

Company and Business Registration Process in Kenya



What is Company Registration?

Company Registration is essentially the process of registering a business as a limited liability company within Kenya. These processes are Guided by the Companies Act.

What is a company Name Search?

A Name Search is the process where you submit the proposed company Names to the Registrar of Companies to check if there are “OTHER SIMILAR” names registered. This is done so that there are no two Companies in existence at any given time with the Same Names or which may be deceptively similar as to confuse the public and third parties dealing with the companies.

What kinds of companies are there in Kenya?

There are essentially three common types of companies provided for under the companies Act in Kenya.

- ***Company Limited By Shares*** – A separate legal entity from the shareholders. Has a minimum of two shareholders. Who are issued with shares in the company. Established to make a profit with profits being distributed to the shareholders in the form of dividends.
- ***Company Limited By Guarantee*** – A form of limited company similar to a company limited by shares, does not have shareholders, but instead, its members act as ‘guarantors’ who agree to contribute a set amount of money on the winding up of the Company. This form of limited company is often used for non-profit reasons as it does not need to involve profit orientated business activities..
- ***Public Limited Company*** – This is a limited company which is allowed to offer

its shares for sale to the public. This means that it can derive extra funds where it needs them by selling more shares and diluting ownership.

What does it mean to be a company Shareholder?

A company shareholder is a person who subscribes to the shares of the company either as a subscriber in the company's inception or who subsequently acquires the company's shares. A share holder is a person who puts in finance, money or other form of investment onto the company and is issued shares or a stake in the company's stocks.

What does it mean to be a company director?

A company director is in charge of the day-to-day running and management of the limited company. In most cases, at the time of company formation, they will be both the shareholder / owner and manager of the company. A director of a company is also seen as an employee of that company.

Who may act as the company secretary?

Any Registered Certified company secretary may act as the company secretary for all meanings and purposes.

How can I register my limited company?

This is where we come in. For a prompt, reliable and experienced company Registration process Tyc & Associates guides you through the registration process..

What do I need to do to register my company?

- A minimum of two share holders – Their names in full. No Abbreviations.
- An available company name – we shall have to conduct a search to establish if the name is available for registration.
- Memorandum of Association and Articles of Association
- The prescribed Forms Statement of Nominal capital, Forms 201, 203 and 208
- Proposed physical address of the company (town, plot number, street)
- Postal address of the shareholders
- Registered CPS
- Certification by a Practising Advocate.

What are the memorandum and articles of association?

The memorandum and articles of association are legal documents that set out:

The Company Name

The Objectives of the company

The Nominal capital and division of shares

The names and addresses of the subscribers / shareholders ETC

The internal constitution of the company

You will probably be asked for this document when you open a bank account for your company. All our companies are incorporated using standard 'general commercial company' memorandum and articles.

What is the certificate of incorporation?

The certificate of incorporation is the document issued to confirm that Registrar of Companies has incorporated your company name and states the date of incorporation and the company number. It is the Birth Certificate of the company.

How long does company Registration take?

Using our services, company Registration takes an average of 14 – 21 days. You need to understand that the company registration process involves other external procedures eg.. Drafting of the Memos and Articles, Payment of Government revenue stamp duty, Certification by a CPS etc. However. From the date of actual submission for registration, give or take 10 days.

What other Documentation are required for registration?

We have most of the prescribed forms for you to download for FREE. However, kindly note that we prepare all company registration documents. Before filling out the forms, the proposed Name has to be reserved and the person presenting the documents has to be the same in all forms.

The Forms are Statement of Nominal capital – Nominal capital form

Form 201 – Registered office form

Form 203 – Directors and secretary of the company

Form 208 – Declaration of compliance with the Companies Act.

How should I allocate shares in my company and what is Nominal capital?

By law there must be at least two shareholders to take at least one share each. If you wish to take an equal amount of shares with another member of the company then it is usual to take one share each.

The number of shares in a company is determined by the Nominal Capital or Authorized capital. eg. A Nominal capital of Kshs 100,000 can be divided into 1000 shares valued at Kshs 100 each or 10,000 shares valued at Kshs 10 each. Nominal Capital is the shares and their value in monetary terms that the company can have at a particular point in time. In simple terms it is the money that has been invested in the business, either at the outset or at a later stage, and is intended to be used to protect the creditors in the event of a failure

What are the Advantages of having a Limited Liability company?

- Perpetual existence
- Separate legal entity from shareholders
- Can own property
- Can sue and be sued individually
- Is considered a legal person for all meanings and purposes.
- You can easily transfer a share of the business to others, e.g. Family
- It may be easier to attract people to invest money in your business.
- Obtaining bank loans may be easier.
- There may be lower tax payments.
- In the event of a partner leaving, or somebody dying, it is easier to continue the business.

- It is easier to sell the business.
- You have a better standing in the public eye.
- It can assist in the protection of a name.
- People have more confidence in your business as they can check up on your company, on the public records, at Companies House.
- Subcontractors and agency workers will find it easier to obtain work

Can anyone be a Kenyan limited company Shareholder / Director?

In general terms yes. The companies Act DOES NOT prohibit anyone from being a director / shareholder in a Kenyan Company, with some exceptions of course for people / persons / companies disqualified under other laws on grounds of insanity, bankruptcy, etc.

Generally, Foreign Nationals can own Kenyan companies fully and there is not specific restrictions of foreigners to own shares in Kenyan based companies. However, Under certain subsidiary legislations, rules and industry regulations before being licensed, certain local share holding is required. eg. Telecommunications licenses under the CAK require 20% local share holding Etc.

Do I need a Registered Office Address?

A Registered Office Address is required. This address must be in Kenya. All “official” correspondence is sent to the registered office.

Can I Use my Home Address as the Company’s Registered Office?

Yes. As long as you provide it in the required format IE: Town, plot number,

What are the type of Business Entities Available in Kenya?

The following types of Business entities are available in Kenya:

- Private Limited Company
- Public Limited Company
- Companies limited by Guarantee.
- Partnership
- Sole Proprietorship

What is a Sole Proprietorship or Business Name

A sole proprietorship is a Business registration under the Business names Act and is generally referred to as a BN registration (Business Name).

Where there are more than two people involved in the registration of a BN. It is commonly referred to as a Partnership.

What is the difference between a BN registration and a Limited Company registration.

A Business Name is a trade name. It is a name by which an individual (sole) or two or more people use to transact Business. Some of the differences.

- No separate liability. The proprietors are individually liable for all acts of the BN.
- No share holding. The partners are generally considered equal partners
- A BN does not have nominal capital, hence there is no set limit of liability of the

stake holders.

- Generally tax implications of a Sole proprietorship, the returns are filled under the individual. Whereas a limited liability company is has a distinct tax regime from the shareholders.

[Company secretary firm](#) can assist you throughout this process .

If you are looking to form a company please feel free to contact;

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