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## FINANCIAL FACTS

### COMPANIES

A company is a separate legal entity and has an existence separate to its shareholders (owners). It is formed under the corporations law which is administered by the Australian Securities and Investments Commission (ASIC) who ensure that it acts within the provisions of the Companies Code.

A company comes into existence on the day of its incorporation. It must have at least one shareholder and one director. Each company has a unique Australian Company Number (ACN) which must be shown on all its documents.

### DIRECTORS

Directors are responsible for the operation of the company. They act on behalf of the company owners, the shareholders, to ensure that the company operates in accordance with the law and for the benefit of the shareholders. Directors must exercise a duty of care to the shareholders and the company's creditors.

### COMPANY SECRETARY

Every company must also have a company secretary (who may also be a director). The company secretary is responsible for the completion and lodgment of company documents and for the keeping of appropriate records.

### COMPANY ADVANTAGES

Limited liability	It is easy to bring in new shareholders
Company name recognized Australia wide	Company tax rates are lower (30%)
Personal assets protected from business risk	Shareholders can be employees
Company continues despite death or resignation of owner.	Ownership can change without affecting the continuity of the company.

### COMPANY DISADVANTAGES

Costly to establish	Fringe benefits may be a problem
Costly to maintain with ASIC annual fees and extra accounting costs	Capital gains tax disadvantages upon distribution of gains to shareholders
More onerous record-keeping	Directors carry responsibility for performance

We can help you with the establishment and ongoing administration of companies.

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