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**BILLS**

**SUPPLEMENT No. 15**

**30th October, 1992.**

**BILLS SUPPLEMENT**

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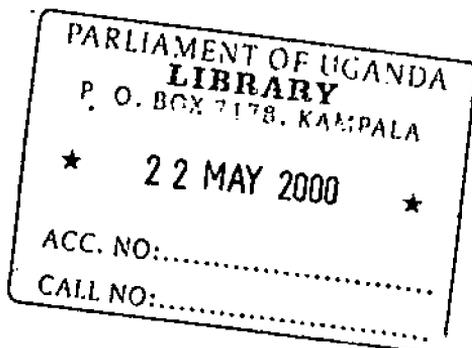
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**THE NATIONAL ENTERPRISE CORPORATION  
BILL, 1992.**

**MEMORANDUM**

The Bill seeks to re-establish and continue in force the National Enterprise Corporation which was established by Ordinance. The Bill provides the functions of the Corporation and its administrative set-up.

**MAJ.-GENERAL DAVID TINYEFUZA,**  
*Minister of State for Defence.*



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**ARRANGEMENT OF CLAUSES.**

*Clause.*

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*Clause.*

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A BILL for a Statute

ENTITLED

**THE NATIONAL ENTERPRISE CORPORATION  
STATUTE, 1992.**

**A Statute to provide for the establishment of the National Enterprise Corporation, to define its functions and powers and to provide for other purposes connected therewith.**

BE IT ENACTED by the President and the National Resistance Council as follows :

**PART I—PRELIMINARY.**

1. This Statute may be cited as the National Enterprise Corporation Statute, 1992 and shall be deemed to have come into effect on the 10th day of March, 1989.

Short title  
and  
Com-  
mence-  
ment.

2. In this Statute, unless the context otherwise requires—

“Board” means the Board of Directors established under section 6;

“Chairman” means the Chairman of the Board appointed under the provisions of section 7;

“Corporation” means the National Enterprise Corporation established under section 1;

Interpre-  
tation.

“Financial year” means a period of twelve months beginning on the 1st July in a given year and ending on the 30th day of June in the ensuing year : but the first financial year of the Corporation shall begin on the date of the commencement of this Statute;

“Minister” means the Minister responsible for defence;

“Secretary” means the Secretary to the Corporation appointed under the provisions of section 11.

#### PART II—ESTABLISHMENT AND FUNCTIONS OF THE CORPORATION.

Establi-  
shment of  
the Corpo-  
ration.

3. (1) There is hereby established a Corporation to be known as the National Enterprise Corporation.

(2) The Corporation shall be a body corporate with perpetual succession and a common seal and may sue or be sued in its corporate name and subject to the provisions of this Statute may do or suffer all other acts and things that bodies corporate lawfully do or suffer.

Functions  
of the  
Corpo-  
ration.

4. The functions of the Corporation shall be to—

- (a) acquire, lease, hold and enjoy any property, and sell, let or otherwise dispose of the same;
- (b) manage, develop, let, hire or buy, subscribe for or otherwise acquire, sell, dispose of, or otherwise deal in immovable or movable property of any sort, including stocks, shares, bonds, debentures and security or any interest;
- (c) take over or acquire shareholdings in any company and establish subsidiary companies;
- (d) engage in agriculture, agricultural produce and the processing, purchase and disposal of the same;
- (e) establish and maintain factories and similar establishments for the production of textiles, hardware, electric materials, timber, woodworks and other factory products;

- (f) engage in the business of transportation and motor assembling;
- (g) engage in the production of chemicals, polymers, pharmaceutical products and other related products;
- (h) build or purchase business premises in furtherance of its functions;
- (i) establish and maintain offices in Uganda and abroad; and
- (j) carry on research in relation to any of its functions or to national defence,

and for those purposes may train, organise, develop and utilize personnel.

5. (1) The seal of the Corporation shall not be affixed on any document except in accordance with a resolution of the Board, and shall be authenticated by the signatures of the Director-General and the Secretary, and in the absence of the Director-General, by the Secretary and any member of the Board.

Seal of the  
Corporation.

(2) The signatures of the Director-General, Corporation Secretary or other member of the Board shall be independent of the signing by any other person as witness.

