



Providing Solutions not Documents



The LightYear Docs Companies Solution

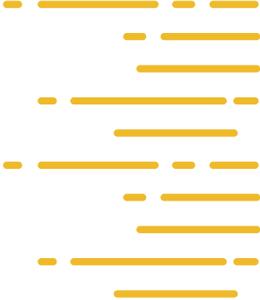
with Grant Abbott and Michael Jeffriess
from LightYear Docs



10 December 2020



2020 Total number of companies registered in Australia



Month	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total
November	48,879	935,761	12,999	502,788	135,843	28,654	909,133	247,500	2,821,557

How many of these companies are not set up for purpose or have underlying and inherent weaknesses? A push bike is different from a mountain bike and a racing bike?

Our skills are in knowing and showing the difference



LYD Suite of Companies

- **Lightyear Docs** offers a range of companies not found anywhere else in the world.
- Apart from our standard companies we offer special purpose trustee companies for SMSFs and companies to act as trustees of a discretionary trust.
- In addition we have our Leading Member special purpose trustee companies that ensure succession and bloodline protection.

Corporations Act 2001 – What is a Company?

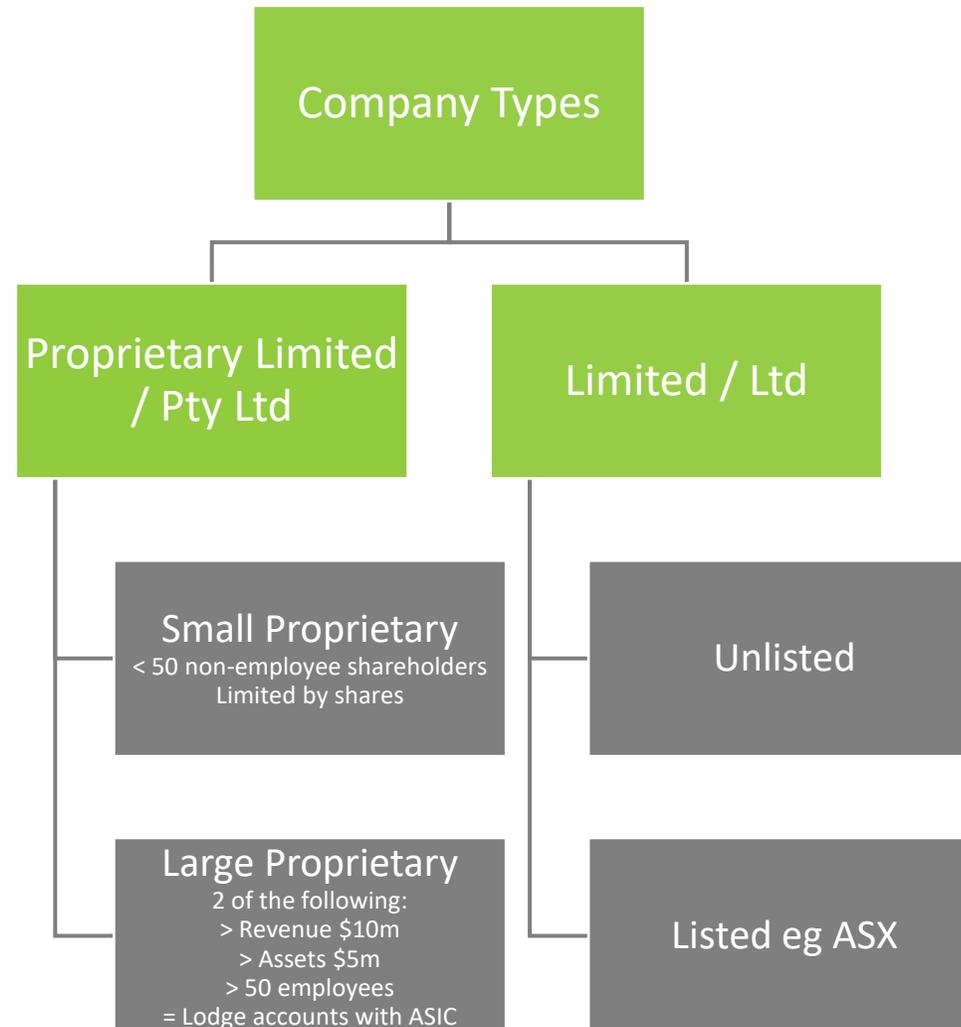
A legal entity which:

