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PART 2.1 – THE COMPANY AS A SEPARATE LEGAL ENTITY

I Corporate Veil

The *corporate veil* defines the 'veil' around the corporation that protects it from claims against shareholders, and shareholders from claims against it.

This is the distinction between the company as a separate legal entity and the shareholders who own the shares in the company.

Salomon v Salomon & Co, Ltd.	
Citation and Court	[1895 – 99] All ER Rep 33 Vaughan Williams J ; Court of Appeal; House of Lords
Facts	- Salomon was a sole trader who owned a leather business – no separation between business and personal assets - He incorporated his business into a one-man company (with family members as directors) called Salomon & Co Ltd. by selling his business to the company - The business was around £39K – he was paid £6K in cash and he was issued £10K debentures of that sum - He reinvested the £6K into the company as a secured creditor and secured the £10K in the form of a floating charge from Mr. Broderip - The company defaulted in the payment to Mr. B and went into liquidation - S was a secured creditor and received £6K - The company did not have enough to pay the unsecured creditors which included Mr. B - A liquidator was appointed and sued S the trader and Salomon & Co. Ltd for debts
Legal Issue	Whether it was legally permissible for S to have turned his sole-trader business into a company to have legal protection (not be responsible for the debts)?
Reasoning	Vaughan Williams J held that S had to indemnify the company for all its business and liabilities, as the company was a 'mere alias' for him. The Court of Appeal held: <i>'It was never intended that the company to be constituted should consist of one substantial person and six mere dummies, the nominees of that person, without any real interest in the company. The Act contemplated the incorporation of seven independent bone fide members, who had a mind and a will of their own, and were not the mere puppets of an individual who, adopting the machinery of the Act, carried on his own business in the same way as before, when he was a sole trader. To legalise such a transaction would be a scandal'. (Lopes LJ)</i> - S was personally liable for the debts of the company - The company was illegitimate and fake – management was just S family - Company was acting as a trustee and holding the business on trust for S - S is defrauding the system to reap the legal benefits of incorporation The House of Lords: <i>The company is at law a different person altogether from the subscribers to the memorandum; and, though it may be that after incorporation the business is precisely the same as it was before, and the same persons are managers, and the same hands receive the profits, the company is not in law the agent of the subscribers or trustees for them, nor are the subscribers as members liable, in any shape or form, except and in a manner provided for by the Act. That is, I think, the declared intention of the enactment.'</i> (Lord Macnaghten)

	• Formalistic reading (words of the statute were clear) – whether the requirements of the <i>Companies Act 1862</i> had been complied with? • The company was validly created and is a separate legal entity—the motives of the persons incorporating the company were irrelevant • S benefits from limited liability — debts owed to the secured creditors (incl. S) had to be paid first <i>Obiter dicta:</i> If S intended to commit fraud by way of enticing investors to invest in his company, then the lower courts would have been correct to hold S liable for the debts. However, no evidence of misconduct or fraud was found, thus S the trader was not personally liable for the debts of the company.
Decision	S the trader and Salomon & Co, Ltd were separate entities—the company was not entitled to be indemnified by the incorporator.

A Piercing the corporate veil

Since *Salomon*, it has been clear that if the company is properly formed, the corporate form is sacrosanct. Individuals can legitimately minimise their personal risk using the corporate form. The standard to pierce the corporate veil (make those in control of the company (shareholders or directors) liable for the actions or debts of the company) is very high.

Where the company is ‘*a mere façade*’ (façade theory) concealing the true facts about the business, the veil can be pierced. This is a very high standard that is rarely used.

Lord Keith in Woolfsen v Strathclyde Regional Council (1978): “it is appropriate to pierce the corporate veil only where special circumstances exist indicating that it is a mere façade concealing the true facts”.

Two situations occur where the veil will be pierced:

- 1 *Where the owner’s personal assets are tied to the business assets such that they cannot be separated (no longer true)*
- 2 *Where the corporation was created or is used to avoid an obligation*

B Cases - avoidance of obligation

Cases tend to be decided on the facts rather than on the basis of any established exceptions to the separate legal entity doctrine.