(3) A certificate signed by the Secretary that an instrument purporting to be made or issued by or on behalf of the Corporation was made or issued shall be conclusive evidence of that fact.

(4) Every document purporting—

- (a) to be an instrument made or issued by or on behalf of the Corporation and bearing the Seal of the Corporation authenticated in the manner provided by subsection (1) of this section or signed or executed by the Chairman or any other person authorised by the Board to act in that behalf; or
- (b) to be a certificate mentioned in subsection (3) of this section,

shall be received in evidence without further proof, unless the contrary is shown.

Custody of  
the Seal.

6. The common seal of the Corporation shall be kept in the custody of the Corporation Secretary.

PART III—THE BOARD.

Board of  
Directors.

7. (1) The governing body of the Corporation shall be a Board which shall consist of thirteen members who shall be appointed by the Minister from different fields of expertise, for such periods and upon such terms and conditions as may be specified in their instruments of appointment.

(2) A Board member appointed by the Minister under the provisions of subsection (1) may resign from office in writing under his hand addressed to the Minister and the Minister may remove any member from office for inability to perform the functions of that office or for any other reason permitted by law.

Meetings of  
the Board.

8. (1) There shall be a Chairman and a Vice-Chairman who shall be appointed by the Minister upon terms and conditions that the Board may determine.

(2) The Chairman shall preside at all meetings of the Board and in his absence the Vice-Chairman shall preside; and in the absence of both the Chairman and the Vice-Chairman, the members present and forming a quorum may elect one of themselves to preside.

(3) Meetings of the Board shall be held as often as the business of the Corporation requires, but in any case shall be held at least once every three months at such place and time as the Chairman in consultation with the Secretary may, from time to time, appoint.

(4) The Chairman shall, if requested by notice in writing signed by not less than four members of the Board, convene a meeting of the Board within forty-eight hours and such a meeting shall not be adjourned before completion of the business for which it was convened except with the consent of the majority of the members present.

(5) At all meetings of the Board, five members shall constitute a quorum.

(6) Questions proposed or arising at any meeting of the Board shall be decided by a simple majority of the members

present and voting and in the case of equality the presiding Chairman shall have a casting vote.

(7) Subject to the provisions of this Statute, the Board may regulate its own procedure including the manner in which matters of the Board are to be determined by or on behalf of the Board.

(8) The Board may co-opt a person not being a member of the Board to attend and to speak upon any relevant matter at any meeting of the Board, but that person shall not have a right to vote on any matter before the Board.

(9) Notice of the time, place and agenda of every meeting of the Board shall be served by or on behalf of the Secretary on every member of the Board either personally or by leaving it at his usual place of residence or at his business address—

(a) in the case of ordinary meetings not less than seven days' notice before the meeting; and

(b) in the case of special meetings, not less than twenty-four hours' notice before the meeting, shall be given.

(10) Minutes of the proceedings of every meeting shall be regularly entered in a book to be kept by the Secretary, and such minutes shall be confirmed at the next meeting; and when such minutes are confirmed, they shall be signed by the Chairman and the Secretary in the presence of the members of the Board.

9. The Board may, if it thinks fit, transact any business by the circulation of paper; and a resolution in writing approved by the majority of the members of the Board shall be as valid and enforceable as if it had been passed by majority at a meeting of the Board.

Trans-  
action of  
business by  
circula-  
tion of  
papers.

#### PART IV—STAFF AND ADMINISTRATION.

10. (1) There shall be a Director-General who shall be the Chief Executive of the Corporation.

Director-  
General.

(2) The Director-General shall be appointed by the Minister upon terms and conditions that the Minister may determine.

(3) The Director-General shall, from time to time, in writing, keep the Minister and the Chairman informed of the progress of the Corporation business.

(4) The Minister or the Chairman may, from time to time, in writing, direct the Director-General to submit a report on any matter affecting the affairs of the Corporation.

(5) The Director-General shall be responsible for the management of the funds, property and business of the Corporation and for the administration, organisation and control of the staff of the Corporation, and in that regard shall be under the general supervision and control of the Board.

Deputy  
Director  
General.

