

Who should be directors of a Company?

From an asset protection point of view the only people that should be directors of a trading company are those people who absolutely must be a director.

Directors can be held personally liable for company debts in a number of circumstances and therefore there is no point having people as directors of a trading company just for the sake of it.

Often we see the situation where both the husband and wife are directors of a family trading company when in fact only one spouse needs to be. As all directors carry the risk, there is no point putting both of you at risk when you don't need to be.

This issue can usually be rectified by simply resigning as a director and notifying ASIC of the resignation. Your accountant can handle this for you quite easily.

If there will only be one director left, you will need to double check the constitution allows the company to be carried on by one director. Prior to 1995 the law required that all companies have at least two directors and therefore the constitution of companies registered before 1995 often require the company to have at least two directors. If your constitution does require two directors and you want to reduce it to one then it may be possible to amend the constitution and you can contact this office to assist in this regard.

This information sheet is provided for general information only and does not constitute legal advice. For advice on your circumstances please contact us on 5443 1566

