

- (a) shall be guilty of an offence and shall be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a term not exceeding three months or to both such fine and imprisonment; and
- (b) shall, without prejudice to the provisions of paragraph (a), be severally liable for the payment of the whole debts of the company, association or partnership of which he is or was a member, and may be sued accordingly without the joinder in the suit of any other member of the company, association or partnership.

Limitation of activities of banking

13. (1) No company formed after the appointed date for the purpose of carrying on business as a banking company or which uses as part of the name under which it proposes to carry on business the word 'bank', 'banker' or 'banking' shall be registered under this Act, unless the memorandum limits the objects of the company to the carrying on of the business of accepting deposits of money subject to withdrawal on demand by cheque, draft, order or otherwise along with some or all of the forms of business specified in section 11.

(2) No company other than a banking company shall use as part of its name or its description any of the words 'banks', 'banker' or 'banking' or any other derivative or their equivalent in another language and no company shall carry on the business of banking in Sri Lanka unless it uses as part of its name at least one of such words :

Provided that a banking company formed outside Sri Lanka and carrying on the business of banking and whose name does not contain the words 'bank', 'banker' or 'banking' in any language may carry on such business in Sri Lanka notwithstanding the omission of these words in its name.

(3) No firm, individual or group of individuals shall, for the purpose of carrying on any business, use as part of its or his name or description any of the words 'bank', 'banker' or 'banking' or any of their derivatives or their equivalent in another language.

(4) No banking company incorporated, in Sri Lanka, and no banking company incorporated outside Sri Lanka which has established a place of business within Sri Lanka, shall after the expiry of two years from the appointed date carry on any form of business other than those specified in section 11 :

Provided that the Minister may, having regard to the national interest and in the interest of the national economy, by notification published in the Gazette specify, in addition to the business specified in section 111, other forms of business which it may be lawful under this Part for a banking company to engage in.

Banking company not to employ managing agent other than a banking company.

114. No banking company shall, after the expiry of two years from the appointed date, employ or be managed by a managing agent other than a banking company.

115. Notwithstanding anything contained in section 107, no banking company shall commence business unless it satisfies such capital requirements as may be determined from time to time by the Central Bank of Ceylon having regard to the interest of the national economy.

Prohibition of charge

116. No banking company shall create any charge upon any unpaid capital of the company, and any such charge shall be invalid.

Reserve fund.

117. (1) Every banking company shall, after the appointed date, maintain a reserve fund.

(2) Every banking company shall out of the declared profits of each year and before any dividend is declared transfer to the reserve fund—

(a) a sum equivalent to not less than twenty per centum of such profits until the amount of the said reserve fund is equal to fifty per centum of the paid-up capital; and

(b) thereafter, in every year in which the liabilities exceed the paid-up capital, a sum equivalent to not less than ten per centum of such profits until the amount of the said reserve fund is equal to the paid-up capital.

(3) A banking company shall invest the amount standing to the credit of its reserve fund in securities mentioned in section 70 of the Trusts Ordinance or in any approved security or keeps such amount deposited in a special account to be opened by the company for the purpose in any prescribed banking company.

Provided that the provision of this subsection shall not apply to a banking company incorporated before the appointed date till after the expiry of two years from such date.

(ε) In this section "approved security" means any security approved by the Minister by notification published in the Gazette-

(ο) Subject as hereinafter provided, the preceding provisions of this section shall apply to every banking company incorporated in Sri Lanka and to every banking company incorporated outside Sri Lanka which has an established place of business within Sri Lanka:

Provided, however, that such provisions shall not apply to any prescribed banking company.

Restriction on nature of subsidiary company.

ε18. (1) A banking company shall not form any subsidiary company which is not a banking company.

(2) Save as provided in subsection (1), a banking company shall not hold shares in any company whether as pledgee, mortgagee or absolute owner of an amount exceeding forty per centum of the issued share capital of that company:

Provided that nothing in this subsection shall apply to shares held by a banking company before the appointed date.

Penalty for default in complying with certain

ε19. Where default is made in complying with any of the requirements of section ε13, section ε14, section ε15, section ε16, section ε17 or section ε18, every director or other officer of the company who is knowingly and wilfully a party to the default shall be guilty of an offence and shall be liable to a fine not exceeding five hundred rupees for every day during which the default continues.

Power of court to stay proceedings.

ε20. (1) The court may, on the application of a banking company which is temporarily unable to meet its obligations, make an order staying the commencement or continuance of all actions and proceedings against the company for a fixed period of time on such terms and condition as it shall think fit and proper and may from time to time extend the period.

(2) No application shall be made under the provisions of subsection (1), unless it is accompanied by a report of the Director of Bank Supervision of the Central Bank of Ceylon:

Provided, however, that the court may, for sufficient reasons grant interim relief, even if such application is not accompanied by such report.

(3) The provisions of this section shall apply to every banking company incorporated in Sri Lanka and every banking company formed outside Sri Lanka which has an established place of business within Sri Lanka.

41. For the purposes of this Part, the business of banking means the business of accepting deposits of money, subject to withdrawal on demand by cheque, draft, order or otherwise whether or not such business is carried on along with any one or more of the forms of business specified in section 41.

Definition of "business of banking".

PART XV

CONSTITUTION AND POWERS OF ADVISORY COMMISSION

42. (1) For the purposes of advising the Minister on any matter referred to him in relation to the law relation to companies, the Minister may—

- (a) constitute a Commission (hereinafter referred to as the 'Advisory Commission') consisting of not less than five and not more than ten persons with suitable qualifications; and
- (b) appoint one of such persons to be Chairman of the said Advisory Commission.

Appointment & c. of Advisory Commission.

(2) It shall be the duty of the Advisory Commission—

- (a) to inquire into and report to the Minister on any matter or question relating to companies and the law applicable to companies as may be referred to it by the Minister from time to time;
- (b) to review the law relating to and applicable to companies from time to time and to make proposals to the Minister for the alteration, modification or addition to such law;
- (c) in making the recommendations referred to in paragraph (a) or (b) to consult and take into consideration where the Advisory Commission deems necessary the views of trade chambers, professional organizations, monetary institutions, governmental authorities and the general public.

(3) The Registrar shall be an ex officio member of the Advisory Commission and shall also function as its Convenor and Secretary.

(4) The Minister may give special or general directions in writing as to the performance of the duties and the exercise of the powers of the Advisory Commission, and the Advisory Commission shall give effect to such directions.

(5) (a) Subject to the provisions of subsection (6), the term of office of the members of the Advisory Commission shall be three years: Provided that a member appointed in place of a member who resigns or is removed or otherwise vacates office, shall hold office for the unexpired part of the term of office of the member whom he succeeds. Any member of the Advisory Commission who vacates office by effluxion of time shall be eligible for reappointment.

(6) (a) A member of the Advisory Commission may resign from office by letter addressed to the Minister.

(b) All members of the Advisory Commission may resign from office by letter addressed to the Minister.

(c) Where a member is temporarily unable to discharge the duties of his office on account of ill health, absence from Sri Lanka or any other cause, the Minister may appoint some other person to act as member in his place.

(7) The Advisory Commission may, with the approval of the Minister, appoint such officers and servants to assist the Advisory Commission in carrying out its duties under this Part.

(8) The members of the Advisory Commission, its Secretary and other officers and servants may be paid such remuneration out of the Fund as may be determined by the Minister.

PART XVI
MISCELLANEOUS

APPOINTMENT OF OFFICERS, &C.

१२३. (१) There may be appointed—

- (a) a person, by name or by office, to be or to act as the Registrar of Companies ;
- (b) a person, by name or by office, to be or to act as the Deputy Registrar of Companies ;
- (c) persons, by name or by office, to be or to act as Assistant Registrars ; and
- (d) such other officers and servants as may from time to time be required for the purposes of this Act.

(२) Any person appointed under the provisions of subsection (१) to be or to act as the Deputy or an Assistant Registrar of Companies, may subject to the general directions of the Registrar, exercise all the powers, perform all the duties and discharge all the functions of the Registrar under the Act.

१२४. Where any document filed with, or in the custody of, the Registrar is damaged or is in danger of becoming illegible, the Registrar may, if he thinks fit, direct a copy thereof to be made, verified, and certified in any such manner as he may determine, and thereupon such copy shall be substituted for, and shall for all purposes of this Act be deemed to be, the document so damaged or in danger of becoming illegible.

FUND

१२५. (१) For the purposes of this Act there shall be established a Fund which shall be maintained in such manner as the Secretary to the Ministry of the Minister in charge of the subject of Trade in consultation with the Registrar may direct.

(२) There shall be paid into the Fund two-thirds of every fee or charge prescribed, levied or recovered under this Act by the Registrar.

(३) One-third of every fee or charge prescribed, levied or recovered under this Act by the Registrar shall be paid into the Consolidated Fund.

Copies of
damaged
or illegible

Fund.

(e) There shall be paid out of the Fund referred to in subsection (1), all sums of money required to defray any expenditure incurred by the Registrar in the exercise, discharge and performance of his powers, functions and duties under this Act and all sums of money as are required to be paid out of such Fund by or under this Act or any regulation made thereunder. (f) The Secretary to the Ministry of the Minister in charge of the subject of Trade shall as soon as possible after the end of each financial year prepare a report on the administration of the Fund and shall cause to be maintained a full and appropriate account of the Fund in respect of each financial year. (g) The Auditor-General shall audit the accounts of the Fund in accordance with Article 154 of the Constitution.

PROHIBITION OF PARTNERSHIP WITH MORE THAN TWENTY MEMBERS

176. (1) No company, association, or partnership consisting of more than twenty persons which is formed outside purpose of carrying on any business that has for its object the acquisition of gain by the company, association or partnership, or by the individual members thereof, unless it is registered as a company under this Act or under some other enactment. (2) No company, association or partnership consisting of more than twenty persons, which is formed outside Sri Lanka, shall carry on in Sri Lanka any business that has for its object the acquisition of gain by the company, association or partnership or by the individual members thereof unless—

- (a) it is duly incorporated as a company outside, and
- (b) has an established place of business within, Sri Lanka.

(3) Where any company, association or partnership consisting of more than twenty persons is formed in contravention of the provisions of subsection (1) or carries on any business in contravention of the provisions of subsection (2), each of such persons—

Prohibition
of
partnership
with more
than
twenty
members.