Gilford Motor Company Ltd v Horne [1933] Ch 935

- Horne signed a non-compete contract (restrictive covenant) that if he left the company, he would not compete with it or try to solicit its customers.
- After resigning, he set up a company to carry out the restricted activity
- Gifford Motor sued Horne under the restraint of trade clause
- Court held the company had been formed for the sole purpose of avoiding the restraint of the trade clause
- It was necessary to subject Horne and the company to its terms, and issued an injunction against them—piercing the corporate veil

Jones v Lipman [1962] 1 WLR 832 (Ch Div)

- A person contracted to sell a piece of land but transferred the land to a company created solely for the purpose of avoiding the transfer to the buyer
- Court ruled a specific decree order against the company to return the land

The leading case is *Petrodel vs Prest*:

<i>Petrodel vs Prest</i> 2013 UKSC	
Facts	High-profile divorce proceedings Ownership of many residential properties belonged to companies within the Petrodel Group (wholly owned and controlled by Prest) First instance found in favour of Prest
Legal Issue	Whether the Court had the power to transfer the properties to the wife, given in law they belonged to the companies?
Decision	Court held unnecessary to pierce the corporate veil, as Prest had contributed money towards the purchase of the properties, they were held by the company for him on resulting trust, and therefore accessible by the Court Court circumvented and ordered the properties to be transferred to her as part of the divorce settlement Lord Sumption clarified the corporate veil should only be pierced when no other legal remedy is available, or when a person used a company to avoid an existing legal obligation Lord Sumption denoted this the 'evasion principle'—where a legal obligation, liability or restriction has been deliberately avoided by interposing a company between a person and their legal obligations.

This case is important for redefining and narrowing the ability to pierce the veil—it will only be in rare circumstances. It demonstrates the modern trend towards circumventing, not piercing the veil. For example, courts are more willing hear duty of care arguments, that the parent company of a violating subsidiary should pay out claims by piercing their veil e.g., *Shell in Nigeria*

Other cases that follow:

- *Macaura v. Northern Assurance* [1925] AC 619
- *Lee v Lee's Air Farming, Ltd.* [1961] AC 12
- *Andar Transport Pty Ltd v Bramble* (2004) 217 CLR 424

II Limited Liability

Limited liability is one of the most foundational elements of corporate law. Shareholders in a company are limited by shares and are only responsible for the amount they have invested—they are not personally liable for any debt of the company. This largely transfers the risk of business failure from the shareholders to the creditors. However, creditors have developed protections to ensure they are not overexposed to the risk of a bankruptcy e.g., secure credit (loans involving an agreement for the lender to take particular assets from the borrower if they cannot pay the money back)

It is the natural result of corporate personhood – the corporation is a legal entity capable of owning its own debts. Limited liability is one of the main advantages of the corporate form over other business organisations.

A *Economic justifications*

- Decreases the need for shareholders to monitor the corporation
- Provides incentives for managers to act efficiently
- Assists in the efficient operation of markets
- Allows for diversification by shareholders
- Facilitates optimal investment decisions by managers
- Encourages people to invest in companies
- Enables risk-taking by those running the company

B *Limited liability and shareholder primacy*

There is a logical fallacy between *limited liability* and *shareholder primacy*. The legal and managerial concept of shareholder primacy is that corporations should/must be run in the interests of shareholders, existing on the theory that shareholders are the true 'owners' of the company. However, limited liability directly states that shareholders do not own the company—the company is a legal person capable of self-ownership.

This is a long-established legal fact since *Bligh vs Brent*:

<i>Bligh vs Brent (1837)</i>	
<i>Legal Issue</i>	Is a share a right to a proportion to a company?
<i>Decision</i>	Shareholders do not have an equitable interest in the company's assets (ownership), but are providers of money, ownership which they transferred to the company. The assets acquired with this money are considered to be wholly owned, legally and equitably, by "the company" as a separate entity. In return, JSC shares are intangible rights to 'surplus profit', the increase in the share price and possible dividends. This is personal property, irrespective of the nature of the property owned by the company. This allows separation between the shareholders and the company.

This leads to a position under shareholder primacy where shareholders do not own corporations, have no management role in corporations, have no legal or moral obligations towards the activities of the corporation, but have a legal right that the corporation be run in their exclusive interest.

III ***Corporate Groups***

A *The separate legal entities principle*

Corporations are often part of corporate groups, consisting of a 'parent company' to many 'subsidiary' companies. The parent company will own enough share in a subsidiary company to control their management and operations. However, the court will consider each company in a group as a separate legal entity possessed of its own rights and liabilities.

