RISK PROTECTOR

Your First Line of Defence Against Director Liability, ATO Enforcement and Asset Exposure

BUSINESS & DIRECTOR RISK IDENTIFIER TOOL — NO. 6

Director Duty Awareness Check

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WHAT THIS TOOL DOES — AND WHAT IT DOES NOT DO

Being a company director in Australia is not a passive role. The law imposes a specific and demanding set of duties on every director — and personal liability follows automatically when those duties are not met. Most directors are aware they have obligations but very few have a clear and current understanding of exactly what those obligations are, whether they are meeting them and where their exposure lies. This tool is designed to help you find out.

This is not a diagnostic. It does not measure the severity of what it finds or tell you how to address it. What it does is reveal whether you are meeting your legal director duties — and whether gaps in your compliance are creating personal liability exposure that you may not be aware of. Your score at the end will tell you whether this needs to go further.

1	Read each question and tick **YES**, **NO** or **UNSURE** honestly. Answer based on what you actually know and do — not what you believe your accountant or solicitor handles on your behalf.
2	The **RISK column** shows the consequence level if your answer is NO or UNSURE. HIGH means a direct personal liability exposure. MEDIUM means a developing compliance gap.
3	Count your NO and UNSURE answers in the Score Summary at the end. Your HIGH risk gap total is your most critical result.
4	If RED or AMBER risk gaps are present the next step is clear, free and waiting for you at the end of this tool.

SECTION 1 — Core Director Duties & Legal Obligations

Do you understand the legal duties you carry personally as a director — right now?

#	Question	YES	NO	UNSURE	RISK
1	Do you have a clear understanding of your duty to act in good faith and in the best interests of the company — and how that duty is tested if a dispute arises?	☐	☐	☐	HIGH
2	Do you understand your duty to avoid conflicts of interest — including situations where your personal interests or related party dealings could be challenged?	☐	☐	☐	HIGH
3	Are you aware of your duty to prevent insolvent trading and do you actively monitor your company's financial position to ensure it can meet its debts as they fall due?	☐	☐	☐	HIGH
4	Do you understand your duty to exercise care and diligence — including the standard of knowledge and oversight expected of a director in your industry and company size?	☐	☐	☐	HIGH
5	Are you aware of your obligations under the Corporations Act regarding the use of your position and information as a director — including what constitutes improper use?	☐	☐	☐	MEDIUM

SECTION 2 — Insolvency Risk & Solvency Monitoring

Are you actively monitoring your company for signs of insolvency — or operating on assumption?

#	Question	YES	NO	UNSURE	RISK
6	Do you review your company's financial statements — profit and loss, balance sheet and cash flow — at least quarterly to monitor its solvency position?	☐	☐	☐	HIGH
7	Can you confirm with certainty that your company is currently solvent — meaning it can pay all debts as and when they fall due from its own resources?	☐	☐	☐	HIGH
8	Are you aware of the personal consequences of insolvent trading — including that directors can be held personally liable for company debts incurred while the company was insolvent?	☐	☐	☐	HIGH
9	Do you have a clear process for identifying and responding to early warning signs of financial distress in your company before they escalate into insolvency?	☐	☐	☐	HIGH
10	Is your company free of any unpaid creditor demands, default notices or legal proceedings that could indicate an emerging insolvency situation?	☐	☐	☐	HIGH

SECTION 3 — Related Party Dealings & Shadow Director Risk

Are there transactions or relationships in your business that could attract personal liability?

#	Question	YES	NO	UNSURE	RISK
11	Are all transactions between your company and related parties — including you personally, your family or associated entities — conducted on commercial arm's length terms and documented?	☐	☐	☐	HIGH
12	Does anyone who is not listed as a director exercise significant influence or control over the financial or operational decisions of your company?	☐	☐	☐	HIGH
13	Are you aware that a person who regularly acts on the instructions of a shadow director can themselves be treated as a director under the Corporations Act?	☐	☐	☐	HIGH
14	Are all director loan accounts — amounts owed between directors and the company — properly documented, compliant with Division 7A requirements and current?	☐	☐	☐	HIGH
15	Have all related party transactions in the last three years been disclosed to your accountant and documented in company records?	☐	☐	☐	MEDIUM

SECTION 4 — Compliance Records & Company Administration

Is your company's administrative house in order — or are gaps in your records creating hidden personal exposure?

