

CNL**INCORPORATIONS****CNL**

Companies House
74-76 Campbell St
Sydney NSW 2010

www.incorporations.com.au

**Corporate
Network
Ltd**

abn : 79 079196768
Ph : 1800 25 7123
Fax : 1800 25 2905

cnl@incorporations.com.au

COMPANIES • TRUSTS • SUPERANNUATION FUNDS

Enclosed are our : current Fees & Terms

: instruction forms for a **company formation**

: notes re completion of the instruction forms

Note : these forms are intended for use only by accountants and solicitors

Suggestion : use these forms when collecting details from your client;
then, enter the details into our program and transmit to CNL from there.

General Features of CNL Packages:

- **CNL** is one of Australia's oldest and largest firms of its type. Our size and experience allow us to maintain the **highest standards and low fees**.
- **Flexibility.** Our packages and programs are structured to allow clients a high capacity to economically specify variations from standard.
- **Presentation.** Our packaging, documentation and explanatory notes are of the highest standards you are likely to find, regardless of the fees paid.
- **Speed.** Our well established and flexible computer systems minimise delays, and documents are delivered Australia-wide by overnight courier.
- **Leadership.** We constantly upgrade our precedents and procedures - many of our innovations over the years have later become common practice.

Compliance ++ : There is a higher probability of an internal dispute than a serious statutory compliance problem. So, as well as attending to all possible statutory compliance matters, we also pay special attention to the common law provisions re the determination of internal ownership and control disputes.

Sample Document sets : May be viewed or printed from our website.

Computer Interface: A client version of our own internally developed software is available for free to clients (download via our web site). This program contains:

- an electronic instruction facility (to CNL) + connections to government;
- extensive facilities (including notes) for you to modify the structure of a company or trust before sending the instruction;
- facilities to view and/or print all documents and constitutions in their final form (including your modifications) before you send an instruction;
- facilities to allow you to easily create unique "house styles" for repeated use - e.g: you can create as many "house" share structures as you want.

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FEES FROM 1-7-2006 (incl GST) :	ASIC	CNL	TOTAL
Company Formation - proprietary or public	\$ 400	\$ 330	\$ 730
Company - name change	\$ 330	\$ 200	\$ 530
Company - new constitution		\$ 250	\$ 250
Trusts - Superannuation, Discretionary, Unit - new		\$ 330	\$ 330
Trusts - Superannuation, Discretionary, Unit - update		\$ 250	\$ 250

Generally: All CNL packages are comprehensive and complete

All packages include paper originals + notes + PDF copies by email

Most also include free modification facilities (e.g: share classes)

Bulk Rates: Are flexible and vary according to volume - please call for a quote

Other: For miscellaneous packages not listed above - please call for a quote

TERMS & CONDITIONS:

Corporate Network Ltd ("CNL") accepts and processes instructions from instructing firms or individuals ("the Firm") only on the following basis:

- **Fees** are subject to change without notice, although they usually change only when ASIC filing fees are changed. The applicable fees are those most recently posted on CNL's web site. The Firm agrees to pay the due fees to CNL within 14 days of document delivery. If the Firm is incorporated, its directors accept personal responsibility for payment of the fees. The governing law and jurisdiction in the event of any dispute is that of the State of NSW.
- **Companies:** By giving CNL an instruction to register a company, the Firm: agrees to be the Applicant for registration; appoints CNL its agent for registration purposes; and advises CNL that it has complied with the obligations of an Applicant as set out in the Corporations Act.
- **Companies:** The Firm agrees to obtain written consents from the nominated directors and hold them on behalf of the company, and to advise the share applicants to provide cash or draw cheques payable to the company being formed (not to CNL) for the share application money.
- **Legal Advice - Companies & Trusts:** Neither the Firm nor its clients rely on CNL or its Solicitor for advice as to the suitability for purpose of any company or trust structure. CNL is not a legal advisor, and no part of the notes or precedents enclosed with its forms or software is intended or may be construed as legal advice.
- **Copyright: Software, Notes & Precedents** distributed by CNL are copyright protected by CNL and no part may be reverse-engineered or copied. They are for the use of clients of CNL and may only be used to create and manage business structures in a manner authorised by CNL.