It is often argued, there is a risk that a parent company will liquidate a subsidiary when it becomes insolvent or incurs inability in tort. The parent company can take all the profits, but does not owe any obligations, leaving the subsidiary without funds to pay debts or damages.

B Important terms

1 Asset Partitioning

The nefarious or strategic practice of dividing assets (possibly debts) across corporations within groups to limit creditors' access to them.

2 Entity Shielding

The term for the protection of a businesses' assets from personal creditors/shareholders' debts.

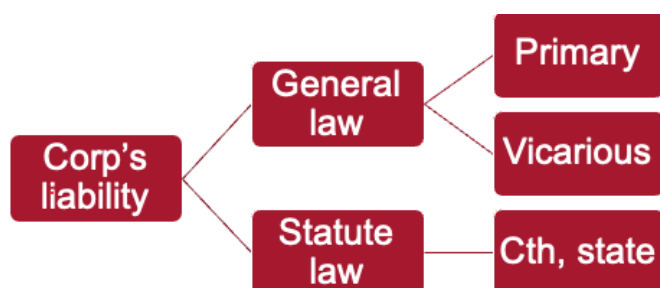
C A company's liability for criminal and civil wrongs

Corporations are considered a juristic person that can attract primary liability for their actions, separate from the people it acts through. There are various options of liability, criminal liability is a very high bar to reach, whereas civil liability is far more common.

The requirement for *mens rea* in criminal law, has created problems in the context of the corporation. Many regulatory offences (incl. a number of provisions in the *Corps Act*) operate as strict liability offences—is a corporation liability exists without proof of fault. Where a corporation is charged with an offence that requires fault, the court can ask:

- Which directors or managers are the 'mind' of the corporation?
- What if there are different 'states of mind' between directors and managers, or between some directors and other directors?

Schedule 1 pt 2.5 of the *Criminal Code Act 1995* (Cth) contains important provisions on corporate criminal liability. These provisions replace the concept of the directing will and mind in Australia, and apply to offences within Commonwealth legislation, including offences under the *Corps Act*.



There are 2 ways/theories corporation can be liable under tort law:

1 The Organic Theory (Primary Liability or Direct Liability)

The corporation has 'a mind' and 'hands' which can commit wrongs and incur liability. The state of the mind of directors and managers can create the 'mental state of the mind' of the company. For liability to attach to the actions of an individual, they must be acting as the company. Courts will consider the actions of high-level management to determine if they took reasonable steps to prevent the contravention to avoid liability.

Lennard's Carrying Co. Ltd. Asiatic Petroleum Co. Ltd [1915] AC 705

Tesco Supermarkets Ltd v Natrass [1972] AC 153	
Facts	A store advertised washing powder on sale and the reduced price product was sold out A customer was denied the items under the sale price and started a legal claim for falsely advertising the price of washing powder Telco argued the company had taken all reasonable precautions and exercised all due diligence to avoid the commission of the offence, and the conduct of the store manager was not the conduct of the corporation
Legal Issue	Whether the store manager represented the 'mind' of Tesco supermarkets?
Decision	Held the store manager was not the 'directing mind' of the corporation and therefore conduct was not attributable to it—Tesco was not liable.

2 Vicarious Liability (Second Liability, Indirect Liability and Employer Liability)

Companies can be indirectly liable for the criminal acts of their employees - based on the similar principle that applies in tort cases. A corporation can be held liable for the acts or omissions of its employees and agents within the course of their employment or within the scope of their authority, where such liability is clear on the terms of the particular legislation.

PART 2.2 – FORMATION AND TYPES OF COMPANIES

I Defining Companies and Corporations

The scope of 'corporation' is defined in the *Corps Act*:

Corporations Act:

s 57A (definition):

The term *corporation* includes (but is not limited to) four types of entity:

- a) a company;
- b) any body corporate (refers to 'any body whatsoever that has corporate personality'); and
- c) an unincorporated body (that may be sue or be sued, or hold property in the name of its secretary or an office-holder of the body); and
- d) an Aboriginal and Torres Strait Islander corporation that is registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth)

s 9: A *company* means a company registered under this Act.

In short, the term 'corporation' is used to describe all artificial legal entities that have attribute of separate legal personality.

The term 'company' is used to describe a particular type of corporation.

