



## MEMO

To: Board of Directors  
From: Company Secretary  
Subject: **HOW TO FORM A NEW COMPANY**

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Before forming a new company the decision must be made as to what business structure suits best.

The advantages/characteristics of using a company include:

- it is a separate legal entity
- it has shareholders who own the company
- it has a board of directors who manage the company (on behalf of the shareholders)
- it can own property and other assets
- it has perpetual succession
- it can contract in its own right
- it can sue, and be sued.

To establish a new company application must be made to the Australian Securities & Investments Commission.

The process is:

- Complete Form 201 and lodge with ASIC – this can be done manually (in person at an ASIC office, or through the mail) – or electronically by one of many on-line accredited agents

Principal details required are:

- proposed name of company
- state of incorporation
- registered office and principal place of business addresses
- names of directors, company secretary and shareholders
- details of paid up capital and allocation of shares
- whether a constitution or Replaceable Rules are to be used.

Some of the 'paperwork' will need to be signed by the individuals, giving consent, affirming the application and shares, etc.

- Using an agent means that they will also provide all the necessary documentation for the Company Register



Contents of the Register include:

- shareholder minutes/resolutions
  - director minutes/resolutions
  - share allotment/transfer journals and register
  - charges register.
- After registration of the new company various matters need to be attended to, such as:
    - hold the first directors' meeting to deal with procedural and "housekeeping" matters
    - establish the "books" of the company
    - issue share certificates
    - display the company's name at the places of business.

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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.*