- (a) shall be guilty of an offence and shall be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a term not exceeding three months or to both such fine and imprisonment ; and
- (b) shall, without prejudice to the provisions of paragraph (a), be severally liable for the payment of the whole debts of the company, association or partnership of which he is or was a member, and may be sued accordingly without the joinder in the suit of any other member of the company, association or partnership.

INSPECTION AND PRODUCTION OF DOCUMENTS,
ENFORCEMENT ON DUTY OF COMPANIES TO MAKE RETURNS
AND THE PRODUCTION AND INSPECTION OF BOOKS

੪੨੭.(1) Any person may-

- (a) inspect the documents kept by the Registrar on payment of such fee, as may be prescribed ;
- (b) require a certificate of the incorporation of any 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 for the certificate, certified copy or extract of such fees as may be prescribed :

Provided that the right conferred by the provisions of this subsection shall not extend to any document annexed to an annual return referred to in sections 123 and 124 to any private company, other than a private company which is a subsidiary of a public company unless the person applying for the inspection or requiring a copy or extract of any document aforesaid, is a member or creditor of that company :

Provided further that the right conferred by the provisions of paragraph (a) of this subsection shall not extend to any copy sent to the Registrar under section 380 of a statement as to the affairs of a company or of any comments of the receiver or his successor or a continuing receiver or manager thereon, but only to the summary thereof, except where the person claiming the right either is, or is the agent of, a person stating himself in writing to be a member or creditor of the company to which the statement relates, and the right conferred by the provisions of paragraph (b) of this subsection shall be similarly limited.

Inspection,
production
and
evidence
of
documents

(2) No process for compelling the production of any document kept by the Registrar shall issue from any court except with the leave of that court, and any such process if issued shall bear thereon a statement that it is issued with the leave of the court.

(3) A copy of, or extract from, any document kept and registered at any of the offices for the registration of companies in Sri Lanka, certified to be a true copy under the hand of the Registrar shall in all legal proceedings be admissible in evidence as of equal validity with the original document.

(4) Any person untruthfully stating himself in writing for the purposes of the proviso to subsection (1) to be a member or creditor of a company shall be guilty of an offence and shall be liable to a fine not exceeding five hundred rupees.

Enforce ment of duty of company to make

228. (1) Where a company having made default in complying with any provision of this Act, which requires it to file with, deliver or send to the Registrar any account, document or return, or to give notice to him of any matter, fails to make good the default within fourteen days from the date of 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 thereof to make good the default within such time as may be specified in the order.

(2) 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.

(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 such default as aforesaid.

Unlawful disclosur e of informati

229. Any person who, being or having been employed in the Department of the Registrar, communicates any information relating to any documents filed by a company, under the provisions of this Act with the Registrar or matters connected therewith obtained by him during the course of his employment in or at the Department of the Registrar to any person not entitled or authorized to receive such information, or makes any other unlawful use of such information, shall be guilty of an offence, and shall be liable to a fine not exceeding twenty thousand rupees or to imprisonment for a term not exceeding twelve months or to both such fine and such imprisonment.

Production
and
Inspections
of books
where
offence
suspected.

၃၃၀. (၁) Where on an application made to a Magistrate in chambers by the Attorney-General, the Registrar or any officer of police not below the rank of Assistant Superintendent, there is shown to be reasonable cause to believe that any person has, whilst being 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) authorizing any person named therein to inspect the said 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 thereof as may be named in the order to produce the said books or papers or any of them to a person named in the order at a place so named.

(၂) The provisions of subsection (၁) 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 no such order as is referred to in paragraph (b) of that subsection shall be made by virtue of the provisions of this subsection.

(၃) An appeal shall not lie from a decision of a Magistrate on an application made under the provisions of this section.

၃၃၁. (၁) The Registrar may, by written notice, direct any company—

(a) to furnish before a date specified in the notice such information relating to the company as the Registrar may require for any purpose of this Act or such information or explanations as the Registrar may by the notice require in respect of any particulars stated in any return, declaration, or other document furnished by the company; and

Registrar's
power to call for
information and
to inspect books,
registers and
documents.

Companies Act, No. IV of १९८२

- (i) which have or should have been stated in any return, declaration or other document furnished by the company; or
- (ii) which should have been stated in any return or other document which should have, but actually has not, been furnished by the company;

as at the date or dates specified in the notice; and

- (b) to produce before a date specified in the notice any book, register or other document kept or required to be kept by the company in connection with its business or transactions.

(२) Where default is made in complying with any direction given by the Registrar under the provisions of subsection (१), the company and every officer of the company who is in default shall be guilty of an offence and shall be liable to a default fine.

Powers of Registrar to carry out investigations

३२. Where the Registrar considers it necessary for any purpose under this Act to carry out an investigation or to conduct an inquiry into the affairs of a company, he may appoint one or more competent inspectors to investigate or inquire into the affairs of such company, and to report thereon in such manner as the Registrar directs; and the provisions of sections १६३, १६४ and १६५ shall, mutatis mutandis, apply in any such instance.

MISCELLANEOUS OFFENCES

Penalty for false statement.

३३. Where any person in any return, report, certificate, balance sheet, or other document, required by or for the purpose of any of the provisions of this Act specified in the Ninth Schedule hereto, wilfully makes a statement false in any material particular, knowing it to be false, he shall be guilty of an offence, and shall be liable to a fine not exceeding twenty thousand rupees or to imprisonment of either description for a term not exceeding one year or to both such fine and imprisonment.

Penalty
for
improper
use of
word
"Limited"

෧෪෪. Where any person or persons trade or carry on business under any name or title of which "Limited" or any contraction or imitation of that word, is the last word, that person or those persons shall, unless duly incorporated with limited liability, be guilty of an offence and shall be liable to a fine not exceeding five hundred rupees for every day upon which the name or title has been used.

GENERAL PROVISIONS AS TO OFFENCES

Provision
with
respect to
default
fines and
meaning of
"officer
who is in
default".

෧෪෫. (1) Where by any provision in this Act it is provided that a company and every officer of the company who is in default shall be liable to default fine, the company and every such officer shall, for every day during which the default continues, be liable to a fine not exceeding such amount as is specified in such provision or, where the amount of the fine is not so specified, to a fine not exceeding five hundred rupees for every day during which the default continues.

(2) Where any default, refusal or contravention, for which a company or any officer of the company is liable to a default fine is continued after conviction in respect thereof by a court, then, in addition to any such fine as may have been imposed by the court at the time of such conviction, the court may from time to time, upon the production of a certificate to that effect from the Registrar, impose a further fine under the provisions of subsection (1) for every day during which the default, refusal or contravention, as the case may be, is so continued.

For the purpose of any provision in this Act which provides that an officer of a company who is in default shall be liable to a fine or penalty, the expression "officer who is in default" means any director, manager, secretary or other officer of the company, who knowingly and wilfully authorizes or permits the default, refusal or contravention referred to in that provision.

Compoundi
ng of certain
offences.

෧෪෬. (1) Where any company has made default in complying with any provision of this Act requiring it to file with, or deliver or send to the Registrar any account, document or return or to give notice to him of any matter, and has by reason of such default committed an offence against this Act, the Registrar may, if he thinks fit, instead of instituting proceedings in court or, where such proceedings have already been instituted, instead of continuing such proceedings against the company or any officer of the

company in respect of such offence, accept from the company or such officer such sum of money as the Registrar may think proper in composition of the offence; and any sum so accepted shall be credited to the Fund established under this Act.

(१) Where the Registrar has accepted any sum of money under the provisions of subsection (१) in composition of any offence, proceedings shall not be taken against the company or any officer of the company in respect of that offence, or if already taken, shall not be continued.

(२) Where any sum of money payable in composition of an offence under the provisions of subsection (१) remains unpaid for a period of one month from the date fixed for its payment by the Registrar or such extended time as the Registrar may allow, the Registrar may report the said default in such payment to a Magistrate and the amount thereof shall be recovered from the company or any officer of the company in respect of such default in the same manner as if it were a fine imposed by court, and such court shall direct that the amount in default be credited to the Fund.

३७. All offences under this Act, made punishable—

- (a) by a fine only;
- (b) by a fine not exceeding twenty thousand rupees with imprisonment of either description for a term not exceeding one year; or
- (c) by imprisonment of either description for a term not exceeding one year, may be tried summarily by a Magistrate.

३८. (१) A fine may be imposed by a court for any offence under this Act, notwithstanding that such fine exceeds the amount of the fine which the court may impose in the exercise of its ordinary jurisdiction.

(२) The court imposing any fine under this Act may direct that the whole or any part thereof shall be applied in or towards payment of the costs of the proceedings or in or towards rewarding the persons on whose information or at whose suit the fine is recovered.

३९. Nothing in this Act relating to the institution of criminal proceedings by the Attorney-General shall be taken to preclude any person from instituting or carrying on any such proceedings.

Offences
summarily
triable.

Imposition
and applica-
tion of fines.

Savings as
to private
prosecutors

४०. Where proceedings are instituted under this against any person by the Attorney-General, nothing in this Act shall be taken to require any person who

Savings
for
privilege
d
communi

has acted as attorney-at-law for the accused to disclose any privileged communication made to him in that capacity.

SERVICE OF LEGAL PROCESS AND DOCUMENTS

Application and Reference to Court

Procedure

§ 41. (1) Every application or reference to court under the provisions of this Act unless otherwise expressly provided, or unless the court otherwise directs, shall be by way of petition and affidavit and every person against whom such application or reference shall be made shall be named a respondent in the petition and shall be given notice of the same and be entitled to object to such application or reference.

(2) Pending the making of a final order in any application or reference made under the provisions of subsection (1) the court may on the application of a party to the proceedings make an interim order including a restraining order which it thinks fit.

(3) Every application or reference made to the court in the course of any proceedings under the Act, incidental thereto, shall be made by motion and a memorandum in writing of such motion shall be at the same time delivered to the court.

(4) The Registrar shall be entitled to be heard or represented in any application or reference made to the court under this Act at any stage of any such application or reference.

(5) In all proceedings before court by way of application or reference under this Act, the costs of the Registrar shall be in the discretion of the court, but the Registrar shall not be ordered to pay costs of any other of the parties.