11. (1) There shall be a Deputy Director-General who shall assist the Director-General and do such duties as the Director-General may assign to him.

(2) The Deputy Director-General shall be appointed by the Minister on terms and conditions that the Minister may determine.

Secretary.

12. (1) There shall be a Secretary to the Corporation who shall be appointed by the Minister on the recommendation of the Board upon terms and conditions that the Minister may determine.

(2) In addition to any other duties that may be conferred upon the Secretary by the Board, the Secretary shall have custody of the seal of the Corporation and be responsible for—

- (a) the taking of minutes at all meetings of the Board;
- (b) the keeping of records of all transactions of the Corporation;
- (c) the giving of legal advice and handling of legal matters of the Corporation.

Divisional  
Directors.

13. (1) There shall be Divisional Directors who shall be appointed by the Board on the recommendation of the Director-General.

(2) Each Divisional Director shall be responsible for the management and control of a particular division and shall be responsible to the Director-General.

(3) No Director of the Corporation shall be personally liable for an act or omission of the Corporation done or omitted to be done in good faith and without negligence, in the course of the operations of the Corporation.

14. (1) The Board may, from time to time, and upon terms and conditions that it may think fit, appoint heads of departments, heads of projects and other employees, as may be expedient for the proper and efficient functions of the division. Emplo-  
yees.

(2) The Board may pay to the staff of the Corporation remuneration and allowances it deems fit and may grant pension or retirement benefits or gratuity to them.

(3) No employee or servant of the Corporation shall be personally liable for an act or omission of the Corporation done or omitted to be done in good faith and without negligence, in the course of the operations of the Corporation.

15. The funds and resources of the Corporation shall consist of— Funds of  
Corpo-  
ration.

- (a) sums from the Consolidated Fund that may, from time to time, be appropriated by the Legislature for the purpose of the Corporation;
- (b) monies accruing to the Corporation in the discharge of its functions;
- (c) any loan granted to the Corporation by the Government or any other person or body, with the approval of the Minister responsible for finance; and
- (d) grants, gifts or donations to the Corporation.

16. (1) The Corporation may, with the prior approval of the Minister in consultation with the Minister responsible for finance, and in accordance with the laws governing the raising of internal or external loans by statutory corporations in Uganda, borrow sums of money as may be required by it for the discharge of its functions under this Statute, from such sources and on terms that the Ministers deem fit. Borrowing  
powers of  
the Corpo-  
ration.

(2) The Government may guarantee by the undertaking of the Minister responsible for finance, in a manner and on terms that he thinks fit, the payment of the principal sum and interest on any borrowing of the Corporation authorised under subsection (1) of this section.

(3) The sums the payment of which has been guaranteed under the provisions of subsection (2) of this section, are charged upon and payable out of the Consolidated Fund.

**Estimates.**

17. (1) The Board shall, within a period of three months before the end of each financial year, cause to be prepared and shall submit to the Minister for his approval, estimates of the income, capital, recurrent and other expenditure of the Corporation for the next ensuing year.

(2) The Board may, from time to time, submit to the Minister for his approval, supplementary estimates to provide for unforeseen or urgently required expenditure on matters not provided for in the estimates or necessary additional expenditure on matters provided for in the annual estimates.

(3) In exceptional circumstances the Minister, in consultation with the Minister responsible for finance, may authorise the Corporation to incur expenditure of funds appropriated for one purpose on any other, contained in the approved estimates or supplementary estimates.

(4) No expenditure shall be made out of the funds of the Corporation unless it has been approved by the Minister under the provisions of this section.

**Proper  
books of  
accounts to  
be kept.**

18. (1) The Board shall cause to be kept such books of accounts of all income and expenditure and records in relation thereto, as are necessary to give a true and fair view of the Corporation and to explain its transactions.

(2) Subject to such directions as the Minister responsible for finance may give, the Board shall cause to be prepared in respect of each financial year, and not later than six months after the close of that financial year—

(a) a report showing the performance of the Corporation during that financial year, including the extent to which any direction given by the Minister during that year has been carried out;

- (b) a statement of account, including a balance sheet, a statement of income and expenditure, a statement of surplus or deficit and containing such other information as would normally be required to be laid before directors in a company under the Companies Act; and
- (c) any other information in respect of the financial affairs of the Corporation as the Minister responsible for finance may require,

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and shall submit the said reports and information to the Minister.