A Main differences

Company

- A broad term encompassing all registered business entities with separate legal identity
- Can range in size from small family businesses to large companies with hundreds of employees
- Ownership can be concentrated in a few individuals or more widely distributed among shareholders

Corporation

- The term is often used to describe larger corporations, particularly those listed on the stock exchange with complex ownership structures
- Usually with widespread ownership among many shareholders who may not be directly involved in running the business, particularly those listed on the stock exchange
- Usually face additional reporting and compliance requirements compared to smaller companies

II The Registration Process

The main steps to register a company are as follows:

1 Reservation of the company's name

An application may be made to ASIC to reserve a specified name (**s 152**), this includes requirements to include the words 'Limited', 'Proprietary', 'No Liability' or their abbreviations at the end of the company's name.

2 *Preparation of internal management rules and obtaining consents*

Each company has rules that govern its internal management and its capital structure. The original incorporators must decide whether the company will rely initially on the replaceable rules in the Act, or whether the company will have a constitution which replaces those rules in whole or in part.

3 *Lodgement of the application for registration (and payment of registration fees)*

The application is made online and must contain the information set out in **s 117(2)**. The required information includes the type of company, proposed name, address of the registered office, number and price of shares each member agrees to take up etc. Applications for public companies must be accompanied by a copy of its constitution (if any).

4 *Registration by ASIC*

Following lodgement of the application for registration, ASIC 'may' give the company an ACN, register the company and issue a certificate of registration (**s 118**). The certificate is conclusive evidence that all the registration requirements have been complied with.

A Steps to setting up a company

- 1) Decide whether you will set up the company by yourself or use a private service provider (PSP). This could be an accountant, a solicitor, or another business that provides online services with ASIC. They will usually charge a fee for their services above what ASIC would charge.
- 2) Choose a company name that is available and reserve it.
- 3) Decide whether the company will be a Proprietary or Public Company.
- 4) Decide on how the liability of members will be determined (e.g., Company Limited by shares).
- 5) Decide who will be the directors, members and company secretary.
- 6) Obtain written consents from individuals involved in the company. Each person involved in the company must give their consent to act in that capacity (**s 120**).
- 7) Decide on members number of shares and share classes (e.g., ordinary shares, preference shares).
- 8) Decide on internal management rules that will be used (prepare company constitution if required).
- 9) Decide the state/territory in which your company will be registered.
- 10) Decide on the registered address of the company (must be a physical address—cannot be PO Box).
- 11) Complete online registration form at <https://register.business.gov.au/>.
- 12) Pay registration fees. The cost of registering a company ranges from \$422 - \$512, depending on the type of company you register.
- 13) Get certificate of registration from ASIC (**s 118**).

B Company names (**s 148**) and availability (**s 147**)

The persons forming company may choose company name.

The company name may be Australian Company Number (ACN)—9 digit number allocated by ASIC upon registration: **s 148**. If company name is chosen, other than ACN, must ensure the proposed name is available.

A company name will be available unless:

- It is identical to a name already registered or reserved;
- It is identical to a name included on the national business names register in respect of another person; or
- It is unacceptable.

ASIC website provides an Identical Names Check facility to check whether a proposed name is identical to one already registered.

C Internal management rules

s 134 Corporations Act: Internal management of companies

'A company's internal management may be governed by provisions of this Act that apply to the company as replaceable rules, by a constitution, or by a combination of both.'

A company can use:

- (i) The "replaceable rules" (i.e., default rules) contained in **s 141** and found throughout the *Corps Act* as its internal rules.
- (ii) Adopt its own set of rules governing the internal management of the company—known as a company constitution.
- (iii) Adopts a constitution made up of both replaceable rules and internal rules.

D Consequences of registration

Upon registration, a company comes into existence as a body corporate (**s 119**). All individuals involved in the company are subject to a complex web of legal rights (e.g., members rights and remedies), duties (e.g., directors' duties), regulatory requirements and liabilities.

The key consequences of registration are as follows:

- A company can sue and be sued in its own rights
- A company has perpetual succession
- A company has the power to acquire, hold and dispose of property

III Companies under the Corporations Act – Proprietary and Public Companies

The *Corps Act* classifies companies according to 3 criteria:

- Capital raising capacity – is the company proprietary or public?
- How is the liability of the members structured?
- What is the relationship of the company to other corporations e.g., holding companies and subsidiary companies?

All corporations incorporated under the *Corps Act* are classified either as proprietary or public companies. These labels indicate the company's capacity to raise funds from outside sources, and the extent of its obligations to disclose its financial affairs.

These two categories have different historical origins: the modern public company developed from the English joint stock companies of the 19th century, while the proprietary company was a later legislative creation.

