

*Hyder Gulam

THE RIGHT BUSINESS STRUCTURE



I am frequently asked by many Muslim organisations on what form of structure or corporate entity that should establish to pursue their vision (ie build a mosque, a youth centre, a Muslims arts group etc). This article will describe two common options, namely 'Incorporated Associations' and a 'Company limited by guarantee', which is a public company. The main reason for these structures is to limit the liability of the members.

Incorporated Associations

Incorporated associations are established under State law. The 'incorporated association' is a simpler and less expensive alternative to registration as a company. It is primarily intended for sporting clubs and other similar non-profit

organisations, such as community organisations.

Given the complex nature of certain entities, operating as an incorporated association can be ineffective due to their very informal structure: it lacks clear rules and procedures, and it is generally considered to lack the sophistication required.

The main benefits of an incorporated association stem largely from its status as a separate legal entity and limited liability for members. These benefits generally come at a lower initial and continuing cost than incorporation as a company.

For new entities, it may be appropriate to incorporate as an association during the establishment phase to protect the liability of the proponents prior to incorporation as a company.

What is Incorporation?

Incorporation is a voluntary process whereby a not-for-profit club or community group can apply to become its own 'legal person' (i.e. the association becomes a distinct legal entity that continues regardless of changes to its membership).

In Victoria, clubs and associations usually incorporate under the

Associations Incorporation Act 1981 by applying to Consumer Affairs Victoria. This method is a simple and inexpensive process available to not-for-profit associations with at least five(5) members.

An incorporated association may become registered under the Corporations Act 2001 (the Act), to enable it to carry on business in other states or territories outside of its home jurisdiction without the need to register as a company. The incorporated association will become an Australian Registered Body and upon registration will be allocated an Australian Registered Body Number.

Generally incorporated associations need to:

- Have a committee, responsible for managing the association;
- Have a public officer and notify any changes in that position;
- Have a registered office in its state of incorporation;
- Act in accordance with its objects and rules;
- Hold an Annual General Meeting once every calendar year;
- Lodge an Annual Statement every year;
- Keep proper accounting records

and, in some states prepare, have audited and lodge financial statements;

- Keep minutes of all committee and general meetings;
- Keep registers of members and all committee members;
- Have a common seal.

Companies Limited by Guarantee

A company limited by guarantee is a separate legal entity distinct from its members and is the vehicle of choice for some not-for-profit entities. In the event that on the winding up of the school the assets are insufficient to cover the debts, the liability of members is limited to a nominal amount that is stipulated in the Constitution (usually \$100 or less).

A company limited by guarantee has no share capital and there is no sharing of profits. Companies limited by guarantee are able to indemnify their office holders in certain circumstances. As they are regulated by the Act Companies limited by guarantee are required to comply with the reporting and disclosure obligations of public companies. The obligations of Board Members (directors) are reasonably well defined.

Members of the company do not own the assets but act in a stewardship capacity. They are freely able to change from time to time, but have to notify ASIC of these changes.

Conclusion

This information in this guide provides a broad summary of incorporated associations and companies limited by guarantee. When deciding the best option for you, it is imperative to take into account your own personal circumstances and needs, plans going forward and potential costs. For more information please contact me.

**Lawyer with Logie-Smith Lanyon Lawyers (www.logielaw.com). Hyder is a registered nurse, a qualified lawyer, an accredited mediator as well as a Fellow of the Royal College of Nursing in Australia. He has post graduate qualifications in business/management, law and nursing. Hyder served for 10 years as an officer with the Royal Australian Air Force, both in Australia and overseas. He has published in areas such as trans-cultural nursing, health law, criminal law and military law. This article is for information only, and is not substitute for specific legal advice.*

The Australian Union of African and Arab Associations hosts Imam Vernon Fareed for its 2010 Ramadan program



Alwasat sydney: Known for its program of promoting Cultural awareness and public education campaign, the Lakemba based Australian Union of African and Arab Associations is sponsoring a visit to Australia by US based Imam Vernon Fareed and His wife Swiyah to be the

organisation's main guest speakers for its Ramadan program.

During his visit, Imam Fareed, from Masjid William Salaam in Norfolk Virginia will speak at a number of functions to help promote awareness and improve the links between Australian and US Muslims. Imam Fareed will also be the chief speaker at a fundraising dinner for the association.

For more information, please visit: [Http://verbaldelights.blogspot.com](http://verbaldelights.blogspot.com) The valued and respected readers of Al Wasat can also obtain more information by emailing the editor: chawkf@alwasat.com.au

FOREWORD MESSAGE



Dear respected brothers and sisters Assalamu Alaikum,

For the 4th consecutive year it is my pleasure to present to you Sounds of Light 2010 Concert; the iconic event which has brought aid to 3000 orphans, satisfying their basic needs and filling their hearts with joy and happiness, year after year. Alhamdulillah, our community in Australia is growing and developing. Individuals and organizations are better able to serve the society we live in. Human Appeal International as part of this community is taking every single opportunity to develop resources and outcomes for the sake of the poor and disadvantaged. From a humble \$20,000 raised in 1991 Human Appeal International in the last year has raised 11.8 Million dollars in donations. With all praise due to ALLAH (SWT), this would have never been possible without your support and trust.

At Human Appeal International, we are up to the challenge of providing opportunities for a better life for orphans and needy around the world. Although their present plight is our main concern, their future is

of even greater importance to us. We are now extending our role from investing in orphans' future overseas, to also include investments in the future of our youth in Australia.

In addition to our well-known projects: Orphan Sponsorship, Qurban, Ramadan and Emergency Aid Campaigns. We are keen on supporting educational programs at national and international levels. Namely: the Yr 12 Muslim Achievement Awards, The "Believe, Achieve and Inspire" Leadership program accredited by the University of Melbourne. We also supported conferences, youth camps, and lecture tours. We have been involved in building schools, distributing school uniforms, bags and stationeries, and University Scholarships.

Moreover, at Human Appeal International we offer the general community and our generous donors a quality family entertainment in our annual Sounds of Light Concerts. We bring to your doorstep outstanding internationally acclaimed performers to entertain, and consequently help thousands of needy orphans.

We at Human appeal International promise you more innovative projects, to further our mission - continuing with you on the road to goodness. We hope that you will enjoy this very special night and we thank you for your participation. Your contributions towards our Orphan Sponsorship Program are highly appreciated; they will indeed feed, educate or treat a child in need...

Yours Sincerely

Bashar Al-Jamal
Regional Director

Iqra Grammar college invites the Muslim community of Sydney to its fundraising dinner



Alwasat Sydney: Iqra Grammar College sends its congratulations to the Australian Muslim community on the holy month of Ramadan and invites our generous brothers and sisters to its fundraising dinner to help complete the cost of its Musalla and Islamic library. As our dear readers are aware, the government

pays part of the building cost of private school buildings. The college is in urgent need of the community's support to finish building the Musalla and library. It should be noted that the college enrolment includes a number of pupils from a disadvantaged background whose parents are of limited means. The generosity of the community is needed to finish these important projects. Iqra Grammar College was recently mentioned by Prime Minister Gillard in her former role as Minister for Education and Deputy Prime Minister as a college that has produced better results than nearby public schools.

For more information about the fundraising dinner, please contact the editor at: chawkf@alwasat.com.au