It is for the board to follow a formal process when deliberating in relation to adopting annual reporting documents. That process should contain all relevant sign-offs from the directors, the chief executive and chief financial officer.

The process needs to ensure that relevant documents have been considered by the board and its committees and that the minutes reflect the board’s consideration of all such documents. Drafts should be provided to directors with enough time before the meeting for directors to review them in sufficient detail. The process set out below is reflected in the sample minutes attached to this Guide. The sample minutes are broad — not all matters may be relevant to the circumstances of each company and exceptions might apply.

Annual reporting documents include:
- directors’ report including the operating and financial review (OFR)
- remuneration report forming part of the directors’ report
- the Corporate Governance Statement including the s 295A statement on risk
- reports of the audit committee and any other committee of the board
- the financial report
- CEO / CFO sign-off (s 295A) and management representations
- auditor’s report, and/or
- audit review letter and sign-off.

Review of asset values
- Ensure the minutes include a resolution that the board is satisfied that the value of investments in subsidiaries is not more than the recoverable amount and that other classes of assets, if relevant, have been tested for recoverable value. This should be supported by relevant written assurances from management — see Tab 1 in sample minutes.

Draft annual report
- The draft annual report package (see Tabs 6 and 9 in sample minutes) consists of:
  - the financial report, comprising the financial statements; the notes to the financial statements; the directors’ declaration
  - a draft of the directors’ report (including the remuneration report if applicable)
  - the independent audit report.
- It may also comprise: additional unaudited financial information and shareholder information.
- Include a report from the CEO providing a summary of the year’s performance
- Include for review by the directors supporting documentation, such as:
  - a report from the CFO detailing the basis for preparation of the financial statements, the notes to the financial statements, and setting out their conclusions in connection with those statements
  - any other relevant reports and sign-offs from the relevant management personnel in management, such as the report on the evaluation of internal controls; the CEO’s statement supporting the financial statements and the notes to the financial statements; any statements and sign-offs from business unit managers or managers of divisions; the subsequent events statement from the chief financial officer — see Tabs 1, 4 and 5 in sample minutes.
- Include for consideration by the directors the statement from the chief executive officer, including the declaration required under s 295A of the Corporations Act 2001 and the statement from the chief financial officer, including a solvency statement and the declaration required under s 295A of the Corporations Act 2001 — see Tab 5 in sample minutes.
Financial reporting

- Include any other relevant information, such as additional unaudited financial information and shareholder information, for review by the board — see Tabs 9 and 5 in sample minutes.
- Ensure the minutes reflect that all of the documents comprising the draft annual report package have been presented to the board for consideration.

External audit review

- Include a draft of the audit report from the external auditor — see Tab 2 in sample minutes.
- Ensure that the external auditor is prepared to sign the statement required under s 307C of the Corporations Act 2001 (relating to independence and complying with the professional conduct code).
- It is good practice for the external lead audit partner to be present at the board meeting to answer questions, elaborate on matters covered in the audit report and explain the process the auditors followed. Regardless of whether the external audit partner is present at the board meeting, they should be present at the audit committee review.
- Ensure the minutes reflect that the audit report was considered by the board. If the external lead audit partner attends the meeting, ensure the minutes reflect this.

Audit committee review

- Include the draft minutes of the audit committee meeting which considered the draft annual report package, including the operational and financial review.
- Consider having the chairman of the board attend the audit committee meeting held prior to the board meeting.
- Include the written advice from the chairman of the audit committee (or other relevant person) relating to the independence of the external auditor — see Tab 3 in sample minutes.
- Ensure the minutes reflect that the board considered the audit committee’s recommendations in relation to the draft annual report package and heard the verbal report from the chairman of the audit committee.

Remuneration committee review

- Include the draft minutes of the remuneration committee meeting which considered the draft remuneration report in the draft annual report.
- Ensure that the minutes reflect that the board considered the remuneration committee’s recommendations in relation to the draft remuneration report and heard the verbal report from the chairman of the remuneration committee.

Adoption of accounts and directors’ declaration

- Ensure the minutes reflect that the board has satisfied itself that the financial statements comply with all relevant prescribed requirements, including accounting standards.
- Ensure that the minutes reflect that the board noted that no material event had occurred since the financial year-end date, which would, if the financial statements and the notes to the financial statements had been prepared at the time of the directors’ meeting, have materially affected the determination of an amount or particular in them.
- Ensure that the minutes reflect that the board has satisfied itself that the directors’ report and financial report complies with all requirements of the Corporations Act, gives a true and fair view of the financial position and performance of the company and that there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- Ensure that the minutes reflect, in the case of an extended closed group in accordance with ASIC Class Order [CO 98/1418] ‘Wholly Owned Entities’, that as at the date of the directors’ declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the applicable deed of cross guarantee and that this statement is included in the directors’ declaration.
- Ensure that the minutes reflect that the board has satisfied itself that the chief executive officer and the chief financial officer provided the declaration required by
• s 295A of the Corporations Act.

• Ensure the minutes reflect that the board authorised the signing of the directors’ declaration on the financial report.

• Ensure that the minutes reflect that the board has satisfied itself that any information considered commercially sensitive, confidential, could give rise to a third party commercial advantage, or would otherwise result in an unreasonable prejudice had not been included in the operating and financial review.

• Ensure the minutes reflect that the board satisfied itself that the directors’ report (including the remuneration report if applicable) is prepared in accordance with the Corporations Act.

• Ensure the minutes reflect that the board authorised the signing of the directors’ report.