A Proprietary companies

A proprietary company (i.e., private company) is a privately owned company for small to middle-sized trading concerns, or small family companies. It has the following characteristics:

- 1) It must have share capital: **s 112 (1)**
A person becomes a member of a property company by acquiring ownership of one or more shares in the company—'member' and 'shareholder' mean the same thing.
- 2) It must have at least one member: **s 114**
- 3) Limited to a maximum of 50 (non-employee) shareholders as members: **s 113**
An employee shareholder is also/or was an employee when they became a shareholder. The Act recognises the beneficial effect which employee share schemes can have on company operations.
- 4) It must have at least one director: **s 201A (1)**
- 5) It cannot offer its shares to be sold on the stock exchange and is therefore prohibited on seeking investment from the public. It can offer its shares to existing company members or employees: **s 113 (3)**
- 6) It must include the words "Proprietary Limited" or the abbreviations "Pty Ltd" at the end of its name: **ss 148(2) & 149**

Proprietary companies can be large or small. This distinction implements a legislative policy whereby smaller enterprises should not necessarily have to meet the same financial reporting requirements as large business operations.

1 Large proprietary company

A proprietary company that meets 2/3 criteria for a financial year (s 45A(3)):

- (a) It has a consolidated revenue of \$25 million or more
- (b) The value of its consolidated gross assets is \$12.5 million or more
- (c) It has 50 or more employees

2 Small proprietary company

A proprietary company which falls below any 2/3 criteria for a financial year (**s 45A(2)**):

- (a) It has a consolidated revenue of less than \$25 million
- (b) The value of its consolidated gross assets is less than \$12.5 million
- (c) It has at fewer than 50 employees

The advantages which the *Corps Act* gives to small proprietary companies include the following:

- A small proprietary company does not have to prepare a financial report and directors' report for a financial year, unless a direction is given by > 5% of shareholders or ASIC: **ss 293 & 294**
- The financial report does not have to be prepared and audited, unless direction is given by > 5% of shareholders or ASIC: **ss 293, 301(2), 294**

B Public companies

A public company is any company that does not qualify as a proprietary company under **s 9** of the *Corps Act*. Public companies are usually (but not always) listed on the stock exchange and have many shareholders with the following characteristics:

- 1) It must have at least one member: **s 114**
There is no statutory maximum unlike a proprietary company
- 2) It can have an unlimited number of shareholders
- 3) It must have at least 3 directors, 2 of whom must ordinarily reside in Australia: **s 201A(2)**
- 4) Its shares may be sold on the stock exchange and therefore can raise money from public

IV Companies under the Corporations Act – Liability of Members

A Company limited by shares

Share capital is divided into shares and a member is only liable to pay to the company the amount which is unpaid on the issue price of their shares (in the event of winding up): **ss 9 & 516**.

A company limited by shares is required to include the word 'Limited' or the abbreviation 'Ltd' at the end of the company's name: **s 148(2)**. This warns creditors that their loans can only be satisfied out of the company's assets, not those of the member shareholders.

In proprietary companies, share ownership is primarily a means of allocating liability and structuring power and control in the company. In contrast, share ownership in public companies is frequently a function of investment rather than a means of apportioning control.

B *Company limited by guarantee (CLG)*

Does not have share capital and has no power to issue shares: **s 124(1)**. The liability of the members is limited to the amount they agree (guarantee) to contribute towards debts if the company is wound up. This amount is typically nominal and set out in the constitution. Liability only arises if the company has insufficient assets to meet its liabilities at the time.

These companies must be public, and without the input of share capital, these companies will rely on outside sources for funds. Welfare, social, and not for profit organisations, with small capital needs that can be met by membership subscriptions, donations or government grants are the most common users of this incorporation.

Companies limited by guarantee must include the word 'Limited' or the abbreviation 'Ltd' at the end of the company name: **s 148(2)**

C *Unlimited liability company*

It may be a proprietary or public company, where shareholders have unlimited personal liability, meaning they are financially liable the debts of the company, if its assets are insufficient to meet liabilities: **s 9**. This type of company may not be suitable for general trading companies.

The sole advantage is that this company is exempt from the prohibition on reduction of capital: **s 258A**. This means shareholders can have their capital returned to them (more freely taken out of the capital base) and be released from further liability to the company while still an operating entity.

These companies are rare, except when this structure is ideal to meet niche legal (and often foreign) requirements.

