



DRD CONSULTING E-MAIL NEWSLETTER

2 MAY 2017

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Shares and Share Registers

Non-Listed companies are required to keep a register of Shares issued and all transactions relating to the transfer or sale of shares.

"Are your Share Registers up to date?" For more information, contact us at leon@drdconsulting.co.za or dot@drdconsulting.co.za



and we now have to put in the extra hours and burn the midnight oil to stabilise the ship. Start the month by:

- **Checking the due date of your Annual Returns at the CIPC.** We have recently had 2 cases where the CIPC has de-registered a company and the director(s) only became aware of it when they wanted to sell a property registered in the deregistered company's name
- **See to it that you have a proper "Shareholder's Agreement" in place.** Again, the company being sold had no agreement between the shareholders to facilitate the sale of the business. Was it not for working with the buyers and sellers during the Easter weekend, the transaction would have been wiped off the table
- **Speak to your Accountant.** Contact your accountant and ask whether there are imminent tax questions to account for or whether there are any outstanding supporting documents which they are waiting for
- **Be Pro-Active**

Kind regards, Dorothy Rose Schafer CA (SA) Practice number: 03084501





Shareholders' Agreement in South Africa

For those setting up a business in South Africa it is important to consider the merits of whether or not you require a shareholders' agreement. Please note, the information below uses the term 'shareholders' agreement' in a generic sense as it will equally apply to those involved in a Close Corporation, the only change being it would be referred to as a 'members' agreement'.

1. Where does a shareholders' agreement fit into the picture?

A shareholders' agreement is used to govern the relationship between the various parties in their capacity as shareholders and often also in their positions as directors of a company.

Any aspect not covered by the Memorandum of Incorporation (MOI) needs to be covered by the shareholders agreement. Any aspect not agreed on in this way often has to be settled by way of litigation which becomes very expensive, time-delaying – something that could have been avoided.



2. When is it needed?

As soon as two or more people decide to be involved in business together, the shareholders' agreement should be the first document that should be prepared and signed. Often working through this document right in the beginning or start-up of the business forces parties to discuss and finalise aspects relating to their relationship which otherwise might not have been covered.

Common errors in thinking that cause the delay in setting up shareholders' agreements include:

- Shareholders tend to think that because they know each other and have a good business concept, they would be successful in a joint business.
- Shareholders think that when they start out there is no major value in the business – so they will get to the shareholders agreement once there is value in the business. The problem often is that once there is



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value, and people have their shares already, there is no incentive to compromise to ensure everybody's interest is being taken care of.

- Although all statistics prove otherwise, the default person starting a business thinks that his business will be successful and nothing will go wrong.

For assistance with the drafting of a Shareholders' Agreement, contact Dot at dot@drdconsulting.co.za

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Use History to Plan Ahead

1985
VEELD, VRYDAG, 8 NOVEMBER 19

Brandstof is goud werd!

Datum:	Sent per liter:	Koste van 50 l:
April 1970	9,173c	R4,59
April 1971	9,9c	R4,95
Julie 1972	10,2c	R5,10
Desenber 1972	10,4c	R5,20
Januarie 1973	10,9c	R5,45
November 1973	12,4c	R6,20
Februarie 1974	15,1c	R7,55
April 1976	23,8c	R7,32
Maart 1979	39,3c	R19,65
Junie 1979	54,2c	R27,10
April 1980	54,4c	R27,20
Julie 1981	61c	R30,50
April 1982	64,6c	R32,30
September 1982	65,2c	R32,60
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Januarie 1985	88,5c	R44,25
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September 1985	94,6c	R47,30
11 November 1985	100,5c	R50,25

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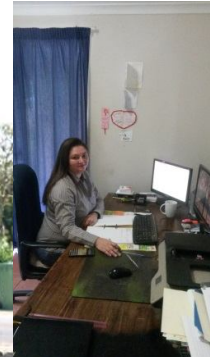
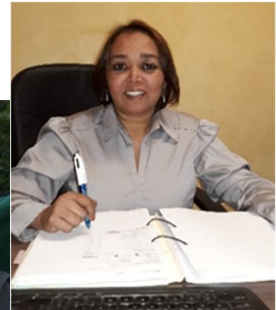
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The Team

Linda, Dot, Angela, Ferial, Sam, Leon and Shannon



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Next Month:

*We have a look at
the setting up of a
Non-Profit Company*



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