- can perform all the functions of a body corporate
- can sue and be sued
- has perpetual succession
- can acquire, hold and sell property

Its name must indicate its legal status.

- Proprietary company → 'Proprietary' or the abbreviation 'Pty' must be included in the name
- Limited company → liability of the company is limited, the word 'Limited' or the abbreviation 'Ltd' must appear at the end of its name.

Corporations Act 2001 - Main Company Types



Some Advantages of a Company

Legal Identity

- A company is its own separate legal entity or person. It is separated from its owners (members / shareholders) and the persons who run it (directors)

Limited Liability

- A company may only be forced to pay creditors up to the extent of its own assets and capital, plus any moneys unpaid on its shares (usually nil because most companies issue shares which are fully paid for at the time of issue, eg \$1.00).
- Caveat → unless trading insolvently

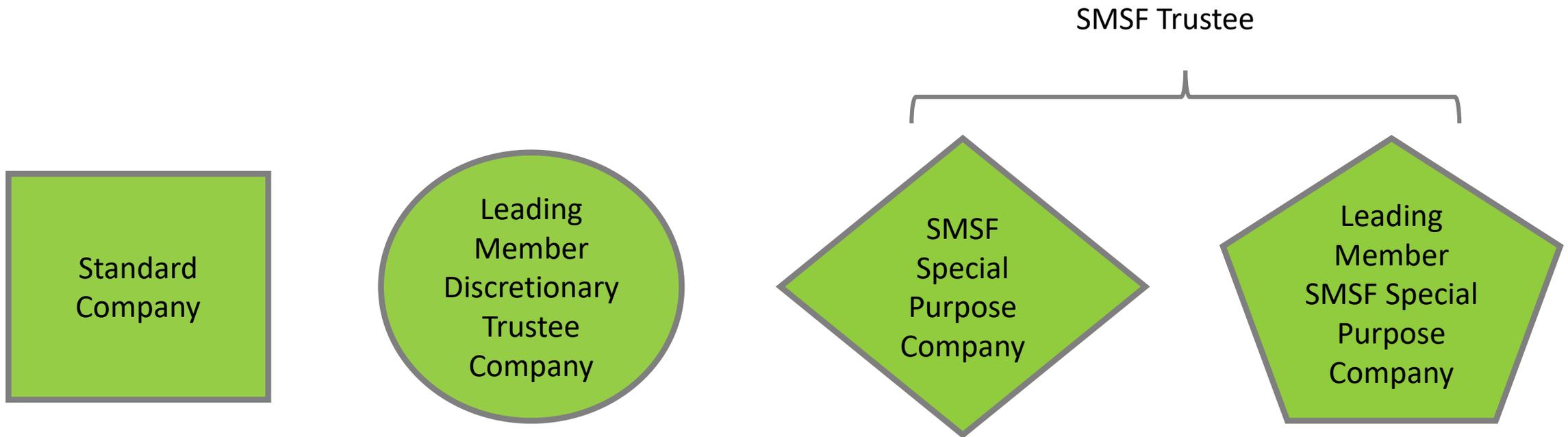
Perpetual Succession

- A company exists indefinitely (unless wound up), irrespective of the retirement or death of its managers, directors, and shareholders/owners.