§ 42. A document may be served on a company—

Service of

- (a) by leaving it at or sending it by post to the registered office of the company; or
- (b) by delivering it, or sending it by post, to any director, secretary, manager, or other officer of the company; or

(c) if for any reason it cannot be served as aforesaid, on such director, secretary, manager or other officer, by delivering it, or sending it by post it may be served in such manner as may be ordered by the court.

६६३. Any document purporting to be made or furnished for the purposes of this Act by or on behalf of a company or by any person shall for all purposes be, until the contrary is proved, deemed to have been made or furnished by such company or person, as the case may be. Any person signing any such document shall be deemed to be cognizant of all matters therein.

६६४. Where a limited company is plaintiff in any action or other legal proceeding, any judge having jurisdiction in the matter may, where 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 defence, require sufficient security to be given for those costs, and may stay all proceedings until the security is given.

६६५. Where an expense or fees payable to the Registrar under this Act are not paid by the person liable to pay the same upon demand, such default may be reported to a Magistrate, and the amount thereof shall be recovered in the same way as if it were a fine imposed by such Magistrate, who shall direct that the amount in default be credited to the Fund.

६६६. (१) Where an action is instituted against any company by any person in his capacity as a holder of shares in or debentures of such company, the proceedings in such action shall be taken by way of summary procedure.

(२) Notwithstanding anything to the contrary in any other written law, the petition presented in court in any action referred to in subsection (१) shall bear a stamp or stamps of the value of fifty rupees.

६६७. (१) Where in any proceedings 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 is or 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 has acted honestly and reasonably, and that having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused

for the negligence, default, breach of duty or breach of trust, that court may relieve him, either wholly or partly, from his liability on such terms as the court may think fit. (1) 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, in respect of any negligence, default, breach of duty or breach of trust, he may apply to the court for relief, and the court on any such application shall have the same power to relieve him 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.

§ 48. (1) The Minister may make regulations for or in respect of all matters which are stated or required by this Act to be prescribed or for which regulations are required or authorized by this Act to be made.

(2) Every regulation made by the Minister shall be published in the Gazette and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall as soon as convenient after its publication in the Gazette, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval but without prejudice to anything previously done there under. Notification of the date on which any regulation is so deemed to be rescinded shall be published in the Gazette.

Regulations.

INTERPRETATION

Interpretation. ٤٤٩. (١) In this Act, unless the context otherwise requires—

- ‘accounts’ includes a company’s group accounts, whether prepared in the form of accounts or not;
- ‘agent’ does not include a person’s lawyer acting as such;
- ‘annual return’ means the return required to be made, in the case of a company having a share capital, under the provisions of section ١٢٠, and, in the case of a company not having a share capital, under the provisions of section ١٢١;
- ‘articles’ means 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 Part C of the Schedule to the Joint Stock Companies Ordinance, ١٨٦١, or in Table B in the Schedule to the Joint Stock Banking Ordinance, ١٨٩٧, or in Table A in the First Schedule to the Companies Ordinance, or in Table A in the First Schedule hereto ;
- ‘banking company’ means a banking company as defined in section ٤١١;
- ‘book and paper’ and ‘book or paper’ include accounts, deeds, writings and documents;
- ‘company’ means a company formed and registered under this Act or an existing company ;
- ‘the court’ used in relation to a company means the District Court having jurisdiction to wind up the company;
- ‘debenture’ includes debenture stock, bonds and any other securities of a company whether constituting a charge on the assets of the company or not;
- ‘director’ includes any person occupying the position of director by whatever name called ;
- ‘district’ means a judicial district as determined by the Minister in charge of the subject of Justice under section ٤ of the Judicature Act, No. ٢ of ١٩٧٨;
- ‘document’ includes summons, notice, order, and other legal process, and registers ;

“existing company” means a company formed and registered under the Joint Stock Companies Ordinance, १८८१, or the Joint Stock Banking Ordinance, १८९४, or the Companies Ordinance;

“financial year” means, in relation to any body corporate, the period in respect of which 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;

“Fund” means the fund established under section ४२०;

“issued generally” means, in relation to a prospectus, issued to persons who are not existing members of the company;

“legal rate” means the rate to be prescribed by regulation under this Act;

“legal representative” means an executor or administrator or in the case of an estate not administrable in law the next-of-kin who have adiated the inheritance;

“manager” includes any person occupying the position of manager by whatever name called;

“managing agents” means a person, firm or company entitled to

the management of the whole affairs of a company by virtue of an agreement with the company, and under the control and direction of the directors except to the extent, if any, otherwise provided for in the agreement, and includes any person, firm or company occupying such position by whatever name called;

Explanation.—If a person occupying the position of a managing agent calls himself a manager he shall nevertheless be regarded as managing agent and not as manager for the purposes of this Act;

“memorandum” means the memorandum of association of a company, as originally framed or as altered in pursuance of any enactment;

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

“prescribed” means as respects the provisions of this Act, relating to the winding up of companies, prescribed by rules, and as respects the other provisions of this Act, prescribed by regulation;

- “prospectus” means any prospectus, notice, circular, advertisement, or other invitation, offering to the public for subscription to or purchase of any shares or debentures of a company and includes any such notice, circular, advertisement, or other invitation notwithstanding that it may contain on the face thereof that it is not a prospectus or offer of shares to the public;
- “Registrar” means the Registrar of Companies or other officer performing under this Act, the duty of registration of companies;
- “regulation” means a regulation made by the Minister under this Act, and
- “share” means share in the share capital of a company, and includes stock except where a distinction between stocks and shares is expressed or implied.

(2) A person shall not be deemed to be within the meaning of any provision in this Act a person in accordance with whose directions or instructions the directors of a company are accustomed to act, by reason only that the directors of the company act on advice given by him in a professional capacity.

(3) Any reference in this Act to a body corporate or to a corporation should be construed as not including a corporation sole but as including a company incorporated outside Sri Lanka.

TRANSITIONAL PROVISIONS AND SAVINGS

100. (1) Without prejudice to the provisions of section 8 and 10 of the Interpretation Ordinance—

- (a) nothing in the repeal of any former written law relating to companies shall affect any order, rule, regulation, scale of fees, appointment, conveyance, mortgage, deed or agreement made, resolution passed, direction given, proceeding taken, instrument issued or thing done under any former written law relating to companies, but any such order, rule, regulation, scale of fees, appointment, conveyance, mortgage, deed, agreement, resolution, direction, proceeding, instrument or thing shall, if in force on the appointed date, continue in force, and so far as it could have been made, passed, given, taken, issued or done under this Act, shall have effect as if made, passed, given, taken, issued, or done wider the provisions of this Act;

- (b) any document referring to any former written law relating to companies shall be construed as referring to the corresponding provision of the provisions of this Act;
 - (c) any person appointed to any office under or by virtue of any former written law relating to companies shall be deemed to have been appointed to that office under or by virtue of the provisions of this Act;
 - (d) any register kept under any former written law relating to companies shall be deemed part of the register to be kept under the corresponding provisions of this Act;
 - (e) all funds and accounts constituted under the provisions of this Act, shall be deemed to be in continuation of the corresponding funds and accounts constituted under the former written law relating to companies.
- (۲) In this section the expression 'former written law relating to companies' means any written law repealed by the Companies Ordinance or this Act.

Savings.

۴۵۱. Nothing in this Act, shall affect—

- (۱) the incorporation of any company registered under any written law repealed by the Companies Ordinance or this Act;
- (۲) Part C of the Schedule to the Joint Stock Companies Ordinance, ۱۸۶۱, or any part thereof, so far as the same applies to any company in existence on the appointed date;
- (۳) Table B in the Schedule to the Joint Stock Bankings Ordinance, ۱۸۹۷, or any part thereof, so far as the same applies to any company in existence on the appointed date.
- (۴) Tables A and C in the First Schedule to the Companies Ordinance or any part thereof, so far as the same applies to any Company in existence on the appointed date.

Savings of
pending
proceedings
for
winding

۴۵۲. Subject as hereinafter provided, the provisions of this Act with respect to winding up shall not apply to any company of which the winding up has commenced before the appointed date, but every such company shall be wound

۲۱—A ۶۸۷۵۲ (۰۲/۰۶)

up in the same manner and with the same incidents as if this Act had not been enacted, and for the purposes of the winding up the written law under which the winding up commenced shall be deemed to remain in full force :

Provided, however, that where any such company is being so wound up the court may, on application made by the Registrar or by any creditor of the company and where the court is of opinion that it is expedient to do so in the circumstances of the case, make order that any specified provision of this Act with respect to winding up shall apply to the winding up of such company, and may give such incidental or supplemental directions as may appear to the court to be necessary for the purposes of the application of such provision ; and where the court makes any such order any provision of this Act specified in the order shall subject to any such directions, apply accordingly .

PART XVII

REPEAL

Repeal. ٤٥٣. The Companies Ordinance (Chapter ١٤٥) is hereby repealed .

FIRST SCHEDULE

(Sections ८, १०, १३, १३०, ३९३, ४४९)

TABLE A

PART I

RULES FOR MANAGEMENT OF A COMPANY LIMITED BY
SHARES, NOT BEING A PRIVATE COMPANY

Interpretation

१. In these rules—

- ‘the Act’ means the Companies Act, १९८२;
- ‘the seal’ means the common seal of the company;

‘SECRETARY’ MEANS ANY PERSON APPOINTED TO PERFORM THE DUTIES OF
THE SECRETARY OF THE COMPANY AND INCLUDES A COMPANY OR GROUP OF
PERSONS ACTING AS SUCH.

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 word's in a visible form.

Unless the context otherwise requires, words or expressions contained in these rules shall bear the same meaning as in the Act, or any statutory modification thereof in force at the date at which these rules become binding on t'he company.

Share Capital and Variation of Rights

- २. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and shares in the company may be issued with such preferred, 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.
- ३. Subject to the provisions of section २१ of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the term that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.
- ४. 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 three-fourths of the issued of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions

of these rules relating to general meetings shall apply, but so that 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 deemed to be varied by the creation or issue of further shares ranking in pari passu therewith.

