

Administration of the company

Management, activity of the director, administrative board, company reports, accounting

Management

Normally, the management of a company is provided by the administrative board or by the directors appointed by it. The responsibilities and competences should be defined in detail in a **management agreement** to profitably reduce the personal liability.

The authority to sign has to be registered at the Commercial Register.

While appointing the management, it should be observed that a work permit is necessary for the directors under certain circumstances.

The management (administrative board) must prepare **an annual report** that will especially provide information regarding the course of business, the economic and financial situation and any possible capital increases.

A **general meeting** must be held at least **once a year**. It must be called by the administrative board.

Accounting

By law, a particular minimum break-up is required for the balance sheet and profit statement. While drawing up the balance sheet and the profit statement the principles of general accounting must be observed (completeness, clearness, essentiality, caution, consistency etc.). The asset situation should be «possibly reliably assessable». A transparent statement in accordance with the «true and fair view» principle is thus not realized as the legal assessment rules permit the formation of so-called hidden reserves.

Group accounting

Holding companies comprising one or more companies under a unit management through the majority of votes or in any other manner indicating two of the following parameters (balance sheet sum exceeding 10 million CHF, sales proceeds 20 million CHF or more than 200 employees) are obliged to prepare a consolidated yearly statement (Konzernrechnung).

In addition to the general accounting principles no other special consolidation and assessment rules are provided. In order to meet international requirements, it is however permitted and customary to include other standards such as International Accounting Standards (IAS), the U.S. Generally Accepted Accounting Principles (US: GAAP) “ or the appropriate EU directives.