Transfer of Ownership & Control

- As a company has shares its facilities ability to transfer ownership by transferring / selling shares
- Provides the ability to offer ownership to employees

LYD Suite of Companies – New Setups



LYD Suite of Companies – Upgrade Existing

- Upgrade to LY Docs Standard Company
- Company Constitution Variation to LY Docs Leading Member Discretionary Trustee Company
- Company Constitution Variation to LY Docs SMSF Special Purpose Company
- Company Constitution Variation to LY Docs Leading Member SMSF Special Purpose Company

- Other:
 - Successor Director Solution – Single Company plus Upgrade

LYD Suite of Companies – Upgrade Existing

Upgrade to LightYear Docs Standard Company	\$99.00 <small>inc. GST</small>	>
Company Constitution Variation to Leading Member Discretionary Trust Company	\$99.00 <small>inc. GST</small>	>
Company Constitution Variation to LightYear Docs SMSF Special Purpose Company	\$99.00 <small>inc. GST</small>	>
Company Constitution Variation to Leading Member SMSF Corporate Trustee	\$99.00 <small>inc. GST</small>	>
The Successor Director Solution – Single Company plus upgrade	\$145.00 <small>inc. GST</small>	>

Remember these are the PAYG prices.
LYD Members have access to
unlimited documents per month

If you were to upgrade 100 Client
Company Constitutions and charge
your clients \$395 per upgrade, gross
revenue = \$39,500

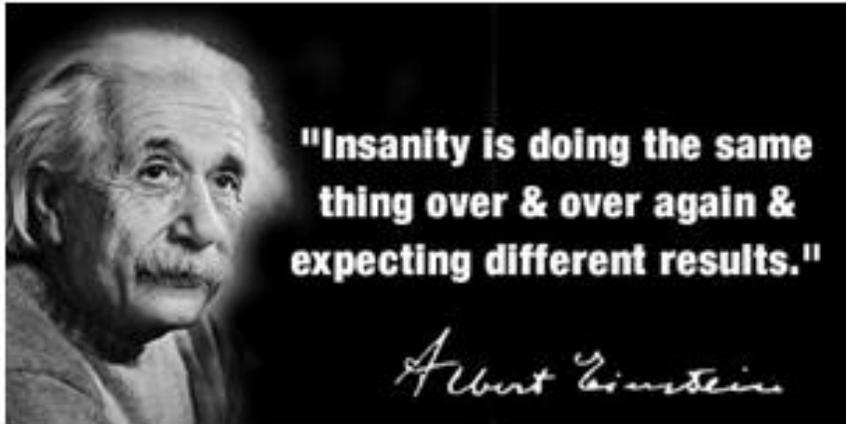
LYD Suite of Companies – Trustee Companies

- SMSF Trustee Companies – No Dividends
 - Corporations (Review Fees) Regulations 2003 Statutory Rules 2003 No. 160 as amended made under the Corporations (Review Fees) Act 2003
 - *(e) (i) (i) the constitution of the company prohibits distribution of the company's income or property to its members*
 - LYD SMSF Trustee & Leading Member SMSF Trustee Company has NON-DIVIDEND SHARES ONLY (“NON”)

LYD Suite of Companies – Trustee Companies

- Leading Member Trustee Companies & Suggestion for Trustee Companies is:
 - LYD Leading Member Trustee Company has NON-DIVIDEND SHARES ONLY (“NON”)
 - Other Trustee Companies – suggest using NON as well. Preferred asset protection mechanism is to utilise bucket and other companies for distributions to companies. Trustee should be left as a clean entity to act purely in role of trustee

Company Setups – Discussion



- LYD Eco-Community to share ideas and insights to continual improve
- Some are errors some are just observations

Trustee Company – Capitalisation?

- SMSF and Trustee Companies with 100 shares @ \$1 per share? If it is a control purpose should be considering using Leading Member. No benefit in capitalising a trustee. If the shares are unpaid the amounts could be called upon. Why put any risk on the table

Company Setups – Discussion

Shareholder Setup

- Joint shareholders / Non-Joint

Select the shareholder. (If joint shareholders select as many as applicable)

Michael Jeffriess
 Michael Jordan

Please note that you have selected **Joint Shareholders**. This means that their shares will be joint and will be held with equal rights between these shareholders.