#	Question	YES	NO	UNSURE	RISK
16	Does your company maintain proper books of account — financial records that accurately reflect its transactions and financial position at all times?	☐	☐	☐	HIGH
17	Are all ASIC obligations current — including annual review fees paid, registered office details correct and director details up to date?	☐	☐	☐	MEDIUM

18	Does your company have a current Company Constitution — and has it been reviewed in the last five years to ensure it remains appropriate?	☐	☐	☐	MEDIUM
19	Are board and shareholder resolutions properly documented and retained — including resolutions relating to dividends, loans and major transactions?	☐	☐	☐	HIGH
20	Is your registered office address current and monitored — ensuring that ASIC and ATO correspondence is received and acted on promptly?	☐	☐	☐	MEDIUM

SECTION 5 — Director Succession & Structural Exposure

What happens to your obligations and your exposure if something changes in the directorship?

#	Question	YES	NO	UNSURE	RISK
21	If you resigned as a director today, do you know whether that resignation would remove your personal liability for existing company obligations — including ATO debts, employee entitlements and personal guarantees?	☐	☐	☐	HIGH

YOUR SCORE SUMMARY

Count your answers and enter the totals below. Your HIGH risk NO and UNSURE answers reveal where your director duty compliance has gaps that carry personal liability consequences.

✓ YES ANSWERS	✗ NO ANSWERS	? UNSURE ANSWERS
________	________	________
questions ticked	*questions ticked*	*questions ticked*

HIGH RISK QUESTIONS ANSWERED NO OR UNSURE — QUESTIONS 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 19, 21

My count: ______ out of 16 HIGH risk questions

Each HIGH risk gap means a director duty obligation is not being met — or not being met in a way you can demonstrate. Under the Corporations Act, ignorance of your duties is not a defence. Personal liability attaches regardless of whether you knew the obligation existed.

WHAT YOUR SCORE MEANS

Score	What It Means
0 HIGH gaps	Your director duty compliance appears current and well-maintained based on your answers. Review this tool every 12 months or immediately if your directorship arrangements, company structure or financial position changes significantly.
1 to 3 HIGH gaps	You have identified compliance gaps in your director duties that carry real personal liability exposure. Under the Corporations Act, director duties are non-delegable — you cannot hand them to your accountant or solicitor and assume they are covered. Each gap creates a pathway for personal claims that can follow you long after you have left the directorship. Understanding how to address these correctly requires specialist structural and compliance knowledge.
4 to 8 HIGH gaps	Multiple serious director duty gaps exist in your current position. Each one compounds the others and collectively they create significant personal liability exposure across insolvent trading, related party dealings, record keeping and compliance obligations. The consequences — personal liability for company

	debts, ASIC action, disqualification — are severe and often irreversible once formal proceedings begin. This level of exposure requires forensic assessment and specialist intervention.
9 or more HIGH gaps	Your director duty compliance carries critical gaps across multiple simultaneous obligations. The personal liability exposure created by this combination is significant — and in many cases the legal consequences can attach retroactively to transactions and decisions already made. Director disqualification, personal liability for company debts and civil penalty proceedings are all possible outcomes. This situation requires immediate and specialist attention before the gaps are identified by an external party.

IF YOUR SCORE HAS IDENTIFIED RED OR AMBER GAPS

The director duty gaps this tool has helped you identify do not exist in isolation. They connect directly to your company's solvency position, your personal guarantee exposure, your trust structure and your ATO obligations. A failure in one area of director duty compliance typically reveals failures in others — and the combined personal liability exposure is almost always greater than any single gap suggests.

There is one clear, free and completely confidential next step available to you right now.

The Risk Protector A13 Structural Exposure Assessment

The A13 is the only free forensic structural assessment of its kind available to Australian directors. It examines your director duty compliance in the full context of your entity structure, your personal guarantee obligations, your ATO position and your trust arrangements — and tells you precisely what the gaps are and what a solution pathway looks like.

HOW TO GET STARTED — IT IS FREE AND THERE IS NO OBLIGATION:

Visit **www.riskprotector.com.au** and click the **GET MY FREE A13 ASSESSMENT** button.

We will send the A13 Structural Exposure Assessment form directly to you.

No obligation. No cost. Absolute discretion.

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