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COMPANY INSTRUCTIONS FORM

PART 1

COMPLETION NOTES: (a) TO AVOID HANDWRITING INTERPRETATION ERRORS, **PLEASE TYPE OR PRINT**
(b) SEND PARTS 2 & 3 ONLY IF COMPLETED (IF NOT ACCEPTING CNL's DEFAULTS)

FORWARDED NOW: PARTS 1 & 4 PART 2 PART 3 **RETAIN: PART 5**

FROM: DATE _____ FIRM: _____
ABN _____ ACN: _____
DESCRIPTION (Accountants/Solicitors/etc) _____
PARTNER _____ CONTACT: _____
SUITE/FL _____ BUILDING: _____
STREET NO. & NAME _____ SUBURB/CITY: _____
STATE _____ POSTCODE: _____
PHONE _____ FAX: _____
EMAIL _____

I/WE ADVISE CORPORATE NETWORK LTD THAT: WE HAVE READ THE NOTES (2 PAGES) ISSUED WITH THIS 5 PART FORM;
WE ACCEPT RESPONSIBILITY FOR PAYMENT OF YOUR CURRENT FEES; AND,
THE INSTRUCTING FIRM'S STATEMENTS IN PART 5 OF THIS FORM ARE TRUE.

INCORPORATION TYPE: FOUNDER FORMATION CNL FORMATION
(SEE NOTES) CNL SHELF COMPANY

COMPANY: TYPE PROPRIETARY PUBLIC
CLASS LIMITED BY SHARES UNLIMITED NO LIABILITY

NAME: SHELF NAME (IF A SHELF COMPANY IS BEING HELD): _____

NAME REQUIRED
IF FOUNDER OR CNL
FORMATION } _____

2ND PREFERENCE NAME _____

SUFFIX (DEFAULTS BOLD) PTY **PTY.** LTD **LTD.** **LIMITED**

BUSINESS NAME } NSW: _____ VIC: _____ QLD: _____ WA: _____
REGN NUMBERS } SA: _____ TAS: _____ ACT: _____ NT: _____
(IF APPLICABLE) }

REGD OFFICE: C/- (IF APPLICABLE) _____

SUITE/FL _____ BUILDING: _____

STREET NO. & NAME _____ SUBURB/CITY: _____

STATE _____ POSTCODE: _____

USUAL OCCUPIER (IF APPLICABLE): _____

LEGAL JURISDICTION (DEFAULT = REGD OFFICE STATE): _____

BUSINESS ADDRESS: (DEFAULT = SAME AS REGD OFFICE) _____

SUITE/FL _____ BUILDING: _____

STREET NO. & NAME _____ SUBURB/CITY: _____

STATE _____ POSTCODE: _____

NOTE: AN ELECTRONIC VERSION OF THIS FORM (+ SUPPORTING SOFTWARE FOR VARIATIONS) IS AVAILABLE FROM WWW.INCORPORATIONS.COM.AU

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FORM VERSION : 16-11-01



COMPANY INSTRUCTIONS
(OPTIONAL - DEFAULTS APPLY IF NOT COMPLETED)

PART 2

COMPANY NAME: _____

ULTIMATE HOLDING COY: NAME: _____

 ACN (only if registered in Aust): _____

 COUNTRY INCORPORATED (if not Aust): _____

SPECIAL PURPOSE: SUPERANNUATION FUND TRUSTEE HOME UNIT CHARITABLE

MISC: COMMON SEAL: ADOPT (DEF = NO) MD TO BE SOLE SIGNATORY (DEF = NO)

AUDITORS: _____

NATURE OF BUSINESS: _____

CONSTITUTION: (any of the following elements may be modified without charge)