१. The company may exercise the powers of paying commissions conferred by section २३ of the Act, provided the rate per centum or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by such section and the rate of the commission shall not exceed the rate of ten per centum of such price as the case may be. Such 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. The company may also on any issue of shares pay such brokerage may be lawful.

४. Except as required by law, no person shall be recognized 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 recognize (even when having notice thereof) any equitable, contingent, future or partial interest on any share or any interest in any fractional part of a share (except only as by these rules or by

law otherwise provided) any other rights in respect of any share except an absolute right to the person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of the issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment of five rupees for every certificate after the first or such less sum as the directors shall from time to time determine. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid thereon.

Provided that in respect of a share or shares 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 shall be sufficient delivery to all such holders.

१. Where a share certificate is defaced, lost or destroyed, it may be renewed on payment of a fee of five rupees or such less sum and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the company investigating evidence as the directors think fit.

१०. The company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of 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 in its holding company nor shall the company make a loan for any purpose whatever on the security of its shares or those of its holding company, but nothing in this rule shall prohibit transactions referred to in the proviso to subsection (१) of section ७० of the Act.

Lien

११. The company shall have a first and paramount lien on every share (not being a fully-paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, and 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 moneys presently payable by him or his estate to the company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this rule. The company's lien if any, on a share shall extend to all dividends payable thereon. The company may sell, in such manner as the directors think fit, any shares on which the company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days from the date of a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death to any such sale for the solvent company. The directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

१२. 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 presently payable, and the residue, if any, shall (subject to a like lien for sums not presently 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

१३. The directors may from time to time make calls upon the members in respect of any moneys 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 thereof made payable at fixed times, provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceeding call, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place

of payment) pay to the company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the directors may determine.

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

१७. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. १८. Where a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per centum per annum as the directors may determine, but the directors shall be at liberty to waive payment of such interest wholly or in part. १९.

Any 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 rules be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these rules as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. २०. 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.

२१. The directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the company in general meeting shall otherwise direct) ten per centum per annum, as may be agreed upon between the directors and the member paying such sum in advance.

Transfer of shares

२२. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and, the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

२३. Subject to such restrictions of these rules as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the directors may approve.

२४. The directors may decline to register the transfer of a share (not being a fully paid up share) to a person of whom they shall not approve, and they may also decline to register the transfer of a share on which the company has a lien.

२०. The directors may also decline to recognize any instrument of transfer unless—

- (a) a fee of five rupees or such lesser sum as the directors may from time to time require is paid to the company in respect thereof;
- (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.

२१. Where the directors refuse to register a transfer they shall, within two months from the date on which the transfer was lodged with the company, send to the transferee notice of the refusal.

२२. The registration of transfers may be suspended at such time and for such periods as the directors may from time to time determine, provided always that such registrations shall not be suspended for more than thirty days in any year.

२३. The company shall be entitled to charge a fee not exceeding five rupees on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney or other instrument.

Transmission of Shares

२४. In case of the death of a member the survivor or survivors where the deceased was a joint holder, and the legal representative of the deceased where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

२५. There shall be no restriction by way of limitation of number in regard to the persons to be registered as joint holders of a share where such persons are executors or trustees of deceased holder.

२६. Any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, 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 death, bankruptcy, or insolvency, as the case may be.

32. Where the persons so becoming entitled elects to be registered himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. Where he elects to have another person registered he shall testify his election by executing to that person a transfer of the shares. All the limitations restrictions and provisions of these rules relating to the right to transfer and the registration of the transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by the member. 33. A person becoming entitled to a share by reason of the death, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he 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: Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and where the notice is not complied with within ninety days the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Forfeiture of Shares

34. Where a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

35. 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 in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

36. Where the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

37. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as 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.

38. 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 moneys which, at the date of forfeiture, were payable by him to the company in

respect of the shares, but his liability shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares.

३९. A statutory declaration in writing that the declarant is a director or the secretary of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The company may receive the consideration, if any given for the share in any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon 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 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.

४०. The provisions of these rules as to forfeiture shall apply in the case of non-payment of any 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 the same had been payable by virtue of a call duly made and notified.

Conversion of Shares into Stock

४१. The company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.

४२. The holders of stock may transfer the same, or any part thereof, in the same manner and subject to the same rules as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances permit, and the directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

४३. The holder 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, but no such privilege or advantage, (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

४४. Such of the rules of the company as are applicable to paid-up shares shall apply to stock and the words 'share' and 'shareholder' therein shall include 'stock' and 'stockholder'.

Alteration of Capital

45. 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.

46. The 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) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of paragraph (d) of subsection (1) of section 12 of the Act;

(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.

47. The company may by special resolution reduce its share any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorized, and consent required by law.

General Meetings

48. 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, and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next:

Provided that, so long as the company holds its first annual general meetings within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.

49. All general meetings other than annual general meetings shall be called extraordinary general meetings.

50. The directors may, whenever they think fit, convene an extraordinary general meeting and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 128 of the Act. Where at any time there are not within Sri Lanka 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

51. An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least, and a meeting of the company other than an annual general meeting or a meeting for the passing of a

Special resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day (or 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, shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting to such persons as are, under the rules of the company, entitled to receive such notices from the company:

Provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this rule, be deemed 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 thereat; 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 centum in nominal value of the shares giving that right.

०२. 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

०३. All business shall be deemed special that is transacted at an extraordinary general meeting and also that is transacted 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.

०४. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, three members present in person shall be a quorum:

००. 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; 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, and 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.

७६. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company, or where there is no such chairman, or where he is not be 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 chairman of the meeting.

७७. Where at any meeting no director is willing to act as chairman or where 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 chairman of the meeting.

७८. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so 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. 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. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

७९. 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 chairman; 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; 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.

unless a poll be so demanded a declaration by the chairman 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 such resolution. The demand for a poll may be withdrawn. ८०. Except as provided in rule १४, where a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

11. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

12. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman 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.

Votes of Members

13. 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 is the holder.

14. 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 this purpose seniority shall be determined by the order in which the names stand in the register of members.

15. A member of unsound mind or mentally deficient or in respect of whom an order has been made by any court having jurisdiction in cases relating to persons of unsound mind or mentally deficient persons may vote, whether on a show of hands or on a poll, by his manager or curator or other person in the nature of a manager or curator appointed by the court, and any such manager or curator or other person may, on a poll, vote by proxy.

16. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

17. No objection shall be raised to the qualification of any voter except 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. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

18. On poll votes may be given either personally or by proxy.

19. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or where the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the company.

20. 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 Sri Lanka as is specified for that purpose in the notice convening the meeting not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in

person so authorized shall be 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

४६. 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.

४७. The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. 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.

४८. The share holding qualification for Directors may be fixed by the company in general meeting and unless and until so fixed no qualification shall be required.

४९. 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 as a director or officer of, or from his interest in, such other company unless the company otherwise directs.

Borrowing Powers

८०. 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 thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the company or any third party:

Provided that the amount for the time being remaining undischarged of moneys borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at anytime, without the previous sanction of the company in general meeting, exceed a reasonable amount which if measured by reference to share capital shall be related to the issued and paid-up share capital of the company, but nevertheless no lender or other person dealing with the company shall be concerned to see or inquire whether this limit is observed. No debt incurred or security given in excess of such limit shall be 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 hereby imposed has been or was thereby exceeded.

Powers and Duties of Directors

८१. 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 rules, required to be exercised by the company in general meeting, subject, nevertheless, to any of these rules, to the provisions of the Act and to such rules being not inconsistent with the aforesaid rules or provisions, as may be prescribed by the company at a general meeting; but no rule made by the company in general meeting shall invalidate any prior act of the director which, would have been valid if that rule had not been made.

८२. 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 rules) and for such period and subject to such conditions as they may think fit, and any such power of attorney 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 any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

८३. The company may exercise the powers conferred by section २४ of the Act with regard to having an official seal for use abroad and such powers shall be vested in the directors.

८४. The company may exercise the powers conferred by sections ११६ to ११९ (both inclusive) of the Act, with regard to the keeping of a branch register, and the directors may (subject to the provisions of those sections) make and vary such rules as they may think fit respecting the keeping of any such register.

८५. (१) 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 interest at a meeting of the directors in accordance with the provisions of section २०२ of the Act.

(२) A director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to—

- (a) any arrangement for giving any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the company; or
- (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 has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or

(c) any contract by a director to subscribe for or under-write shares or debentures of the company;
or

(d) any contract or arrangement with any other company in which he is interested only as an officer of the company or as holder of shares or other securities and these 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 at a general meeting.

(३) A director may hold any other office or place of profit under the company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or proposed director shall be disqualified by his office from contracting with the company either with regard to his 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 shall any director so contracting or being so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (३)

A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other director is appointed to hold any such office or place of profit under the company or whereat the terms of any such appointment are arranged and he may vote on any such

appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

(४) Any director may act by himself or his firm in a professional capacity for the company and he or his firm shall be entitled to remuneration for professional services as if he were not a director provided that nothing herein contained shall authorize a director or his firm to act as auditor to the company. ४६. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys, paid to the company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such

manner as the directors shall from time to time by resolution determine. ४७. The directors

(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 resolution and proceedings at all meetings of the company, and of the directors, and of committees of directors.

and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose.

८८. 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 widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Disqualifications of Directors

८९. The office of director shall be vacated if the director—

- (a) ceases to be a director by virtue of the provisions of section १८० or १८१ of the Act; or
- (b) becomes bankrupt or insolvent or makes any arrangement or composition with his creditors generally; or
- (c) becomes prohibited from being a director by reason of any order made under the provisions of section १८६ of the Act; or
- (d) becomes of unsound mind or mentally deficient; or
- (e) resigns his office by notice in writing to the company; or
- (f) shall for more than six months have been absent without permission of the directors from meetings of the directors held during that period.

Rotation of Directors

९०. 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.

९१. 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.

९२. A retiring director shall be eligible for re-election.

९३. The company at the meeting at which a director retires in manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring director shall if offering himself for re-election be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such director shall have been put to the meeting and lost.

९४. No person other than a director retiring at the meeting shall 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 such notice is given.

of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

95. 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 retire from office.

96. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these rules. Any director so appointed 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 such meeting.

97. The company may by ordinary resolution, of which special notice has been given in accordance with section 128 of the Act, remove any director before the expiration of his period of office notwithstanding anything in these regulations or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company.

