



## **Boikano Technical Talk**

### **HOW WILL THE NEW COMPANIES ACT AFFECT YOUR BUSINESS?**

The new companies Act,(2008) came into effect on the 1st of May 2011.This major piece of legislation affects many businesses in many different ways.It is very crucial that you're fully aware of those changes that have been implemented in this new legislation.We will cover some of those changes briefly in this article.

***“The new Companies Act is a major piece of legislation and reform, which has a number of features to it [and] will certainly improve the environment for business operation in South Africa,”–Trade & Industry Minister,Rob Davies.***

***Some of the major changes include:***

#### **FINANCIAL REPORTING & ADMINISTRATION**

Financial reporting for small businesses has been reduced,in that businesses will be subject to either an Audit or Independent Review or Exemption.The companies registration has process has also been reduced,with less red tape,and east to register.

#### **BUSINESS RESCUE SCHEME**

Before,when a company came into financial distress it would need to go under judicial management or be placed under an order or liquidation.But now with the new companies Act,workers and management of that company may initiate a rescue process.Creditors would be held at bay while the company is put back on its feet (***Business turnaround strategies***).

#### **HOW GOOD IS YOUR CORPORATE GOVERNANCE ?**

Business owners/Directors are now required to manage their businesses effectively.This means ensuring compliance with the various legislations,laws,regulations,and etc.Risk management,Effective internal controls systems.Audit committee establishment,Financial reporting in accordance with the applicable financial reporting framework.Businesses owners that fail to comply could find themselves in very a serious troubles.

#### **NO MORE CLOSED CORPORATIONS (CC's)**

From the 1<sup>st</sup> May 2011,the new Act,does allow registration of the Close Corporation,however,If you have already applied for a CC prior to 1 May 2011,then you will still receive your registration certificate.All previously registered CCs can opt to covert to the new corporate regime of the Companies Act 2008,but will otherwise remain operational.This are some of the significant changes for small business owners, ***says,Peter Masegare.***

## CONCLUSION

The new legislation makes many things easy in many ways, for everyone and it is an important positive change for the **South Africa**. At Boikano Accountants Incorporated, we have been assisting many business owners about these new developments, and should you wish to find out more details on a specific change and how it affects your business, feel free to contact any of our branches or professional business advisors to set up an appointment.

Issued by

Peter Masegare  
Managing-Partner

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[www.boikano.co.za](http://www.boikano.co.za)

Tel No:

Gauteng: 011 422 4083/4  
Polokwane: 015 291 4118/4221