

Increasing Benefits by Performing Your Corporate Housekeeping Duties

Performing the annual corporate housekeeping of your company will bring various benefits for the company, its bodies and authorized individuals. Though it may be missed out easily by the companies, actually it is easier to duly handle the procedures by considering your effectiveness and the benefits at the end of the day.

We can simply count the main trivets of the corporate housekeeping, as doing ordinary general assembly meetings, keeping updated your representation documents (i.e. signature circulars) and duly keeping the corporate books.

Ordinary general assembly meetings and representation matters

Both joint stock companies (“JSCs”) and limited liability companies (“LLCs”) must be held their annual general assembly meetings for each year. As per the Turkish law, these ordinary general assembly meetings must be held within three months following the end of the relevant fiscal year. Once we consider that most of Turkish companies uses the calendar year for their fiscal year period in general, we can say that these companies must be held their annual general assemblies for the year of 2017, until the end of March 2018.

In general, during the ordinary general assembly meetings, annual activity reports and financial statements of the company is negotiated, audit reports are read and the auditors are appointed and most significantly, the members of board of directors’ are released and the new members are appointed if the current members’ duty period is expired (or the appointment of the new member(s) are approved if there was an appointment by the board of directors’ due to the change of any member during the relevant year).

Therefore, general assembly processes are also good opportunities to negotiate the other outstanding or upcoming issues of the companies, especially for the corporate requirements such as determination of the authorities, issuance or renewal of the authorization limits etc. (such as bringing monetary limits or specifying the duty periods). These procedures are beyond the legal formalities only, and they should be considered as the opportunities in order to strengthen the companies’ standing with regard to the corporate requirements and increase their effectiveness in this regard, since performing these processes timely, will prevent the unnecessary delays due to a deficiency of a corporate requirement by conducting the company’s commercial business. (Think about you just noticed three days before the attendance date of a very important tender, the duty period of the board of directors’ expired last month!)

Duly keeping the corporate books

All merchants (even real person merchants) must duly issue and keep their general journals (Tr. yevmiye defteri), inventory books (Tr. envanter defteri) and general ledgers (Tr. defter-i kebir). Additionally, there are some other mandatory books to be issued and kept by the companies. For the companies which are subject to this article, JSCs must also keep share ledger (Tr. pay defteri), board of directors' resolution book (Tr. yönetim kurulu karar defteri) and general assembly meeting book (Tr. genel kurul toplantı ve müzakere defteri) and LLCs must keep share ledger and general assembly meeting book. As it is seen, LLCs do not have to issue an additional book for board of managers' resolutions (Tr. müdürler kurulu karar defteri); however, in case they do not issue this book, their board of managers' resolutions must be attached into their general assembly resolution book.

According to Turkish law, abovementioned company books must be issued at the establishment and before starting to use of them. However, these books are subject to different closing or renewal certification periods.

General journals, inventory books and general ledgers and board of directors' resolution book must be certified for each fiscal year. Share ledger and general assemblies' resolution book may be continued to be used in case they have blank pages enough. In case the pages of books (which are subject to certification) are used, the companies must issue the relevant new ones by making the required certifications for such books.

General journals and board of directors' resolution books must be certified annually by the notary public (closing certification). General journals must be certified until the end of sixth month of the following fiscal year and board of directors' resolution book must be certified until the end of first month of the following fiscal year. The rule is the same for the board of managers' resolution book, if it is issued. To clarify, we can say that for most Turkish companies (which uses the calendar year for their fiscal year period), the general journals must be certified for the year of 2017, until the end of June 2018 and the board of directors' resolution books must have their closing certification for the year of 2018 until the end of January 2019.

Conclusion

Considering the procedural requirements of the legislation will bring more benefits by saving your time and minimizing your corporate risks during your commercial activities in addition to protect the companies' good standing in the eye of the law. On the other hand, it should not be forgotten that authorized individuals of the companies are liable for their management activities at the companies.