98. The company may by ordinary resolution appoint another person in place of a director removed from office under the provisions of rule 97 and without prejudice to the powers of the directors under the provisions of rule 96, the company in general meeting may appoint any person to be a director either to fill a casual vacancy or as an additional director. A person appointed in place of a director so removed or to fill such a vacancy shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

Proceeding of Directors

99. The directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meetings shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from Sri Lanka. 100. (a) The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two. (b) 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 pursuant to the rules 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.

١٠١. The directors may elect a chairman of their meetings and determine the period for which he is to hold office; but where no such chairman is elected or where at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.

١٠٢. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated, conform to any rules that may be imposed on it by the directors.

١٠٣. A committee may elect a chairman of the meeting, if no such chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the chairman shall have a second or casting vote.

١٠٤. All acts done by any meeting of the directors or of a committee of directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid 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.

١٠٥. A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Managing Director

١٠٦. 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 such appointment. A director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his appointment shall be automatically determined if he cease from any cause to be a director.

١٠٧. A managing director shall receive such remuneration (whether by way of salary commission or participation in profits, or partly in one way and partly in another) as the directors may determine.

١٠٩. 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 such powers.

Secretary

١١٠. The secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit, and any secretary, so appointed may be removed by them.

١١١. No person shall 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.

١١٢. A provision of the Act or these rules requiring or authorizing 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

١١٣. The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorized by the directors in that behalf, and every instrument to which the seal shall be 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 Reserves

١١٤. The company at a general meeting may declare dividend but no dividend shall exceed the amount recommended by the directors.

١١٥. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.

١١٦. No dividend shall be paid otherwise than out of profits.

١١٧. The directors may, before recommending any 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 such application may, at the like discretion, 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. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

۱۱۸. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof 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 rules as paid on the share. 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 where any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

۱۲۰. Any general meeting declaring a dividend or bonus may direct payment of such 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 such ways, the directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem appropriate and the directors may direct that 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 to 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. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. 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.

۱۲۲. There shall be no forfeiture of unclaimed dividends before the expiration of six years after the declaration thereof.

Accounts

१२४. 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.

Proper books shall not be deemed 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.

१२५. The books of account shall be kept at the registered office of the company, or, subject to the provisions of subsection (३) of section १४३ of the Act, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.

१२६. The directors shall, from time to time, 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 the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorized by the directors or by the company in general meeting.

१२७. The directors shall from time to time, in accordance with the provisions of sections १४४, १४६ and १५२ of the Act, cause to be prepared and to be laid before the company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections.

१२८. A copy of every balance sheet (including every document required by law to be annexed thereto) 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 of, and every holder of debentures of the company, and to every person registered under the provisions of rule ३४ :

Provided that this rule shall not require a copy of these documents 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

१२९. The company in general meeting may, upon the recommendation of the directors, resolve that it is desirable to capitalize 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 and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed

- by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such 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 an amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution : Provided that, a share premium account and a Capital Redemption Reserve Fund may, for the purposes of this rule, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares. Whenever such a resolution as aforesaid shall have been passed the directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotment and issues of fully-paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the directors to make such provision by the issue of fractional certificates or by payment in cash, or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all members entitled thereto into an agreement with the company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the company on their behalf, by the application thereto 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, and any agreement made under such authority shall be effective and binding on all such shareholders appointed and their duties regulated in accordance with the provisions of sections 106 to 109 of the Act.

Notices

- A notice may be given by the company to any member either personally or by sending it by post to him or to his registered address or (if he has no registered address within Sri Lanka) to the address, if any, within Sri Lanka, supplied by him to the company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected, by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of notice of a meeting at the expiration of twenty four 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.
- Notice may be given by advertisement in any leading daily newspaper, in addition to the manner of notice hereinbefore provided.

134. Notwithstanding the provision of rule 132, any member whose registered address is not within Sri Lanka, may name an address within Sri Lanka which, for purposes of notices shall be considered as his registered address.

135. 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.

136. A notice may be given by the company to the persons entitled to a share in consequence of the death, bankruptcy or insolvency 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 insolvent, or by any like description, at the address, if any, within Sri Lanka supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

137. Notice of every general meeting shall be given in any manner herein before authorized to—

- (a) every member except those members who (having no registered address within Sri Lanka) have not supplied to the company an address within Sri Lanka for the giving of notices to them;
- (b) every person upon whom the ownership of a share devolves by reason of his being a legal representative or a trustee in bankruptcy or insolvency of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting;
- (c) the auditor for the time being of the company; and
- (d) the Registrar.

No other person shall be entitled to receive notices of general meetings.

Winding up

138. Where the company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the company and any other sanction required by the Act divide amongst the members in specie or kind the whole or any part of the assets of the company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

१३९. 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 in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under the provisions or section ६६० of the Act in which release is granted to him by the court.

PART II

RULES FOR THE MANAGEMENT OF A PRIVATE COMPANY LIMITED BY SHARES

१. (१) The rules contained in Part I other than rules १६ and ०६ shall apply.
(२) Rule ०१ contained in Part I shall apply as if for the twenty-one and 'fourteen', there substituted the words 'fourteen' and 'seven' respectively.
२. The company is a private company and, accordingly—
 - (a) the right to transfer shares is restricted in the manner hereinafter
 - (b) specified; 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 such employment and have continued after the determination of such employment to the members of the company) is limited to fifty. Provided that where two or more persons hold one or more shares in a company jointly they shall for the purpose of this rules be treated as single member
 - (c) any invitation to the public to subscribe for any shares or debentures of the company is prohibited; the company shall not have power to issue share warrants to bearer.
 - (d)
३. The directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share, whether or not it is a fully-paid share.
४. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business, save as herein otherwise provided two members present in person or by proxy shall be a quorum.
०. Subject to the provisions of 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 authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the company duly convened and held.

Note—Rules १ and ६ of this Part are alternative to rules १६ and ०६ respectively of Part I.

TABLE B

(Section 13)

FORM OF MEMORANDUM OF ASSOCIATION OF A COMPANY LIMITED BY SHARES

1st—The name of the company is 'The Eastern Steam Packet Company, Limited'.

2nd—The registered office of the company will be situated in the district of Colombo.

3rd—The objects for which the company is established are—

Primary Objects:

- (i) The conveyance of passengers and goods in ships or boats between such places as the company may from time to time determine.
- (ii) The purchasing and hiring of steam, sailing, motor and other ships or boats for the purposes of the company.
- (iii) The construction and establishment of docks, warehouses, work shops and other conveniences.

Ancillary Objects:

- (i) The carrying on of business as hotel, cafe and lodging house keepers.
- (ii) The carrying on of business as commission agents customs agents and warehousemen.

Other Objects:

- (i) The carrying on of business as manufacturers of, and dealers in rope, nautical instruments, gear, fittings and— equipment of every description.
- (ii) The building, construction and repair of ships and boats and sailing vessels of all types.
- (iii) The carrying on of the business of deep-sea fishing, and as importers and exporters of sea foods.

4th—The liability of the members is limited.

5th—The share capital of the company is two hundred thousand rupees divided into one thousand shares of two hundred rupees each.

We these several persons whose names and address are subscribed, are desirous of being formed into a company, in pursuance of 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.

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 thereof 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 100 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. The company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next: Provided that 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. The annual general meeting shall be held at such time and place as the directors shall appoint. All
5. general meetings other than annual general meetings shall be called extraordinary general meetings. The directors may, whenever they think fit,
6. convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or in default, may be convened by such requisitionists, as provided by section 128 of the Act. Where at any time there are not within Sri Lanka 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. An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least in the case of a company other than a private company and fourteen days' notice in writing at the least in the case of a private company. A meeting other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing of least in the case of a company other than a private company and seven days notice in writing at the least in the case of a private company. The notice shall be exclusive of the day on which it is served or deemed 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 shall be

given in manner hereinafter mentioned or in such other manner if any, as may be 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

Provided that a meeting at the company shall notwithstanding that it is called by shorter notice than that specified in this article be deemed 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 thereat; and in the case of any other
- (b) 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 on 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 shall be deemed special that it transacted at an extraordinary general meeting, and also all that is transacted 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.
- 10. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business, save as herein otherwise provided, three members present in person shall be a quorum.
- 11. 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 as the same time and place, or to such other day and at such other time and place as the directors may determine, and 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.
- 12. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company, or where there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the directors or a present shall elect one of their number to be chairman of the meeting.
- 13. Where at any meeting no director is willing to act as chairman or where 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 chairman of the meeting.

14. The chairman may with the consent of any meeting at which a quorum is present (and shall if so 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. 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. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

15. 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 chairman; 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.

Unless a poll be so demanded a declaration by the chairman 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 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.

The demand for a poll may be withdrawn.

16. Except as provided in article 18, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

17. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

18. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

19. Subject to the provisions of 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 authorized representatives) shall be as valid and effective as if the same had been passed at a General Meeting of the company duly convened and held.

Votes of Members

20. Every member shall have one vote.
21. A member of unsound mind or mentally deficient or in respect of whom an order has been made by any court having jurisdiction in cases relating to persons of unsound mind or mentally deficient may vote, whether on a show of hands or on a poll, by his manager or curator or other person in the nature of his manager or curator appointed by that court and any such manager or curator or other person may, on a poll vote by proxy.
22. No member shall be entitled to vote at any general meeting unless all moneys presently payable by him to the company have been paid.
23. On a poll votes may be given either personally or by proxy.
24. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the company.
25. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company or at such other place within Sri Lanka as is specified for that purpose in the notice convening the meeting, not 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 less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
26. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:— "..... Limited
I/We of being a member /members of the above named company, hereby 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 19... and at any adjournment thereof.
- Signed this day of 19... "
- (Note.—Strike out whichever is not desired. Unless otherwise instructed the proxy will vote as he thinks fit.)
27. Where it is desired to afford members an opportunity of voting for or against a resolution and /or to speak at the meeting the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit—
"..... Limited.