If you intend to have these as separate shareholders please unselect one of these shareholders and use the "Add another share allocation" button below to add another individual shareholder.

Is the shareholder acting as trustee for a trust or SMSF? (i.e ATF Trust Name)

Yes No

Shares details

	Share Class	Number of shares	Amount paid per share	Amount unpaid per share	Total Amount Paid	Bene
1	ORD	100	1.00	0.00	100.00	
▶ 2	ORD	100	1.00	0.00	100.00	
3						

The **Add another share allocation** button is to be used to add additional individual shareholders

Company Setups – Discussion

Ultimate Holding Company

- Setup with only shareholder being a company owning 100% of the shares – need to consider if this is a Holding Company

When the company is registered, will it have an "ultimate holding company" (Refer to the resource section below for more information)?
 Yes No

Is the Ultimate Holding Company Registered in Australia
 Yes No

Ultimate Holding Company Legal Name (include full legal name including the legal element eg Pty Ltd)

ACN

- **Ultimate Holding Company** = a company that has control over other companies. These companies are known as subsidiaries. It will hold most or all of the shares in the subsidiaries. It is the company at the top of the chain of ownership. It doesn't have another company holding it.

Company Setups – Discussion

Who needs to be an officeholder

- See a lot of companies still setup with both spouses – need to consider risk, asset protection
- SMSF Trustee Company – do all members need to be directors

Share Classes

- Consider the entity you are setting up, the purpose, the requirements now and also where the company is headed
- Sometimes a simple share class is all that is required

Company Setups – Discussion

A want a copy of the Form 201

- ASIC Edge participants do not create or lodge a Form 201
- Other document providers may as part of their package appear to provide a Form 201. It is a “dummy form 201”

Companies – ASIC Updates – MBR + DIN's

- As part of the 2020 Budget Digital Business Plan, the government announced funding to enable the full implementation of the Modernising Business Registers (MBR) program.
- The MBR Program will unify the Australian Business Register (ABR) and 31 registers administered by the Australian Securities and Investments Commission (ASIC) on a contemporary, digital registry system. This includes the registers for:
 - companies
 - business names
 - Australian business numbers (ABN) and others.

Companies – ASIC Updates – MBR + DIN's

- The MBR Program will also include the introduction of a director identification number which is a unique identifier that a director will keep forever. The director identification number will prevent the appointment of fictitious directors and facilitate traceability of their profile and relationships with companies over time.

- DINs will help mitigate illegal phoenix activities. Illegal phoenix activity is when a new company is created to continue the business of a company that has been deliberately liquidated to avoid paying its debts, including:
 - taxes
 - creditors
 - employee entitlements.

Trading Companies

- Must ensure that there are directors, if a single director they must act as secretary as well plus shareholders. Sounds easy?
- But
- What happens on death, divorce, creditor petitions leading to bankruptcy, incapacity or director going missing
- If you have a standard company whatever is in the trading company will suffer
- Must have solution is the Successor Director = stronger than an alternative director as it covers death and incapacity
- Easy to upgrade to the LightYear Docs standard company
- Do stand alone or through EPOA
- Other traps and pitfalls plus setting up with Michael

So Successor Directors are the top of the tree

- First the company constitution needs to have relevant authority for Successor Directors
- For SMSF trustee companies:

5.1.4 Any Member who is a Director may seek to appoint a Successor Director, as a Replacement Director, who is to take the Directors directorship in the event of the Director's incapacity, bankruptcy, death or by their own choosing provided such an appointment does not breach the Superannuation Laws.

- For ordinary companies:

45.6. Notwithstanding rule 45.5 the Directors, at the request of a Director, may confirm the appointment of a Successor Director who is to take the Directors directorship in the event of the Director's incapacity, bankruptcy, death or by their own choosing.