An unlimited proprietary company must include the word 'Proprietary' at the end of its name: **s 148(3)**.

D *No liability company – s 112 (2)*

A company may be registered as a no liability company only if:

- (a) The company has share capital; and
- (b) The company's sole object (as stated in the constitution) is mining purposes; and
- (c) The company has no contractual right under its constitution to recover calls made on its shares from a shareholder who fails to pay them: **ss 9, 112(2), 254M(2)**.

No liability companies must be incorporated as public companies (**s 112(1)**) and are prohibited from engaging in activities that are outside its mining purposes: **s 112(3)**. The constitution must state the sole object is mining purposes (**s 112(2)**)—mining is seen as a risky business and people are reluctant to invest.

Shares are part paid with the option of paying the remainder later. However, capital can be raised by making calls on shareholders (on the unpaid part of the issue price) without any disclosure document i.e., a prospectus. A shareholder may elect to forfeit their shares rather than pay the call.

This company must include 'No Liability' or the abbreviation 'NL' at the end of the name: **s 148(4)**.

V Corporate Groups

There is no generally accepted definition of what constitutes a corporate group, and neither Australian legislators nor the judiciary have taken comprehensive steps to recognise the existence of corporate groups.

The entity-based approach favoured by Australian courts focuses on the constituent entities in the group. The decision in *Walker v Wimborne* is binding authority for considering each company in a group as a separate entity having assets and liabilities of its own and that are distinct from those of others.

A group of interrelated companies may be structured to:

- Achieve financial savings and managerial efficiencies in a business
- Enable certain business assets to be isolated from the risks entailed in another related business activity
- Divide responsibility for its operations into various managerial units, or divisions, within the group

Company law does recognise and regulate group relationships in limited circumstances. They are as follows:

- Where a relationship of holding company and subsidiary company exists
- Where an entity is deemed to be a controlled entity

A The holding company/subsidiary definition

A company is a 'holding company' of another company, if the other company is a 'subsidiary' of the company (see s 9).

s 46 Corporations Act: Meaning of subsidiary—general

A company is a 'subsidiary' of another company, if (and only if) at least one of the following is the case:

- (a) The other company
 - i) Controls the composition of the company's board; or
 - ii) Is in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the company; or
 - iii) Holds more than one-half of the issued share capital of the company.

B Controlled entities

The concept of control is defined in s 50AA.

s 50AA(1) Corporations Act: Meaning of subsidiary—general

An entity controls a second entity if the first entity has the capacity to determine the outcome of decisions about the second entity's financial and operating policies.

All subsidiaries are entities controlled by their parent company. However, the concept of controlled entities is wider than that of subsidiaries, so that a company could be controlled by another company without being its subsidiary.

C *Closely-held and widely-held companies*

A 'closely-held company' is a company (typically incorporated small business) that has a small membership and has a close association between members and the directors e.g., all members are involved in managing the company as directors.

A 'widely-held' company (typically listed public companies) is one with a diverse and usually large membership, most of whom will have little, any, direct contact with the directors or managers.

The Australian corporate law has been slow to recognise the implications of companies with different membership structures. In general, the law distinguishes between proprietary and public companies.

D *One person companies (i.e., single director/shareholder companies)*

It is possible to incorporate a proprietary company with one person as the sole member/shareholder and director. Note, only possible for proprietary companies, as public companies must have at least 3 directors.

There are 2 rationales for the corporate law allowing one-person incorporations:

- Avoids the artificiality of involving other persons in the company simply to satisfy formal incorporation requirements
- Offers the protection and benefits of incorporations to sole traders—company as a separate legal entity despite no functional separation from the individual who is the manager and owner

NB: This is different from other companies with only one shareholder (e.g., wholly owned subsidiary).

This type of company is subject to the provisions of the *Corp Act*, although some special rules apply:

- If the sole director/shareholder dies, becomes mentally incapacitated or bankrupt, the personal representative or trustee may appoint another person or themselves as director: **s 201F(2)-(3)**
- The director can exercise all powers of the company except those which the *Corps Act* or constitution allocate to the general meeting: **s 198E**
- A director's/member's resolution or declaration can be passed by recording the resolution and signing the record in the minute books: **ss 248B & 249B**
- Director can appoint another director by recording and signing the appointment in the company records: **s 201F(1)**

Note, replaceable rules do not apply: **s 135(1)**.