२८. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
२९. 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 provided that no intimation in writing to such death, insanity or revocation as aforesaid shall have 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

३०. Any corporation which is a member of the company may, by resolution of its directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company, and the person so authorized shall be 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

३१. 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
३२. The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. 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

३३. 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 thereof, 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

२९. 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 nevertheless to the provisions of the Act or these articles, and to such rule, being not inconsistent with the aforesaid provisions as may be prescribed by the company in general meeting, but no 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.

३०. 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 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, and any such power of attorney 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 any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

३१. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution

37. determine. 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

and every director present at any meeting of the directors or committee of directors shall sign his name in a book to be kept for that purpose.

Disqualifications of Directors

३८. The office of directors shall be vacated if the director—

- (a) without the consent of the company in general meeting holds any other office of profit under the company; or
- (b) becomes bankrupt or insolvent or makes any arrangement or composition with his creditors generally; or
- (c) becomes prohibited from being a director by reason of any order made under the provisions of section १८१ (१) of the provision of section १८१ (१) of the Act; or

- (d) Becomes of unsound mind; or

(e) resigns his office by notice in writing to the company; or (f) ceases to be a director by virtue of the provisions of section 181 of the Act; or (g) is directly or indirectly interested in any contract with the company and fails to

declare the nature of his interest in manner required by the provisions of section 182 of the act.

A director shall not vote in respect of any contract in which he is interested or any matter arising thereout, and if he does so his vote shall not be counted.

Rotation of Directors

39. At the first annual general meeting of the company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.

40. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

41. A retiring director shall be eligible for re-election.

42. The company at the meeting at which a director retires in manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring director shall, if offering himself for re-election, be deemed to have been re-elected, unless, at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such director shall have been put to the meeting and lost.

43. No person other than the director retiring at the meeting shall unless recommended by the directors be eligible for election to the office of director at any general meeting unless, not less than three or more than twelve-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 such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

44. The company may from time to time by ordinary resolution increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to retire from office.

45. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these articles. Any director

so appointed shall hold office only until 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 such meeting.

46. The company may by ordinary resolution of which special notice has been given in accordance with the provisions of section 138 of the Act remove any director before the expiration of his period of office notwithstanding anything in these articles or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company.

47. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding article. Without prejudice to the powers of the directors under article 46 the company at a general meeting may appoint any person to be a director either to fill a casual vacancy or as an additional director. The person appointed to fill such a vacancy shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

Proceedings of Directors

48. The directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors. It shall not be necessary to give notice of a meeting of directors to any director for

49. the time being absent from Sri Lanka. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two.

50. The continuing directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant 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 that number, or of summoning a general meeting of the

51. The directors may elect a chairman of their meetings and determine the period for which he is to hold office, but, if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of the number to be chairman of the meeting.

۵۲. The directors may delegate any of their power to committee consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.
۵۳. A committee may elect a chairman of its meetings where no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.
۵۴. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the chairman shall have a second or casting vote.
۵۵. All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid 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.
۵۶. A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Secretary

۵۷. The secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.
۵۸. A provision of the Act or these articles requiring or authorizing 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

۵۹. The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorized by the directors in that behalf on every instrument to which the seal shall be affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

Accounts

60. The directors shall cause proper books and 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.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

61. The books of account shall be kept at the registered office of the company, or, subject to the provisions of subsection (3) of section 143 of the Act at such other place or places as the directors think fit, and shall always be open to the inspection of directors.

62. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or rules the accounts and books or the documents or any of them shall be open to the inspection of members not being directors, and no members (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorize by the directors or by the company at a general meeting.

63. The directors shall from time to time in accordance with the provisions of sections 144, 146 and 152 of the Act cause to be prepared and to be laid before the company at a general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in

64. these sections. A copy of every balance sheet (including every document required by law to be annexed thereto) 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 of, and every holder of debentures of, the company: Provided that this article shall not require a copy of such documents 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.

65. Auditors shall be appointed and their duties regulated in accordance with the provisions of sections 156 to 159 of the Act.

Notices

66. A notice may be given by the company to any member either personally or by sending it by post to him or to his registered address, or (if he has no registered address within Sri Lanka) to the address, if any, within Sri Lanka supplied by him to the

2nd —The registered office of the company will be situated in the district of Colombo.

3rd. —The objects for which the company is established are—

Primary Objects :

- (i) The facilitating of travel in Sri Lanka by providing hotels and conveyances by sea and by land for the accommodation of travellers ;
- (ii) The carrying on the business of forwarding and clearing agents , and to own , let or hire motor lorries , omnibuses , motor launches and all types of vehicles for the conveyance of passengers and goods ;
- (iii) The carrying on the business of proprietors of cinema concert halls and places of amusement , recreation , sport and entertainment .

Ancillary Objects :

- (i) The carrying on the business of advertising , and to popularise and promote the tourist industry of Sri Lanka ;
- (ii) The carrying on the business of commission agents , customs agents and warehousemen .

Other Objects :

- (a) The carrying on the business of manufacturers of and dealers in tinned foods , spices , groceries and other consumable articles ;
- (ii) The carrying on the business of importers , exporters , and dealers in cloth , wearing apparel , and readymade garments .
- (iii) The carrying on the business of dairymen , farmers , millers , market , gardeners and manufacturers of jam and preserved provisions of all kinds .
- (4) The liability of the members is limited .
- (5) Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he is a member , or within one year afterwards for payment of the debts and liabilities of the company , contracted before he ceases to be a member , and for costs , charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves , such amount as may be required , not exceeding two hundred rupees .
- (6) The share capital of the company shall consist of five hundred thousand rupees , divided into five thousand shares of one hundred rupees each .

PART II
Reports to be set out

١. Where unissued shares or debentures of the company are to be applied in the purchase of a business, a report made by the 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.

٢. (١) Where 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 the provisions of sub-paragraph (٢) or sub-paragraph (٣), as the case requires, indicating how the profits or losses of the other body corporate dealt with by 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 gone dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired

(٢) If the other body corporate has no subsidiaries, the report referred to in sub-paragraph (١) 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.

(٣) Where the other body corporate has subsidiaries, the report referred to in sub-paragraph (١) shall—

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Companies Act, No. ١٧ of ١٩٨٢

(a) so far as regards profits and losses, deal separately with the other body corporate's profits or losses as provided by sub-paragraph (٢) 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 provisions of sub-paragraph (v) and, in addition, deal either—

- (i) as a whole with the combined assets and liabilities of its subsidiaries, with or without 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 person's other than members of the company.

PART III

Provisions Applicable to Parts I and II of this Schedule

- ३. In this Schedule the expressions 'vendor' and 'financial year' shall have the same meaning respectively assigned to them in Part III of the Third Schedule.
- ४. Where 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 shall have effect as if references to four years, three years, two years or one year, in the case may be, were substituted to references to, five years.
- ५. Any report required by Part II 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.

- ६. Any report by accountants required by Part II shall be made by accountants qualified

under the Act for appointment as auditors of a company and shall not be made by any accountant who is an officer or servant or a partner of or in the company's subsidiary or holding company or of a subsidiary of the company's holding company; and for the purpose of this paragraph the expression 'officer' shall include a proposed director but not an auditor.

THIRD SCHEDULE

(Section's ३२, ४०, ४३, ४९, ४०० and ४०१)

MATTERS TO BE SPECIFIED IN PROSPECTUS AND REPORTS TO BE SET OUT

THEREIN

PART I

Matters to be specified

१. (१) The primary objects of the company, that is to say, the objects which the subscribers or promoters intend that the company should carry out during the period of five years from the date of commencement of business by the company.
- (२) The ancillary powers proposed to be exercised or which may need to be exercised by the company for the purpose of carrying out its primary objects.
२. 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.
३. 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.
४. The names, descriptions and addresses of the directors or proposed directors.
५. 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 for 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 aforesaid 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.
६. The time of the opening and closing of the subscription lists.

- v. The amount payable on application and allotment on each share, and in the case of 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.
- Λ. 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 ; the price to be paid for
 - (b) shares or debentures subscribed for under it; the consideration (if
 - (c) any) given or to be given, for it or for the right to it; the names and
 - (d) 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
- 9. The number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, us 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.
- 10. (1) As respects any property to which this paragraph applies—
 - (a) the names and addresses of the vendors, ; the amount payable in cash
 - (b) 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 ; short particulars of any transaction relating
 - (c) 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.

11. 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.
12. 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.
13. The amount or estimated amount of preliminary expenses and the persons by whose 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.
14. 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.
15. 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.
16. The names and addresses of the auditors, if any, of the company.
17. Full particulars of the nature and extent 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 service rendered by him or by the firm in connection with the promotion or formation of the company.
18. Where 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.

342

Companies Act, No. 17 of 1982

19. In the case of a company which has been carrying on business or 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

٢٠. (١) A report by the auditors of the company with respect to—

(a) profits and losses and assets and liabilities in accordance with the provisions of sub-paragraph (٢) or sub-paragraph (٣) 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 ~~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 .

(٢) Where 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 regard 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 .

(٣) Where the company has subsidiaries , the report shall—

(a) so far as regards profits and losses , deal separately with the company's profit or losses as provided by the provisions of sub-paragraph (٢) 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 company ; or

(ii) individually with the profits or losses of each subsidiary , so far as they concern members of the company ,

or , instead of dealing separately with the company's profits or losses , deals as a whole with the profits or losses of the company and , so far as they concern members of the company , with the combined profits or losses of its subsidiaries ; and

Companies Act , No . ١٧ of ١٩٨٢

(b) so far as regards assets and liabilities , deal separately with the company's assets and liabilities as provided by the provisions of sub-paragraph (a) , and in , addition deal either—

(i) as a whole with combined assets and liabilities at its subsidiaries , with or without the company'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

२१. Where the proceeds, or any part of the proceeds, of the issue of the shares or and 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.

२२. (१) Where—

- (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 accountant (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 date of 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.

(२) The report referred to in paragraph (१) shall—

- (a) indicate how the profits or losses of the other body corporate dealt with in 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 to deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by sub-paragraph (२) of paragraph २० in relation to the company and its subsidiaries.

