



Keeping it simple
Corporate Simplification



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Introduction

The current financial climate is proving challenging to many business operations and their profits. Organisations want to focus on their core purpose and cut costs.

Whether you have a large corporate structure or a simpler business with one or two dormant entities, the risks and costs associated with carrying non-value add entities can be significant.

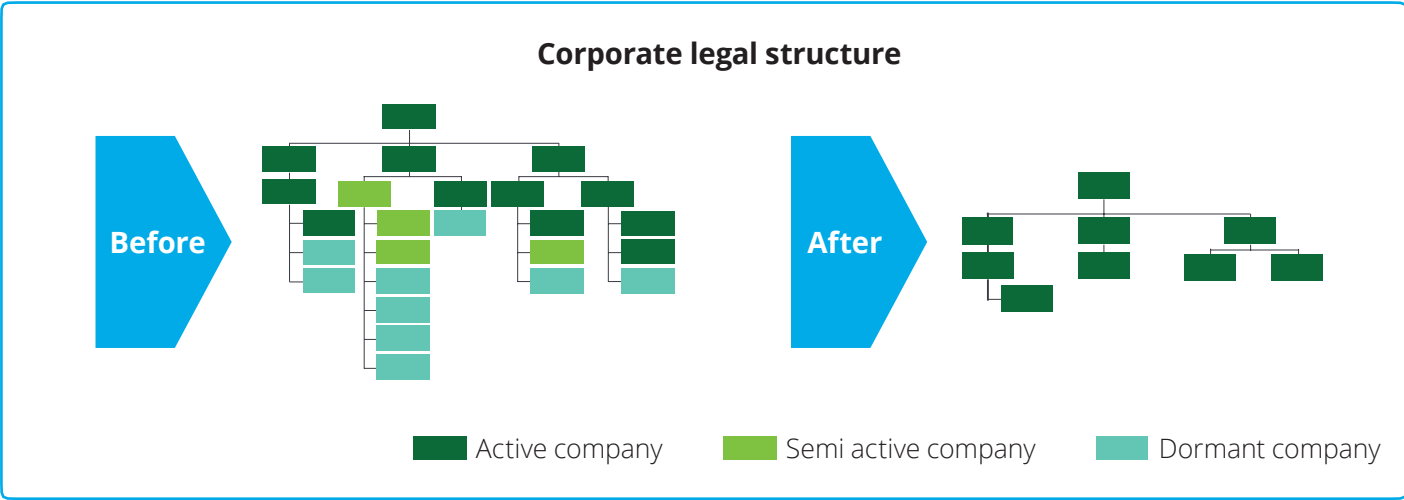
Simplifying a corporate structure allows management to focus on the core business, reduces risk and, as indicated by our clients, provides a payback in 9 to 12 months.

When to Simplify?

- Misaligned business units
- Dormant entities
- More than one company fulfilling the same function
- Onerous reporting requirements
- Growth through acquisition or organically
- Change of IT or finance system
- Concerned about transparency of structure
- Ready for IPO

Corporate Simplification and key benefits

Corporate Simplification is the elimination of one or more entities from a group structure, creating the optimal group structure and/or eliminating dormant legacy companies.



Key benefits

Cost and efficiencies

- Will reduce your compliance costs and administrative overheads
- More productive use of your employees' time as less time is spent on compliance and other duties for any redundant entities
- Can decrease your costs of finance as lenders can easily understand the purpose of each entity

Risk and governance

- Your acquired entities may have contingent liability risks—a Corporate Simplification project will help to identify and address contingent liability risks in legacy entities, especially where they have been acquired and there has been a loss of corporate memory
- Reduced risk and exposure for your directors
- Regulators, investors and shareholders increasingly require simplified group structures
- Will allow your management team to focus on core businesses and entities
- Reduces the risk of breaching corporate governance requirements
- Sale ready without the need to make substantial changes to the corporate structure

How we support our clients

As a first step we would be delighted to invest some time to understand your requirements. Based on this discussion the scope of an assignment would then be agreed, which would reflect the level of assistance required. We can flex our support accordingly. If needed we can help to categorise potential elimination candidates to create a target list of companies, explain the elimination options (deregistration/members' voluntary liquidation) and the respective associated risks.