(3) The Minister shall as soon as possible after receiving the reports and statements specified under subsection (2) of this section, together with a report of the Auditor-General, cause them to be laid before the Legislature.

19. The books of accounts of the Corporation shall be audited within a period of three months after the end of each financial year by the Auditor-General, or an auditor appointed by him, who shall be entitled to have access to all books of accounts, vouchers and other financial records of the Corporation and to require such information and explanation thereto as he thinks fit.

Audit of  
books of  
Accounts.

(2) The Auditor-General shall, within six months from the end of each financial year, deliver to the Board a copy of the audited accounts and his report thereon.

(3) The Auditor-General's report on the results of his examination of the accounts and financial statement of the Corporation shall state whether in his opinion—

- (a) proper books of accounts have been kept by the Board;
- (b) the financial statement of the Corporation,
  - (i) was prepared on a basis consistent with that of the preceding year and is in agreement with the books of accounts;
  - (ii) gives a true and fair view of the Corporation's affairs as at the end of the financial year;

- (iii) gives a true and fair view of the income and expenditure, or profit and loss account of the Corporation for the financial year,

and the Auditor-General shall call the attention of the Board to any other matter falling within the scope of his examination which in his opinion should be brought to their attention.

**Report.**

**20.** Each Divisional Director shall furnish the Director-General with bi-annual reports, giving a full account of the activities, resources, problems, achievements and plans of each of the projects in his Division and the Director-General shall deliver the same to the Board.

**Investment of Funds.**

**21.** All funds of the Corporation that are not immediately required shall be invested in such ventures as the Board, with the prior approval of the Minister, may determine.

**Bank of the Corporation.**

**22.** The Corporation shall operate a bank account with the Uganda Commercial Bank or such other bank as the Board may approve.

**Corporation to operate on sound financial principles.**

**23.** In the performance of its functions under this Statute the Corporation shall have due regard to sound financial principles and shall conduct its business in such manner that taking one transaction with another, and taking one year with another,

- (a) its revenue is sufficient for meeting all charges including interest on capital and loans properly chargeable to revenue accounts;
- (b) sufficient provision is made to provide for depreciation of assets; and
- (c) where any loss arises in respect of any transaction, provision is made in respect of other transactions whether of a similar nature or otherwise to off-set the amount of such loss.

**PART V—MISCELLANEOUS.****Contracts.**

**24.** (1) Contracts on behalf of the Corporation may be made in furtherance of the objectives of the Corporation, in the following manner,

- (a) a contract which, if made between private persons would be by law required to be in writing, and if made according to any law for the time being in force in Uganda, is required to be under seal, may be made on behalf of the Corporation under seal; and
- (b) a contract which, if made between private persons would by law be required to be in writing signed by the parties, may be made on behalf of the Corporation in writing signed by any person acting under its authority express or implied.

(2) A contract made according to and under the provisions of the preceding subsection shall be enforceable in law and shall bind the Corporation and its successors and all other parties thereto, and may be varied or terminated in the same manner in which it was made.

(3) A member of the Board who is in any way directly or indirectly interested in a transaction or project of the Corporation shall disclose the nature of his interest at a meeting of the Board and the disclosure shall be recorded in the minutes of the Board, and the member shall not take part in any deliberations or decisions of the Board with respect to that transaction or project.

25. Service of process shall be deemed to be effected by--

Service of process.

- (a) delivering it personally to the Secretary of the Corporation; or
- (b) properly addressing, pre-paying the postage thereon and dispatching it by post or registered post, addressed to the Secretary of the Corporation at the head office of the Corporation.

26. Any act done and preliminary expenses sanctioned by the Government in connection with the establishment of the Corporation and any acts done or made under the purported Ordinance No. 4 of 1989 shall be binding and have effect as if done and authorised under this Statute.

Preliminary expenses and Validation of actions.

27. The Minister may, in consultation with the Board, make regulations for the better carrying into effect of the provisions of this Statute.

Regulations.

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