PART III

२२. The provisions of paragraphs २१, २३ (so far as it relates to preliminary expenses) and २४ shall not apply in the case of a prospectus issued more than two years after the date on which the company is entitled to commence business.
२३. Every person shall for the purpose 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—
- the purchase money is not fully paid at the date of the issue of the prospectus;
 - 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;
 - the contract depends for its validity or fulfilment on the result of that issue.
२४. 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, the expression "purchase money" included the consideration for the lease, and the expression "sub-purchaser" included a sub-lessee.
२५. Any reference in paragraph २ to subscribing for shares or debenture 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.
२६. For the purposes of paragraph २, where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors.
२७. Where 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 shall have effect as if reference to four years, three years, two years or one year, as the case may be, were substituted for references to five years.
२८. The expression "financial year" in Part II 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 the such part be deemed to be a financial year.

२९. Any report required by Part II shall either indicate by way of note any adjustments as respect the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the person making the report necessary or shall make those adjustments and indicates that adjustments have been made.
३०. Any report by accountants required by Part II shall be made by accountants qualified under the Act, for appointment as auditors of a 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

thereof, a promoter director or proposed director of the company and had any interest direct or indirect

Number, description and amount of any shares or debentures which any person has or is entitled to be given an option to subscribe for, or to acquire from a person to whom they have been allotted or agreed to be allotted with a view to this offering them for sale

Period during which option is exercisable

Price to be paid for shares or debentures subscribed for or acquired under option

Consideration for option or right to option

Persons to whom option or right to option was given or, if given to existing shareholders or debenture holders as such, the relevant share or debentures

Names and addresses of vendors of property purchased or acquired, 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 the business intended to be carried on by the company or the amount of the purchase money is not material

Amount (in cash, shares or debentures) payable to each separate vendor

Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any) paid or payable for goodwill

₹. Debentures

Rs.

₹.

1. Shares of Rs.
and debentures of

2. Until

3.

4. Consideration

5. Names and

Total purchase
price Rs.

Cash Rs.

Shares Rs.

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.

Amount (if any) paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in the company; or

Amount
paid

Rate of Commission

Rate per

The number of shares if any, which persons have agreed for a commission to subscribe absolutely

Estimated amount of preliminary expenses

Rs.

By whom those expenses have been paid or are payable.

Name of

Amount paid or intended to be paid to any promoter

Amount

Consideration for the payment

Consideration

Any other benefit given or intended to be given to any promoter

Name of Promoter

Consideration for giving of benefit

Consideratio

Dates of parties to and general nature of every material contract (other than contracts entered into in the ordinary course of the business intended to be carried on by the company 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 language other than in the official language of Sri Lanka, a copy of a translation in such language as may be specified by the Registrar or embodying a translation in the

language so specified of the parts in such other languages as the case may be, being a translation certified in the prescribed manner to be a correct translation

Names and addresses of the auditors of the company (if any)

Full particulars of the nature and extent of the interest 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 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.

The primary objects of the company, that is to say, the objects which the subscribers or promoters intend that the company should carry out during the period of five years from the commencement of business by the company.

The ancillary powers proposed to be exercised or which may need to be exercised by the company for the purposes of carrying out its primary objects.

(Signature of the persons above named as directors or proposed directors, or of their agents authorized in writing)

PART II

REPORTS TO BE SET OUT

१. Where it is proposed to acquire a business, a report made by the 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; or
 - (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.
२. (१) Where it is proposed to acquire 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 sub-paragraph (२) or sub-paragraph (३), 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. (२) Where the other body corporate has no subsidiaries, the report referred to in the provisions of sub-paragraph (१) 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 date of 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.(३) Where the other body corporate has subsidiaries, the report referred to in sub-paragraph (१) shall
 - (a) so far as regards profits and losses, deal separately with the other body corporate's profits and losses as provided by the provisions of sub-paragraph (२) 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 other body corporate, (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, 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

२००

Companies Act, No. १४ of १९८२

(b) so far as regards assets and liabilities, deal separately with the other body corporate assets and liabilities as provided by the provisions of sub-paragraph (१) and in addition, deal either—

- (i) as a whole with the combined assets and liabilities as 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 APPLICABLE TO PARTS I AND II OF THIS SCHEDULE

- ३. In this Schedule the expressions 'vendor' and 'financial year' shall have the same meaning respectively assigned to them in Part III of the Third Schedule.
- ४. 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 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.
- ५. Any report required by Part II 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.
- ६. Any report by accountants required by Part II shall be made by accountant qualified under the Act for appointment as auditors of a company and shall not be made by any accountant who is an officer or servant or a partner of or in 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.

FIFTH SCHEDULE

(Sections २८, १४०, १४८, १५२)

ACCOUNTS

PRELIMINARY

- १. Paragraphs २ to ११ of this Schedule apply to the balance sheet and the provisions of paragraphs १२ to १४ to the profit and loss account, and are subject to the exceptions and modifications provided for by Part II, in the case of a holding company and by Part III, in the case of companies of the classes therein mentioned, and this Schedule

PART I

GENERAL PROVISIONS AS TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

BALANCE SHEET

२. The authorized 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 on which the company has power to 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 re-issue.
३. 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.
४. (१) The reserves provisions, liabilities and fixed and current assets shall be classified under headings appropriate to the company's business :
Provided 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 headings.
- (२) Fixed assets shall also be distinguished from current assets.
- (३) The method or methods used to arrive at the amount of the fixed assets under each heading shall be stated.

०. (१) The method of arriving at the amount of any fixed assets shall subject to the provisions of sub-paragraph (२), 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.

and for the purpose of this paragraph the nett amount at which any assets stand in the company's books on the appointed date (after deduction of the amounts previously provided or written off for depreciation or diminution in value) shall, where the figures relating to the period before that date cannot be obtained without unreasonable expense or delay be treated as if it were the amount of a valuation of those assets made on that date and where any of those assets are sold, the said nett 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.

(२) The provisions of sub-paragraph (१) shall not apply—

- (a) to assets for which the figures relating to the period beginning on the appointed date, cannot be obtained without unreasonable expense or delay; or
- (b) to assess the replacement of which is provided for wholly or partly—
 - (i) making provision for renewals and charging the cost of replacement against the provisions so 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 this amount of the investments or by way of note; or to, goodwill, patents or
- (d) trade marks.

(३) For the assets under each heading whose amounts arrived at in accordance with the provisions of sub-paragraph (१) there shall be shown—

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

(४) As respects the assets under each heading whose amount is not arrived at in accordance with the provisions of sub-paragraph (१) because their replacement is provided for as referred to in sub-paragraph (२) (b), there shall be stated—
~~the~~ the means by which their replacement is provided for; and
~~the~~ the aggregate amount of the provisions (if any) made for renewals and not used.

٦. 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 : Provided that—
- (a) the provisions of this paragraph shall not require a separate statement of any of the said three amounts which is not material ; and the Registrar
 - (b) may direct that it shall not require a separate statement of the amount of provisions where he is satisfied that this 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 aforesaid) shall be so framed or marked as to indicate that fact. There shall also be shown (unless it is shown in the statement of profit and loss account) —
- (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) show an increase so 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 amount still retained for the purpose thereof,
 the application of the amounts derived from the difference.
- (٢) Where the heading showing any of the reserves or provisions aforesaid is divided into sub-headings the provisions of this paragraph shall apply to each of the separate amounts shown in the sub-headings instead of applying to the aggregate amount thereof.
٨. (١) There shall be shown under separate heading—
- (a) the aggregate amounts respectively of the company's trade investments, quoted investments other than trade investments and unquoted investments other trade investments ;

- (b) if the amount of the goodwill and of any patents and trademarks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the company, or from any contract for the sale or purchase of any property to be acquired by the company, or from any documents in the possession of the company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertainable and as so shown or ascertained as the case may be ;
- (c) the aggregate amount of any outstanding loans under the authority of the provisions of paragraphs (b) and (c) of the proviso to subsection (१) of section २० of the Act
- (d) the aggregate amount of bank loans and overdrafts ;
- (e) the net aggregate amount which is recommended for distribution by way of dividend .

(१) Nothing in the provisions of sub-paragraph, (१)(b) shall be taken as requiring the amount of the goodwill, patents and trademarks to be stated otherwise than as a single item .

९. Where any liability of the company is secured otherwise than by operation of law on any assets of the company, the fact that liability is so secured shall be stated but it shall not be necessary to specify the assets on which the liability is secured .

१०. 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 .

११. (१) The matters referred to in this paragraph shall be stated by way of note, or in a statement or report annexed is not otherwise shown .

(१) 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, that is to say—

- (a) the period during which it is exercisable ;
- (b) the price to be paid for shares subscribed for under it .

(२) The amount of any arrears of fixed cumulative dividends on the company's shares and the period for which the dividends or if there is more than one class each class of them are in arrear, the amount to be stated before deduction of income tax except that in the case of tax free dividends, the amount shall be shown free of tax and the fact that it so shown shall also be stated .

(३) Particulars of any charge on the assets of the company, to secure the liabilities of any other person, including where practicable, the amount secured .

(४) 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

- (vi) Where practicable the aggregate amount or estimated amount, if it is material of contracts for capital expenditure so far as not provided.
- (vii) Where in the opinion of the directors any of the current assets have not a value, on realisation in the ordinary course of the company's business, at least equal to the amount at which they are stated, the fact that the directors are of that opinion.
- (viii) The aggregate market value of the company's quoted investments, other than trade investments, where it differs from the amount of the investments as stated.
- (ix) The basis on which foreign currencies have been converted into rupees where the amount of the assets or liabilities affected is material.
- (x) The basis on which the amount, if any, set aside for Sri Lanka income tax is computed.
- (xi) Except in the case of first balance sheet laid before the company after the appointed date, the corresponding amounts at the end of the immediately preceding financial year for all items shown in the balance sheet.

PROFIT AND LOSS ACCOUNT

12. (1) There shall be shown—
- (a) the amount charged to revenue by way of provision for depreciation renewals or diminution in value of fixed assets;
 - (b) the amount of the interest on the company's debentures and other fixed loans;
 - (c) the amount of the charge for Sri Lanka income tax and other Sri Lanka taxation on profits, including where practicable as Sri Lanka income tax any taxation imposed elsewhere to the extent of the relief, if any, from Sri Lanka income tax and distinguishing where practicable between income tax and other taxation;
 - (d) the amounts respectively provided for redemption of share capital and for redemption of loans;
 - (e) the amount of material, set aside or proposed to be set aside, to or withdrawn from reserves;
 - (f) subject to the provisions of sub-paragraph, (1). The amount if material, set aside to provisions other than provisions for depreciation, renewals or diminution in value of assets or, as the case may be, the amount, if material, withdrawn from such provisions and not applied for the purpose thereof;
 - (g) the amount of income from investments, distinguishing between trade investments and other investments;
 - (h) the aggregate amount of the dividends paid and proposed.

