

A STEP-BY-STEP PRACTICAL GUIDE TO COMPANY FORMATION, GOVERNANCE & COMPLIANCE UNDER THE COMPANIES ACT, 2009 AND THE COMPANY REGULATION 2015 (RESPECTIVELY) OF SIERRA LEONE.

Introduction

In an increasingly interconnected global economy, Sierra Leone offers a stable and welcoming environment for both local entrepreneurs and foreign investors seeking to establish a corporate presence in West Africa. At the heart of this framework lies the **COMPANIES ACT 2009**, which meticulously regulates company formation, governance, capital maintenance, reporting, and winding-up procedures. This article is grounded in the precise language of the Act and provides a:

- **Clear explanations** of statutory provisions
- **Practical insights** drawn from industry practice and Sierra Leonean case law
- **Best-practice recommendations** for smooth incorporation and ongoing compliance

Whether you are a business owner charting your first venture or a multinational counsel advising clients, this guide will equip you with the knowledge to navigate Sierra Leone's corporate landscape confidently.

Formation of Companies

The Minimum number of persons with the right to incorporate a company in Sierra Leone.

You will need at least one person or one individual representing a juristic entity (another company/parent company) to incorporate a private company in Sierra Leone. This is in line with **section 15 subsection (2) of the CA**, *by extension, such an incorporation must be in line with the said Act.*

How long does it take to get the certificates of registration and incorporation?

Generally, after the preparation of all required documentation for the incorporation and conditions precedent (where applicable), it takes 3 to 4 working days after lodging the paperwork for the registration of the company and providing the applicant with the certificates of incorporation and registration.

Types of Companies in Sierra Leone: (Section 18 CA)

Generally, an incorporated company may be either...limited by shares...limited by guarantee...or an unlimited company. Any of these may be either a public or private company.

Specifically, there are:

1. Private Company Limited by Shares
2. Public Company Limited by Shares
3. Unlimited Company
4. Company Limited by Guarantee

5. Foreign Company (Branch of overseas entity)

In choosing the type of company, one must consider the balance of liability protection, capital-raising capacity, and governance flexibility. For high-risk ventures, a company limited by shares offers clear separation of personal and corporate risk.

The requirements for registration of a Foreign Company in Sierra Leone.

Foreign investors have several routes to establish:

1. **Branch (Foreign Company Registration):** Must deliver Form 485 and accompanying documents under Regulation 7 of the Companies Regulations, 2015:
 - Certificate of Incorporation from the home jurisdiction
 - Certified Charter, Statutes, Memorandum & Articles
 - Valid photo IDs (passport only for foreigners; passport, NASSIT, National ID or driver's licence for Sierra Leoneans)
 - Name reservation consent
2. **Subsidiary (Local Company):** Established as a private or public company limited by shares, following standard incorporation procedures under Section 32.

Registration or Incorporation of a company - Procedures & Requirements

Document Checklist For Registration

There shall be delivered to the Commission:

1. The memorandum of association;
2. The notice of the address of the registered office;
3. A statement of the first directors and secretary;
4. A declaration by the subscribers stating names, share capital, and number of shares
5. And that 25% are subscribed (there is a way around that)
6. A declaration of compliance with the law;
7. Any other document required by the Commission.

NOTE THE FOLLOWING PREREQUISITES

1. You have to secure a name reservation before drafting incorporation papers through the filing of a name availability check form with the commission, and a certificate of approval will be given, valid for two weeks.
2. All declarations must be stamped and sworn before a legally authorised officer.

3. Through law firms, full incorporation services typically cost up to USD 5,000; direct registry fees are lower but require in-house expertise.

Timeline

- **Name Reservation:** 1 - 3 days
- **Document Preparation:** 3–5 days
- **Registrar Review & Issuance:** 3–4 working days

Recommendation: Engage local counsel for seamless coordination with the Corporate Affairs Commission, even though **Section 17** does **not** mandate a local agent so long as you are 18 years and above, of sound mind, and not bankrupt. +23278515228

Anyone, including foreign nationals, can be a director...except he or she is disqualified under S.219 of the Companies Act, 2009.

A foreigner must have a work permit and a residential permit to serve as a director. It is always advisable to conduct a thorough due diligence on proposed directors to avoid disqualification (e.g., fraud convictions, bankruptcy).

The duties of a director in a company are to manage the company, and the directors may exercise all the powers of the company. In the exercise of those limited powers, the directors owe fiduciary duties of care, skill, and loyalty to the company. Failure to observe these duties may lead to civil liabilities and personal exposure per Sections 231–233 of CA.

What Is The Minimum Share Capital of A Company

The minimum share capital of a company is NLe1,000 for a private company and NLe50,000 for a public Company, and 25% of which shall be taken up by subscribers

While many small private companies opt for the statutory minimum, investors in capital-intensive sectors often subscribe to higher authorized capital to signal financial strength.

A company...may in general meeting...increase its share capital by new shares of such amount as it thinks expedient.” (Section 87(1))

The increase shall not take effect unless...within 6 months...not less than 25% of the share capital has been issued...and a statutory declaration verifying that fact.

Best Practice: Coordinate capital-raising rounds with board resolutions, shareholders’ meetings, compliance filings, and updated statutory books, to avoid stale capital increases.

Company Compliance & Reporting Requirement

Annual Returns (Part XIII)

A company should, once in every calendar year, deliver to the Commission a return in the prescribed form.

Late filing attracts fines of up to Le3,000,000 plus daily penalties. Retain an annual compliance calendar to track due dates for:

- Annual returns
- Financial statements & audit reports
- Shareholder meeting minutes
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Financial Statements & Audit (Part XII)

The Directors must prepare annual accounts...and appoint auditors...who shall have the right to attend general meetings

Note that Even small private companies benefit from an external audit for credibility with banks and investors.

Conclusion & Call to Action

Navigating Sierra Leone's corporate framework demands both statutory precision and practical foresight. The **Companies Act, 2009** provides a robust legal foundation but success hinges on expert guidance to tailor these provisions to your unique business objectives.

If you're ready to **incorporate, expand, or ensure compliance** in Sierra Leone, contact:

PATRICK S. VANDI, Esq.

Senior Corporate Counsel, *JENGO, SAM & PARTNERS Law firm.*

 +232 7851 5228 |  info.psvandi@gmail.com

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