

Protecting Companies with the Successor Director Solution



With Grant Abbott, Abbott & Mourly
Lawyers



29 March 2022

Where to find replays, upcoming events and all important issues - broadcast

Good Morning,
Grant Abbott

surge

 Your Team

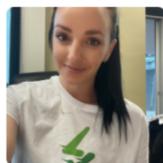
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LYD Announcements ⚡
admin@lightyeardocs.com.au

● Available

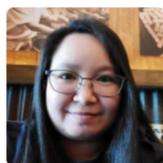
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Ashleigh [Management]
Director

Last seen: 19h ago

20



Cris [Admin]
Admin Assistant

● Available

9



 Get Support



Live Support
Ready to connect

0

 Requests



0 Open Requests
0 Complete

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 Meetings

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No Upcoming Meetings

What's coming up

- SAPEPAA Accreditation – 4 -6 April 021
- Suite of Trusts – 7 April
- **The most important launch ever in Accounting and SAPEPAA history – the new Moat and Castle**



Education to keep you ahead of the game.



12:00pm - Tuesday 22 March 22

Events

Strategy Solution - The LightYear Suite of Companies - How, which and when to use

In this session, participants will learn about the seven different companies in the LightYear Docs range and when to use each plus how to use each style of company.



12:00pm - Tuesday 29 March 22

Events

Strategy Solution - The Successor Director Solution for Director Replacement

Directors in a company come and go. ASIC has warned for single director companies it is imperative that a solution is put in place in the event the Director needs to depart.

The Australian Litigation problem

- Australia produces the most amount of lawyers per capita in the world and with traditional legal work drying up, litigation is becoming all consuming
- Any professional , including accountants have a huge target on their back and “No Win – No Fee” lawyers are happy to hunt for clients
- Professional Indemnity insurers take their premiums but at the end of the day the contracts are drafted by lawyers to benefit the insurer
- If a claim is denied all of your assets are exposed
- AND it is the same with all companies



Justice Jeremy Curthoys, who was scathing of lawyers' "indefensible" legal fees. Credit: WA News

Legal fee scandal: Lawyers 'feast' on Perth family estate

Castles, like family wealth can last centuries and need protection



Problems with a Directors

- If you act as a Director of a company and become incapacitated, are sued or upon your death, wherever the company resides is in significant problems
- This is because your directorship ceases when you are incapacitated or die, and personal liability may rein in the company for your personal legal issues
- Alternative Directors lapse on death
- ASIC, the Australian companies regulator has issued a guidance statement 73 that provides a warning to directors and especially sole directors and sole shareholders. See part of that guidance over

ASIC guidance 73 on Directors

During that period when there is no director, the company may be completely unable to operate. With no-one properly authorized to make management decisions or act for the company, it may be unable to trade. Banks and other financial institutions in particular may be unwilling to accept instructions in relation to a company's trading account if they are not satisfied there is someone properly authorized to act for it. Equally, staff and suppliers may not be able to be paid, which can quickly have a deleterious effect on the reputation and value of the company to the beneficiaries of the estate.

Why LightYear Docs is pre-eminent

- NO companies in Australia except LightYear Docs and Abbott & Mourly enshrine the Successor Director Solution
- It is easy to upgrade a company under section 136 of the CA 2001 with shareholders (members) meeting
- Provides the relevant director substitution clause, a set of binding minutes to put in place the Successor Director upon an event such as death, dementia or divorce and provides a Deed of Indemnity

The LightYear Docs Successor Director Solution

45.5. Any Director may request the Board of Directors to put in place a binding resolution that a Successor Director will take the requesting Director's position as a Director, with full rights, entitlements and privileges that the position ensures. The binding resolution to replace the requesting Director is to lay out the circumstances as to when the Successor Director is to replace the requesting Director and may include that the requesting Director cannot manage the Company because of mental incapacity, becomes bankrupt or dies. In addition the personal representatives or trustee of the person may appoint a Successor Director.

Plus corporate trustees

- Successor director issues leaving the SMSF or Discretionary Trust without a leading voice
- What is a SMSF if it is not a super fund?
- Do all Board Members get one vote and what happens in family law, litigation and family provisions claims
- What happens to the shares if they are caught up in litigation – can opposing counsel freeze out the transfer? YES!

The LightYear Docs Leading Member Corporate Trustee



CONSTITUTION UPGRADE TO
LEADING MEMBER
CORPORATE TRUSTEE OF A
DISCRETIONARY TRUST

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