

**Relevancy of the defence of Bonafede mistake in relation to publication
and prospectus of a company in Tanzania**

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This study is an examination of the relevancy of the defence of Bonafede mistake in relation to publication of a prospectus of a company in Tanzania mainland. The thesis of the study is that the defence of Bonafede mistake available to directors or promoters of a company when they issue a false prospectus is not relevant to the present day business environment in Tanzania whereas chapter one provides a foundation upon which the research work is built, Chapters two and three examine the origin and scope of the law on liability for publication of false prospectus. The origin and development of the defence of Bonafede mistake in publication of a prospectus of a company is traced. Chapter four analyses the test applied by the courts in assessing the discharge of the duty of care and skill by directors in performing their duties. It is shown that the courts apply a subjective test. The researcher concludes that the considerations underlying the use of subjective test and the test itself have outlived their relevance. Therefore, alternative tests are shown. Chapter five shows the reaction from stakeholders and position of the law in Tanzania, which is no better than that of England. Publication of prospectuses to invite share purchasers is a common practice in Tanzania. Public opinion is against the use of subjective test in assessing application of the defence of Bonafede mistake to directors. Chapter six covers the conclusion, observations and recommendations

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