own private property in Masaka. The Petitioner argued that such incidents occasioned financial loss to the Company.
45. The Petitioner retaliated her earlier prayers as stated in the Petition.

F. Determination

46. When this case was brought before the Registrar for hearing, the parties indicated to the Registrar that they were open to the possibility of arriving at a peaceful resolution of the matter through alternative dispute methods. Counsel for the Petitioner prayed that the matter be referred to mediation. According to Regulation 34 (1) of the *Companies (Powers of the Registrar) Regulations SI No. 71 of 2016*, the Registrar shall, in any appropriate case, refer parties to mediation or any other form of alternative dispute resolution. The Registrar of Companies can only refer parties to mediation and not mediate the matter, especially where it is the same officer performing the quasi-judicial function. In light of this, the parties

were advised to pursue court-based mediation, which they attempted to pursue; however, Counsel for the Petitioner pointed out that the Respondents did not cooperate with the process of pursuing the mediation in question.

47. Subsequently, a series of meetings were initiated at the Registrar of Companies office, where the parties were afforded the opportunity to participate in negotiation and conciliation as alternative methods of resolving the dispute. The Respondents, in an effort to resolve the dispute, expressed their willingness to sell their shares in the Company and resign from their roles as Directors in order to finally resolve this dispute. The Company resolved to appoint an independent valuer to assess the shares of each member. Eventually, the company appointed Night Frank Valuers to conduct a valuation of the Company. The valuation of the company was 5,600,000,000/= (five billion six hundred million Uganda shillings).
48. The Company calculated 10% of the total valuation of the Company and 5% of the total valuation of the Company, which represented the 10 and 5 shares owned by the first and second Respondents, respectively, based on the valuation report. This resulted in a total of Ugx 560,000,000/= for the first Respondent and Ugx 280,000,000/= for the second Respondent. In the end, the Company paid the first Respondent Ugx 560,000,000/= and the second Respondent Ugx 350,000,000/= respectively.
49. The parties subsequently endorsed resolutions and a settlement stating that they had relinquished their positions as Company directors and voluntarily transferred their shares to the Petitioner.
50. However, the second Respondent later contended that the Petitioner utilized Company funds for the acquisition of the shares, whereas she was expected to finance this purchase with her personal funds. It was not disputed by the Petitioner that she had used Company funds to make these payments. A question emerged regarding whether the transfer of shares to the Petitioner, who utilized

company funds for the purchase, can be accurately characterized as a transfer of shares to the Petitioner.

- a) *Whether the transfer of shares to the Petitioner, having paid for the said shares using company funds could properly be said to be a transfer of shares to the Petitioner.*

51. In resolution of this issue, it's key to look at the law on a transfer of shares. The transferability of shares / trade in a company's stock constitutes an essential feature of any registered company. The transfer of shares involves the procedure through which the ownership of shares in a company is conveyed from one individual (transferor) to another (transferee). Section 81 of the Companies Act Cap 106, stipulates that shares in a company are classified as movable property and may be transferred according to the procedure outlined in the Company's Articles of Association . According to Regulation 23 Table A of the Companies Act Cap 106, any member is permitted to transfer all or part of their shares through a written instrument, utilizing a standard or commonly accepted format, or any alternative format that receives approval from the directors.

52. Court in *Barry Mpeirwe V Alsaco International Ltd HCCS No. 440 of 2014* held that, *'a shareholder has property rights and the right to sell and transfer those property rights to another person. Further that in a private limited liability company there are some restrictions on those rights, among other things, the requirement for a written instrument of transfer.'*

53. Section 83 (1) of the Companies Act Cap 106 provides that for a company to lawfully register a transfer of shares in a company, a proper instrument of transfer must be delivered to the company. Regulation 22 Table A of the Companies Act further requires that, *'an 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.'

54. The aforementioned legal principles regarding the transfer of shares indicate that such transactions are commercial in nature, pertaining to the rights of the transferor and transferee *in personam*. While a transferor has rights to transfer shares, a member of a company cannot acquire shares as a transferee utilizing company funds, as the company, being an artificial entity, is separate from the member. It was therefore erroneous for the parties to execute transfer forms since the Petitioner had not purchased the shares using her personal funds but had rather used Company funds. I advised the parties to consider amending the paper work to read a surrender of shares rather than a transfer of shares pursuant to Regulation 32 (3) of the Companies Regulations SI No. 74 of 2023. Regulation 32 (3) of the Companies Regulations provides that, '*a shareholder may surrender shares held in a company by signing a surrender agreement or by notice of surrender of shares to the registrar where the shareholders fail to agree on the signing of the surrender agreement.*' It is a requirement to have this surrender agreement registered pursuant to Regulation 32 (4) which provides that the surrender agreement shall be registered with the Registrar and upon registration the surrendered shares shall revert back to the Company.

55. The parties were advised to submit a surrender deed and resolutions indicating that the Respondents had surrendered their shares to the Company. However, the Petitioner's legal representative indicated that the Respondents refused to sign the surrender deeds. Despite numerous interventions to resolve this matter amicably, the Respondents, even after receiving money and relinquishing their shares/directorship in the Company refused to sign the surrender deeds in respect to their ten (10) and five (5) shares in the Company respectively. The Registrar of Companies was notified that the matter is now presently before Court and the

issue is whether the Registrar of Companies in the present circumstances can proceed to hear this dispute.

b) *Whether the Registrar of Companies can hear a matter that is pending determination before a Court of law.*

56. Regulation 4 (1) of the Companies (Powers of the Registrar) Regulations SI No. 71 of 2016 provides that the Registrar shall not hear any matter or application pending before Court which has been brought to his or her notice. Regulation 4 (2) (b) continues to provide that, '*for the purposes of this regulation, in determining whether a matter is pending before Court, the following shall apply – civil proceedings shall be deemed to be before court when arrangements for hearing, such as setting down matters for hearing have been made, until the proceedings are ended by judgment, settlement or withdrawal.*'

57. Counsel for the Respondents submitted a correspondence to the Registrar of Companies dated 21st January 2026 wherein it was brought to the attention of the Registrar that there was a pending High Court matter vide; *Miscellaneous Cause No. 361 of 2025* between the same parties, which is scheduled for hearing on February 28th, 2026 at 11:00 am.

58. Courts determination of *Miscellaneous Cause No. 361 of 2025* will substantially determine the matter currently pending before the Registrar of Companies. In the circumstances, I find that the Registrar of Companies is precluded from hearing this case and I accordingly dismiss the same with no order as to costs.

I so order

Given under my hand, this 04th day of February 2026.

DANIEL NASASIRA
Ass. Registrar of Companies

Ruling issued electronically to the emails of the designated legal representatives of the parties.