OBJECTS & POWERS: ATTACH WORDING OF SPECIAL PROVISIONS (Y/N) : _____

DIRECTORS: ATTACH WORDING OF ANY MODIFIED RULES (Y/N) : _____

MANAGING DIRECTOR: ATTACH WORDING OF SPECIAL PROVISIONS ((Y/N) : _____

MEETINGS QUORUM: MEMBERS (DEFAULT = 51% OF VOTES) : _____ %
 (ALTERNATIVE METHOD - SHOW AS A FIXED NUMBER) : _____

MEETINGS QUORUM: DIRECTORS (DEFAULT = 51% OF DIRECTORS) : _____ %
 (ALTERNATIVE METHOD - SHOW AS A FIXED NUMBER) : _____

CASTING VOTE: OF CHAIR AT MEMBERS MEETINGS (DEFAULT = YES) (Y/N) : _____
 OF CHAIR AT DIRECTORS MEETINGS (DEFAULT = YES) (Y/N) : _____

MEMBERS: ATTACH WORDING OF ELIGIBILITY RULES (Y/N) : _____

BANKING: ATTACH WORDING OF SPECIAL PROVISIONS (Y/N) : _____

DIRECTORS LOANS: INCLUDE STANDARD DIV7A AGREEMENT (DEFAULT = YES) (Y/N) : _____

INDUSTRY PROVISIONS: ATTACH WORDING IF ANY (Y/N) : _____

OTHER PROVISIONS: ATTACH WORDING IF ANY (Y/N) : _____

SHARE TRANSFERS: ATTACH WORDING OF ANY SPECIAL PROVISIONS (Y/N) : _____

CAPITAL: AUTHORISED (INTERNAL) AMOUNT (DEFAULT = NOT SET) \$ _____

AUTHORISED (INTERNAL) NUMBER OF SHARES (DEFAULT = NOT SET) : _____

DIVIDENDS: BETWEEN CLASSES AT DISCRETION OF DIRS (DEF = Y) (Y/N) : _____
 ALTERNATIVE RULE (ATTACH WORDING) (Y/N) : _____

OTHER PROVISIONS: ATTACH WORDING IF ANY (Y/N) : _____

SHARE PRICE: SET A RESERVE PRICE PER SH (DEF = Y) (Y/N) : _____
 AMT OF THE RESERVE PRICE PER SH (DEF = \$1-00) \$ _____

RE FOUNDER FORMATIONS (NAME OF FOUNDER CLASS): REGN (default) FNDR

SHARE STRUCTURE

CLASSES Type A: (DEFAULT FOR PTY COYS - DESIGNED FOR FLEXIBILITY)
 ORD + EQ + MGT + DVE + DVVR + CAPR + APTR (Y/N) : _____

CLASSES Type B: (MAY SUIT 1 DIRECTOR/SHAREHOLDER COYS)
 ORD + APTR + VARIABLE DIV + REDEEM CAP (Y/N) : _____

CLASSES Type C: (DEFAULT FOR PUBLIC COYS)
 ORDINARY ONLY (Y/N) : _____

CLASSES Type D: (DIVS AT DIFFERENT RATES BETWEEN CLASSES)
 10 CLASSES OF ORDINARY SHARES (ORDA to ORDJ) (Y/N) : _____

CLASSES Type E: (MAY SUIT 1 DIRECTOR NON-TRADING TRUSTEE COYS)
 ORD + APTR (Y/N) : _____

YOUR OWN TYPE: HELD BY CNL (NAME): _____ NEW (COMPLETE PART 3)



COMPANY INSTRUCTIONS
(OPTIONAL - DEFAULTS APPLY IF NOT COMPLETED)

COMPANY NAME: _____

CREATING YOUR OWN SHARE CLASSES:

- (1) COMPLETE BOTH TABLES BELOW - UP TO 15 CLASSES CAN BE CREATED
- (2) SEE THE ENCLOSED NOTES (SHARE CLASSES) FOR EXAMPLES & DEFINITIONS OF COLUMN HEADINGS
- (3) IF A CLASS FROM A CNL STANDARD STRUCTURE IS TO BE USED WITHOUT ALTERATION, YOU NEED ONLY NAME THAT CLASS, AND ALL OTHER DETAILS MAY BE LEFT BLANK
- (4) IF OTHER RIGHTS ARE INDICATED IN THE RIGHTS SUMMARY TABLE, ATTACH THE SPECIFIC DETAILS