Trustee Companies

- Everything from unit trust, discretionary trust, SMSF, bare trust, trust declaration or nominee trust, SMSF Death Benefits Trust and testamentary trusts
- But
- What happens on death, divorce, creditor petitions leading to bankruptcy, incapacity or director going missing
- If you have a standard company the underlying trust will suffer
- Must have solution is the Successor Director = stronger than an alternative director as it covers death and incapacity
- Better still upgrade the trust and corporate trustee to the Leading Member – bloodline suite
- How is that different?

Trustee Company – Leading Member

- SMSF
- Discretionary Trust
- Holding Trust
- Family Protection Trust

Leading Member Trustee

Upgrade to Leading Member Trust



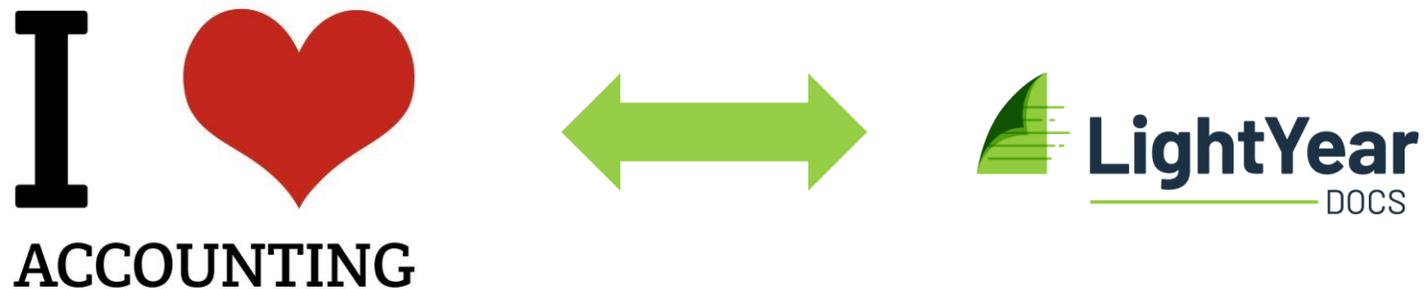
Bloodline only and entities with bloodline members

- **Leading Member Appointor:**
 - Is principal beneficiary and sole appointor
 - Is Chairman of the Trustee company
 - Has veto power over directors decisions
 - Is the sole shareholder

On death, incapacity, resignation, divorce, bankruptcy the LMA's shares are cancelled and new shares issued to new LMA – handing over total control

Coming Soon – Corporate Secretarial Services

- Outsource solution
- Great for smaller advisory firms, sole practitioners, etc



- Using CAS360, Secure Vaults & Communication, E-Signing, etc
- Great for smaller advisory firms, sole practitioners, etc

Coming Soon – Corporate Secretarial Services

Some of the services to be provided:

- Appointment as registered agent with ASIC
- Appointment as local agent for foreign registered companies
- Attending to ASIC returns and regular filings
- Drafting directors' resolutions, for example:
 - Change of directors or officers
 - Annual solvency resolutions
 - Share issues
- Drafting members' resolutions, for example:
 - Change of company name
 - Amendment to the constitution
 - Capital reductions
- Maintaining statutory registers
- Administering a dedicated members registry for large proprietary/unlisted public companies
- Maintaining of corporate registers, such as:
 - Directors' interests registers
 - Contracts registers
 - Intellectual property registers
- Management of electronic board portals
- Assist with Listing / IPO Process
- Corporate Governance Program

The Final Word

- Work with Change GPS to get the communications out to clients. Great way to start now with lead up to Christmas and New Year break as it can be done quickly and easily for each company
- Work out the charge rate – get client sign off and away you go
- Post that strongly suggest the Protector as it will be a life saver for many clients over the next few years. It solves the problem of assets exposed to litigation or family provisions claims
- And don't forget the Leading Member suite which provides family wealth protection for the bloodline stopping any dilution of family wealth