



# MEMO

To: Board of Directors

From: Company Secretary

Subject: **LARGE PROPRIETARY COMPANY REPORTING OBLIGATIONS**

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As previously indicated, I believe that the company has now become a “Large Proprietary Company” because of its recent growth in assets. As we already have more than 50 employees then we have satisfied 2 of the 3 criteria set out in sec. 45A(3) of the Corporations Act; these are:

- a) the consolidated gross operating revenue for the financial year of the company and the entities it controls (if any) is \$25 million or more;
- b) the value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$12.5 million or more;
- c) the company and the entities it controls (if any) have 50 or more employees at the end of the financial year.

## Increased Obligations

The main consequence is that the company will now have to prepare annual accounts (financial statements) and reports – in statutory format as per secs. 295 & 298 – and have them audited (sec. 301), lodged with ASIC (sec. 319) using Form 388, and sent to shareholders within 4 months of annual balance date (i.e., by 31 October) – sec. 314.

There is no half-yearly reporting requirement for a Large Proprietary Company.

NOTE: A company which does not meet 2 of the 3 above criteria is defined as a “Small Proprietary Company”.

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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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