SHARE CLASSES - BASIC DETAILS	CLASS NAME (IN FULL)	CLASS NAME (ABV - 4 CHAR MAX)	AUTH NUMBER (IF ANY)	RESERVE PRICE (\$ PER SHARE - IF ANY)

SHARE CLASSES - RIGHTS SUMMARY	CLASS NAME (ABV)	EQUITY IN ASSETS (Y/N)	VOTES PER SHARE (0 → 99999)	DIVIDEND PRO-RATA (Y/N)	DIVIDEND VARIABLE (Y/N)	REDEEMABLE PREFERENCE (Y/N)	RANKING ON WINDUP (1 → 15)	OTHER RIGHTS (Y/N)



**COMPANY INSTRUCTIONS
(OFFICERS & SHAREHOLDERS - MUST BE COMPLETED)**

PART 4

COMPANY NAME:

NAME GIVEN NAMES: _____
 SURNAME: _____ ACN (IF A COY): _____
 FORMER NAME(S): _____
 UNIT/SUITE/FL _____ BUILDING: _____
 STREET NO. & NAME _____ SUBURB/CITY: _____
 STATE _____ POSTCODE: _____ COUNTRY: _____
 D.O.B: _____ CITY: _____ STATE: _____ COUNTRY: _____

OFFICES: DIRECTOR SECRETARY ALTERNATE

ALTERNATE FOR (NAME):

PUBLIC OFFICER CHAIR MNG DIR

SHARES	
CLASS	NUMBER

ISSUE PRICE/SH	AMOUNT PAID/SH	AMOUNT DUE/SH	NO. PAID IN KIND

RETURN OF ISSUE PRICE ON WINDUP	
AS CAPITAL /SH	AS ASSETS /SH

PAYMENT IN KIND: (DESC) _____

JOINT HOLDER (IF ANY): _____

JOINTLY HELD AS: JOINT TENANTS TENANTS IN COMMON

SHARES HELD IN TRUST: FOR: _____

FOUNDER ? RESIGN AS DIRECTOR REDEEM FOUNDER SHARE

NAME GIVEN NAMES: _____
 SURNAME: _____ ACN (IF A COY): _____
 FORMER NAME(S): _____
 UNIT/SUITE/FL _____ BUILDING: _____
 STREET NO. & NAME _____ SUBURB/CITY: _____
 STATE _____ POSTCODE: _____ COUNTRY: _____
 D.O.B: _____ CITY: _____ STATE: _____ COUNTRY: _____

OFFICES: DIRECTOR SECRETARY ALTERNATE

ALTERNATE FOR (NAME):

PUBLIC OFFICER CHAIR MNG DIR

SHARES	
CLASS	NUMBER

ISSUE PRICE/SH	AMOUNT PAID/SH	AMOUNT DUE/SH	NO. PAID IN KIND

RETURN OF ISSUE PRICE ON WINDUP	
AS CAPITAL /SH	AS ASSETS /SH

PAYMENT IN KIND: (DESC) _____

JOINT HOLDER (IF ANY): _____

JOINTLY HELD AS: JOINT TENANTS TENANTS IN COMMON

SHARES HELD IN TRUST: FOR: _____

FOUNDER ? RESIGN AS DIRECTOR REDEEM FOUNDER SHARE

FOLLOWING PAGES: DETAILS OF MORE OFFICERS & SHAREHOLDERS ARE ATTACHED



COMPANY INSTRUCTIONS
(MUST BE SIGNED & RETAINED FOR FOUNDER FORMATIONS)

PART 5

COMPANY NAME:

FOUNDER FORMATION: THE PERSON(S) NAMED AS A **FOUNDER** IN PART 4 MUST SIGN HERE

CONSTITUTION: *I (where indicated to be a FOUNDER in Part 4 of this Instruction) have agreed to the Interim Constitution set out below and agree to be a member of the company upon its registration.*