• 26 —A 63752(83/06)

(۲) The Registrar of Companies may direct that a company shall not be obliged to show an amount set aside to provisions in accordance with the provisions of sub-paragraph (۱)(f), if the Registrar 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

۱۳. Where the remuneration of the auditors is not fixed by the company in general meeting, amount thereof shall be shown under a separate heading, and for the purpose of this paragraph any sums paid by the company in respect of the auditors' expenses shall be deemed 'to be included in the expression 'remuneration'.

۱۴. (۱) The matters referred in this paragraph shall be stated by way of note, if not otherwise shown.

- (۲) If depreciation or replacement of fixed assets is provided for by some method other than a depreciation charge or provisions for renewals or is not provided for, the method by which it is provided for or the fact that it is not provided for, as the case may be.
- (۳) This basis on which the charge for Sri Lanka income tax is computed.
- (۴) Whether or not the amount stated for dividends paid and proposed is for dividends subject to deduction of income tax.
- (۵) Except in the case of the first profit and loss account laid before the company after the appointed date, the corresponding amounts, for the immediately preceding financial year for all items shown in the profit and loss account.
- (۶) 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 exceptions or non-recurrent nature; or
 - (b) by any change in the basis of accounting.
- (۷) Whether and director of the company is, directly or indirectly, interested in any contract with the company and if so, the nature of his interest.

PART II

SPECIAL PROVISIONS WHERE THE COMPANY IS A HOLDING OF SUBSIDIARY COMPANY, MODIFICATIONS OF AND ADDITIONS TO REQUIREMENTS AS TO COMPANY'S OWN ACCOUNTS

۱۵. (۱) The provisions of this paragraph shall apply where the company is a holding company, whether or not it is itself a subsidiary of another body corporate.
- (۲) 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 undebtedness (whether on account of a loan or otherwise) to the company's subsidiaries shall be so set but separately from all its other liabilities and—

- (a) the reference in Part I to the company's investments shall not include investments in its subsidiaries required by the provisions of this paragraph to be separately set out; and
- (b) the provisions of paragraph 8, sub-paragraph (1) (a) of paragraph 12, sub-paragraph (2) of paragraph 13 shall not apply in relation to fixed assets consisting of interests in the company's subsidiaries.
- (2) 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 representatives 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 business which includes the lending of money.
- (3) Where group accounts are not submitted, there shall be annexed to the balance sheet a statement showing.—
 - (a) the reason why subsidiaries are not dealt with in group accounts;
 - (b) the nett 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' profits after deduction of the subsidiaries' losses (or vice versa)—
 - (i) for the respective financial year of the subsidiaries ending with or during the financial year of the company; and
 - (ii) for their previous financial years since they respectively become the holding company's subsidiary;
 - (c) the net aggregate amount 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 become the holding company's subsidiary;so far these profits are dealt with or provisions 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, in so

far as the matter which is the subject of the qualification or note is not covered by the company's own account and is material from the point of view of its members ; or in so far as the information required by this sub-paragraph is not obtainable, a statement that it is not obtainable. Provided that the Registrar may on the application or with the consent of the company's directors, direct that in relation to any subsidiary this sub-paragraph shall not apply or shall apply only to such extent as may be provided by the direction.

- (e) The provisions of paragraphs (b) and (c) of the sub-paragraph (e) shall apply only to profits and losses of a subsidiary which may properly be treated in the holding company's accounts as revenue profits or 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 or losses for the period before the date on or as from which the shares were acquired by the company or any of its subsidiaries, except that they, may in a proper case be so treated where—
 - (a) the company is itself the subsidiary of another body corporate ; and
 - (b) the shares were acquired from that body corporate or a subsidiary of it

and for the purpose of determining whether any profits or losses are to be treated as profits or losses for the said period the profit or 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.

- (f) 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 year 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 days.

- १६. (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 indebtedness of all such bodies corporate to it, distinguishing in each case between, indebtedness in respect of debentures and otherwise.

- (२) For the purpose of this paragraph a company shall be deemed to be a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is the others.

CONSOLIDATED ACCOUNTS OF HOLDING COMPANY AND SUBSIDIARIES

१७. Subject to the provisions of the following paragraphs, 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.
१८. Subject as aforesaid and to Part III the consolidated accounts shall, in giving the said information, comply, so far as practicable with the requirements of the Act as if they were the accounts of an actual company. The provisions of sections १४०
१९. and १४८ of the Act shall not by virtue of the provisions of paragraphs १७ and १८ apply for the purpose of the consolidated accounts. The provisions of
२०. paragraph १ shall not apply for the purpose of any consolidated accounts laid before a company with, the first balance sheet so laid after the appointed date. In relation to any subsidiaries of the holding company not dealt with by the
२१. consolidated accounts—
- (a) the provisions of sub-paragraphs (२) and (३) of paragraph १० shall 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 in the like statement as is required by the provisions of sub-paragraph (४) of paragraph १० where there are no group accounts but as if reference therein to the holding company's accounts were references to the consolidated accounts.
२२. 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 the like statement as is required by the provisions of sub-paragraph (१) of paragraph १० where there are no group accounts.

PART III
EXCEPTIONS FOR SPECIAL CLASSES OF COMPANY

၃၃. (၁) A banking or discount company shall not be subject to the requirements of Part I other than—

- (a) as respects its balance sheet, the requirements of paragraphs ၃ and ၄, paragraph ၆ (so far as it relates to fixed and current assets), paragraph ၈ (except sub-paragraph (၁), (d), paragraph ၉ and ၁၀, and paragraph ၁၁ (except sub-paragraph (၈) ; and
- (b) as respects its profits and loss account, the requirements of sub-paragraph (၁)(a) of paragraph ၁၃, paragraph ၁၄ and sub-paragraphs (၁), (၆) and (၈) of paragraph ၁၆,

but where in its balance sheet capital reserves, revenue reserves or provisions (other than provisions for depreciation, renewals or diminution in value of assets) are not stated separately, any heading stating an amount arrived at after taking into account such a reserve or provision shall be so framed or marked as to indicate that fact and its profit and loss account shall indicate by appropriate words the manner in which the amount stated for the company's profit or loss

has been derived. The balance sheet of a banking or discount company shall not be deemed, by reason only of the fact that they do not comply with any requirements of the said Part I from which the company is exempt by virtue of the provisions of this paragraph, not to give the true and fair view required by the Act.

(၃) In this paragraph the expression "banking or discount company" means any company which satisfies the Registrar that it ought to be treated for the purpose of this Schedule as a banking company or as a discount company.

၃၄. (၁) In relation to an insurance company which is subject to and complies with the requirements of any written law relating to insurance as respect the preparation and deposit of a balance sheet and profit and loss account the provisions paragraph ၃၃ shall apply as it applies in relation to banking or discount company, and such an insurance company shall also not be subject to the requirements of sub-paragraph (၁)(a) and (၃) of paragraph ၈ and sub-paragraphs (၆) to (၈) and sub-paragraph (၁၀) of paragraph ၁၁:

Provided that the Registrar may direct that any such insurance company whose business includes to a substantial extent business other than insurance business shall comply with all requirement

of the said Part I or such of them as may be specified in the direction and shall comply therewith as respects either the whole of its business or such part thereof as may be so specified.

(२) Where an insurance company is entitled to the benefit of the provisions of this paragraph, then any wholly owned subsidiary thereof shall also be so entitled if its business consists only of business which is complementary to insurance business of the classes carried on by the insurance company.

(३) For the purpose of the provisions of this paragraph a company shall be deemed to be the wholly owned subsidiary of an insurance company if it has no members except the insurance company and the insurance company's wholly owned subsidiaries and its or their nominees.

२०. (१) A company to which this paragraph applies shall not be subject to the following requirements of this Schedule, that is to say—

- (a) as respects its balance sheet those of paragraph ६ (except so far as the said paragraph relates to fixed and current assets) and paragraphs ०, १ and १३ and as respects its profit and loss
- (b) account those of sub-paragraphs (१) (a), (e), and (f) of paragraph १२.

but a company taking advantage of this paragraph shall be subject, instead of the said requirements, to any prescribed conditions as respects matters to be stated in its accounts or by way of note thereto, and as respects information to be furnished to the Registrar or a person authorised by them to require it.

(२) The accounts of a company shall not be deemed, by reason only of the fact that they do not comply with any requirements of Part I of the Schedule from which the company is exempt by virtue of this paragraph, not to give the true and fair view required by the Act.

(३) The provisions of this paragraph applies to companies of any class prescribed for the purpose thereof and a class of companies may be so prescribed if it appears to the Registrar desirable in the national interest :

Provided that, if the Registrar is satisfied that any of the conditions prescribed for the purposes of this paragraph has not been complied with in the case of any company, they may direct that so long as the direction continues in force the provisions of this paragraph shall not apply to the company.

२८. Where a company entitled to the benefit of any provision contained in this Part is a holding company, the reference in Part II to consolidated accounts complying with the requirements of the Act, shall, in relation to consolidated accounts or that company be construed as reference to those requirements in so far only as they apply to the separate accounts of that company.

PART IV INTERPRETATION OF SCHEDULE

२९. (१) For the purposes of this Schedule, unless, the context otherwise requires—
- (a) the expression 'provision' shall, subject to the provisions of sub-paragraph (२) mean 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) the expression 'reserve' shall not subject as aforesaid, include 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 ;
 - (c) the expression 'capital reserve' shall not include any amount regarded as free for distribution through the profit and loss account and the expression 'revenue reserve' shall mean any reserve other than a capital reserve.

and in this paragraph the expression 'liability' shall include all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.

(२) Where—

- (a) any amount written off retained by way of providing to depreciation, renewals or diminution in value of assets, not being an amount written off in relation to fixed assets before the appointed date, or any amount
- (b) retained by way of providing for any known liability,

is in excess of that which in the opinion of the directon 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.