



# MEMO

To: Board of Directors  
From: Company Secretary  
Subject: **USE OF COMPANY TYPE**

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I confirm that the company must indicate its 'type' by adding to the end of its name, and using in most cases/situations, the words 'Proprietary Limited' (or one of the abbreviations 'Pty Limited', 'Proprietary Ltd' or 'Pty Ltd') after its name when its name is used or displayed, whether in Australia or in any other (foreign) jurisdiction. That is, the ending words actually form part of the company's name – they make and complete its full name – so its name is incomplete if the ending is left off.

The relevant section of the Corporations Act is sec.153 which requires that "a company must set out its name [i.e., including its type (or abbreviation thereof)] on all its public documents and negotiable instruments".

It must also add its ACN\* (or ABN) on documents (letters, contracts, agreements, etc) and in other required cases (eg, on cheques), in any jurisdiction.

## Company Types

For information, most companies are formed as either (see sec.148 of the Act):

REQUIRED WORDS AT END OF NAME	ABBREVIATION ALLOWED	EXPLANATION OF TYPE
Proprietary Limited	Pty Ltd	Proprietary (private) company with shareholders having limited liability
Limited	Ltd	Public company with shareholders having limited liability
No Liability	NL	Public company with shareholders having no liability
Proprietary	Pty	Proprietary company with shareholders having unlimited liability

and they may use, as per sec.149, the abbreviations shown above (with or without full stops).

Sec.162 allows a company to change its type, subject to shareholders' approval and compliance with the provisions of secs.163 & 164. A change of type does not create a new legal entity or affect any of the company's property, rights or obligations.



Under sec.150 a public company may be registered without the word 'Limited' at the end of its name if it is limited by guarantee and has in its constitution words that:

- require the company to pursue charitable purposes and promote its income to those purposes
- prohibit distributions to members
- prohibits payment of fees to directors and requires board approval to all payments (basically restricted to reimbursements) to directors.

\* ACN – Australian Company Number  
ABN – Australian Business Number

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**DISCLAIMER**

*The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.*

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