OFFICERS: *I (where indicated to be a FOUNDER in Part 4) consent to act as a Director upon registration of the company.*

MEMBERS: *I (where indicated to be a FOUNDER in Part 4) agree to: upon registration of the company take up the REGN or FNDR shares under my name in Part 4; pay the amount indicated as paid for those shares; and, I agree that the amount (if any) indicated as due on those shares is unpaid.*

SIGNATURE(S): -----

ALL COMPANIES: THE **INSTRUCTING FIRM ADVISES** CORPORATE NETWORK LTD THAT:

APPLICANT: *As the Applicant for registration of the company, I/We appoint Corporate Network Ltd as its ASIC agent for the registration forms.*

THIS FORM: *If a FOUNDER FORMATION, we agree to hold this signed form as the Applicant for registration of the company and to give this form to the company upon its registration.*

OFFICERS: *We hold written consents to act from persons (other than FOUNDER(S)) named as officers in Part 4 and to be appointed after registration.*

MEMBERS: *The consenting directors hold the share application money from the persons named in Part 4 as applying for other than REGN or FNDR shares*

INTERIM CONSTITUTION: AGREED TO BY FOUNDER(S) **(IF APPLICABLE)**

1. This Constitution is agreed to before registration of the company and includes the REPLACABLE RULES set out in the Corporations Law.
2. SHARES : The initial shares in the company shall be REGISTRATION or FOUNDER shares, which may be abbreviated as REGN or FNDR shares. These shall be redeemable preference shares which shall carry the following rights and conditions:
 - (a) Equity rights: On a winding up of the company the right to repayment of capital and the right to participate equally with other shares of this class in the distribution of any surplus assets. These rights shall not have any priority over other classes of shares.
 - (b) Management rights: Each holder shall be entitled to vote at a general meeting, and on a poll to one vote for each share held.
 - (c) Equal Dividend rights: The right to share equally with other holders of shares of this class in such dividends as the directors from time to time declare on this class, and the right on a winding up of the company to participate equally with other shares of this class in the distribution of any surplus profits. These dividend rights shall be cumulative and non-preferential, and shall not have any priority over other classes of shares.
 - (d) Redemption: These shares may be redeemed at any time at the issue price (less any amount due) and without notice to the holders.
 - (e) Offers: An issue of shares made for the purpose of raising capital from which to redeem these shares shall not need to be first offered to the holders of these shares.
3. REPLACEMENT CONSTITUTION : This Constitution is intended to facilitate registration of the company, and the persons who agree to take up REGN or FNDR shares agree to adopt a replacement Constitution after registration of the company.

General Legal Principles : Registration of a company creates a new legal entity, and its legal status and capacity may be affected if correct procedure is not followed.

Forms lodged with the ASIC are taken at face value, but an entry on an ASIC register may have little legal value if the events reported by the form did not actually occur. Following proper procedure is effective insurance, and Corporate Network Ltd (CNL) designs its systems to keep the costs of proper procedure to a minimum.

The **general principle** of company resolutions re share issues is that **a proposition must precede a resolution** - e.g: shares must be applied for before the directors can resolve to allot them. If proper procedure is not followed, expensive legal problems may follow if a procedural failure is later exploited by another party.

Company Incorporation Types. CNL offers the following choices of method:

- A) **Shelf Company:** An untraded company with a meaningless name pre-registered for later sale. Shelf Companies are now rarely used because a new company can now be registered on a same-day basis, and because the GST has rendered them more expensive than our fees for registering a new company to order.
- B) **CNL Formation:** A company registered to order in a name nominated by the client, and with a Constitution tailored as required. For convenience, CNL provides the initial director(s) and member, and immediately after registration attends to the officer appointments and share issues required by the client - the initial directors then resign, and the initial registration share is redeemed. The instructing firm is the Applicant for registration, and CNL signs the form 201 of their agent. Until June 2000, almost all companies were registered this way.
- C) **Founder Formation:** A Founder Formation is essentially the same as a CNL Formation, except that the initial director/member is not provided by CNL - the initial director/member is nominated by the client. CNL prepares all the company secretarial records as usual.