From our experience, the "quick wins" in any Corporate Simplification project can be found by eliminating dormant companies first and economies of scale will apply if these are dealt with in batches. This approach limits the impact on internal resources, upskills in-house staff and embeds a culture of simplification and slick housekeeping. This is beneficial when dealing with subsequent batches.

However, this is not the only option and the collapse of a tower structure or a transfer of subsidiaries may be the starting point for a project.

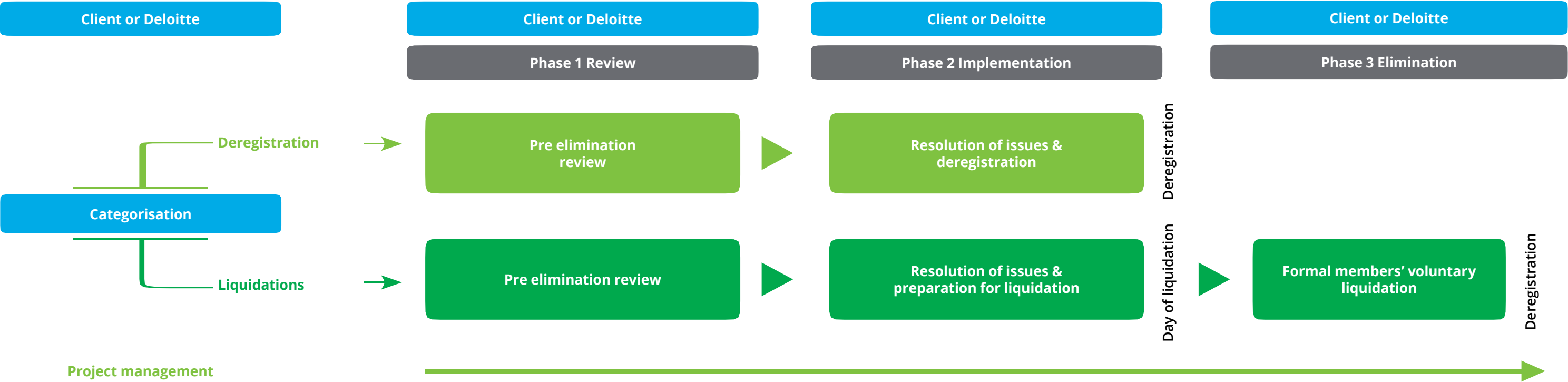
Key Services



A Corporate Simplification project is a process, not an event, which can be broken down into distinct phases. The Deloitte methodology is underpinned by strong management skills and a clearly defined plan to ensure momentum is maintained. We ensure clarity of understanding of the overall project steps, clear identification of responsibilities and ease of recognition of both key milestones and the status of the project

Whether you need to eliminate one or two Australian companies or embark on a more complex international project, whereby we work with an international and multidisciplinary Deloitte team, the methodology remains the same.

The Deloitte methodology—total flexibility to meet the client’s needs



You can draw on a wealth of experience, including tax, accounting, legal, property and liquidation services.

The Deloitte Australia **Corporation Simplification team** has eliminated hundreds of entities and returned funds to shareholders.

Credentials

A global human capital business

We assisted an Australian headquartered global human capital business with legal entities in Australia, New Zealand, Canada, Hong Kong, India, Japan, Singapore, Taiwan, Korea, Malaysia, Thailand, United States of America.

We undertook the overall project management role for this engagement and coordinated the services undertaken by the Deloitte Member Firms in these countries. This included dealing with a large number of tax and other operational issues relating to these entities.



A large multinational mining group

A large global mining group with a significant presence in Australia and in numerous other countries.

Our role includes the ongoing review of the overall group structure and assistance with the resolution of various pre-liquidation issues.

Assistance with the project management of the liquidation or deregistration of companies registered in other jurisdictions.

Projection duration over 13 years with over 70 companies successfully liquidated.

A major Australian banking group

A large Australian based banking group.

Our role involves assisting and working closely with the Bank's Company Secretarial team to prepare the companies for liquidation and assisting with the preparation of Board Papers and associated documentation for consideration by the Board.

Projection duration over 12 years. Over 28 companies successfully liquidated. Many of the companies had a range of legacy issues requiring resolution to enable the companies to be successfully liquidated.



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