The initial director/member is a nominee (usually a partner) of the instructing firm, and the initial share is usually called a Registration share. However, if the initial director/member is the client of the instructing firm, the initial share is usually called a Founder share. The Registration/Founder share is usually redeemed on the issue of further shares, but if desired it can remain issued.

Founder Formations allow a greater capacity for the Instructing Firm to formally record its involvement in the registration process (without having to explain to clients who CNL's nominees in their company records are). **We recommend Founder Formations as the default for most situations.**

Constitution: Fields on page 3 of the Instruction Form can be left blank if modification is not relevant. The default Constitution offers considerable flexibility without modification, but we also offer a wide range of free modification facilities.

Areas of the Constitution that are subject to modification are dealt with in Schedules to the Constitution. In each Schedule area we have a CNLdefault. The CNLdefaults constantly evolve, and at any point in time they represent the most common requirements of clients. All CNLdefaults can be modified by the client, and our software contains a library of notes and alternatives to assist.

If a Constitution needs to be modified, we recommend use of our **free software** package (available via our website). This allows you to "test run" modifications before sending them to us - you can enter any number of modifications, **print drafts** to see how they look and show them to your client before sending the final version to us.

Capital: The area that requires the most care is re the **Share Reserve Price**. We set a (removable) Reserve Price for shares (the default is \$1).

Nominal Value (or par or face value) shares, and Share Premium reserves, have not been allowed under the Corporations Act since 1-7-98. Unless a specific provision to the contrary is made in the Constitution of a company, all of the Issue Price of a share is now distributed to the shareholder on a windup of the company.

Before 1-7-98, unless a contrary provision was made, a Share Premium paid was not returned to the shareholder on a windup - it was distributed pro-rata amongst the shareholders with a right to share in a return of company assets (that is, the shareholders with what are usually called "equity" rights). This old default treatment facilitated situations where, for example, a latecoming shareholder paid a premium (for goodwill, etc) when taking up a share in a company, and that premium was distributed on a windup pro-rata amongst all shareholders with "equity" rights.

The Reserve Price is not a nominal or par value, nor a minimum price for shares, but solely a name or tag for that part of the Issue Price of a share that (unless contrary provision is made) will be returned to the shareholder in a distribution of capital on a windup. Unless a contrary provision is made (and our system provides a simple facility for this), any difference between the Reserve Price and the Issued Price is distributed pro-rata amongst shareholders with "equity" rights (with the assets of the company).

This emulates the treatment of a share premium on a windup under the Corporations Act pre 1-7-98, and is intended to remove problems that might arise if your client was not aware that the Corporations Law has reversed the old treatment on a windup of a difference in what various shareholders may have paid for their shares on issue.

Share Class Structures - General: The 5 (default) class structures are mainly based on some combination of the following classes:

<u>Class</u>	<u>abv</u>	<u>Summary of Rights</u>
ORDINARY	ORD	Equal Equity, Voting & Dividend rights
EQUITY	EQ	Equity rights only
MANAGEMENT	MGT	Voting rights only (1 vote per share)
DIVIDEND-E	DVE	Div rights only (Equal rate per share)
DIVIDEND-VR	DVVR	Div rights only (Variable rate per share) + Redeemable
CAPITAL-R	CAPR	Capital return + Equal Div rights + Redeemable
APPOINTOR-R	APTR	Replace sole director + Variable Div rights + Redeemable

Share Class Structures - Modification: This is the area of a company constitution where clients most commonly specify a modification. There has always been a great desire by clients for personalisation facilities in this area.

Any of the basic Class Structure types (see page 3 of the instruction form) may be modified - classes may be added, removed, or renamed. The specific rights of the classes may also be modified.

New class structures created by clients can be re-used by them. Our system allows users to assign their own unique name to any new class structures they create, and you can re-use such structures in future companies. Unique class structures created by a client are not accessible by other clients.

Modifications can be created via page 3 of our paper forms, or more **quickly & easily created and previewed** via our computer instruction system.