Consider whether a two-step process (as set out in the sample minutes) is required. That is, where the board adjourns after consideration of all relevant documents but before authorising the signing of the financial and directors’ report, to provide the directors with an additional opportunity to consider the documents presented to the meeting. If the board then reviews and approves, in principle, its results, and the decision is made during a time when the market is not trading, ASX Guidance Note 8 specifically provides that it is open for the company to formally approve and resolve, just prior to when the announcement is due to be released to the market. Alternatively, the process for adopting the accounts and directors’ declaration could proceed without adjournment where the board approves the accounts and director’s declaration for release to the market at a scheduled time, subject to there being no material change to the accounts by management.

Final dividend for the financial year ended

• Include a certification from the chief financial officer that the three-tier test of s 254T of the Corporations Act can be met in relation to the payment of the dividend (that is, that the company’s assets exceed its liabilities, payment of the dividend is fair and reasonable, and payment of the dividend does not materially prejudice the company’s ability to pay its creditors) — see Tab 6 in sample minutes.

• Ensure that the minutes reflect that the board reviewed the three-tier test and resolved to pay the dividend on a certain date and include relevant franking details.

• Consider if a dividend reinvestment plan will apply.

• Ensure that the minutes reflect that the board resolved a record date for determining dividend entitlement.

ASX preliminary final report (Appendix 4E)

• Include a draft preliminary final report (Appendix 4E) for release to ASX — see Tab 11 in sample minutes.

• Ensure the minutes reflect that the board considered the draft minutes and recommendations of the Audit Committee meeting held prior to the board meeting.

• Ensure that the minutes reflect that the board resolved to approve the preliminary final report (Appendix 4E) for release to ASX, subject to matters covered at the directors’ meeting.

• Ensure that the minutes reflect that the board authorised the publication of additional information should any such information exist.

ASX or media release

• Include a draft ASX or media release on the results of the financial year ended for consideration by the board — see Tab 12 in sample minutes. Allow sufficient time for directors to review and comment on the draft release.

• Ensure that the minutes reflect that the board approved the release of the ASX or media release on the results of the financial year ended, subject to matters covered at the directors’ meeting.
XYZ GROUP LIMITED
SAMPLE MINUTES OF MEETING OF DIRECTORS


The board noted that having regard to their value to the Company as a going concern, the carrying values of the Company's investments in subsidiaries as contained in the accounting records as at [financial year-end date] do not exceed their recoverable amount.

[Tab 6] Annual Report and Financial Statements for year ended [date]

The board considered [the CEO’s] memorandum of [date] providing a summary of the year’s performance.

[Tab 9] The board considered a draft of the Annual Report which consisted of:
• Directors’ Report (including the Remuneration Report and the Operating and Financial Review);
• Financial Report, comprising:
  – Financial Statements
  – Notes to the Financial Statements, and
  – Directors’ Declaration;
• Independent Audit Report
• Additional Unaudited Financial Information, and
• Shareholder Information.

The following supporting documents were tabled;
• the memorandum from the XYZ Group Manager Financial Reporting, [name], detailing the basis for preparation of the Financial Statements and notes thereto and setting out their conclusions in connection with those Statements
• report on evaluation of internal controls by the [eg Group Manager, Control Assurance];
• form of business unit managers’ statements
• statement by Chief Executive Officer, [name] (including the declaration required under section 295A of the Corporations Act 2001)
• statement by the Chief Financial Officer, [name] (including a solvency statement and the declaration required under section 295A of the Corporations Act 2001)
• statements by [Group Manager Financial Reporting], [name]
• statement by [Group Treasury and Finance Manager], [name]
• statement by [Group Taxation Manager], [name]
• statement by [Group Manager Control Assurance], [name]
• form of certificate of disclosure committee members; and
• Principal Accounting Officers’ subsequent events statement supporting the Financial Statements and notes thereto.

**External audit review**

[Lead External Audit Partner] stated [Audit Firm’s] willingness to sign an unqualified audit report on the draft Financial Report, in the form set out on pages [xx] and [xx] respectively, when the Financial Report had been prepared by the directors and when the declaration required under section 295(4) of the Corporations Act 2001 had been signed. [Lead External Audit Partner] answered questions asked by directors and commented on the results of the annual audit.

[Lead External Audit Partner] confirmed that the provision of non-audit services during the year by [Audit Firm] for entities in the XYZ group did not compromise the audit independence requirements of the Corporations Act 2001. [Lead External Audit Partner] stated that at the time of signing of the Directors’ Report under section 298(2) of the Corporations Act 2001, he/she would provide a signed declaration pursuant to section 307C of the Corporations Act 2001 (the form of which was set out on page [xx]) stating that to the best of his/her knowledge and belief, there had been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

**Audit Committee review**

The board considered the draft minutes of the meeting of the XYZ Group Limited Board Audit Committee held on [date] and heard a verbal report on the meeting from the Committee’s chair, [name]. The board noted that the Committee had reviewed a draft of the Annual Report, including the operating and financial review.

The chairman of the Audit Committee confirmed that during the year, [Audit Firm] provided non-audit services to XYZ group entities for fees totalling [xxxx] and that those non-audit services consisted of [yyyy] [insert relevant details, for example, acquisition, due diligence work and [zzzz] for scrutineering services at the annual general meeting].

The chairman of the Audit Committee further confirmed that fees charged by [Audit Firm] for audit and audit-related services during the year totalled [qqqqqq]. The board noted that the audit-related services component of that amount was [ppppp], consisting of the audit of superannuation funds of [rrrrr] and the audit of an incentive plan payment of [ssssss].

The chairman of the Audit Committee confirmed to the board that the committee was satisfied that:

- the provision of the above non-audit services during the year by [Audit Firm] was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and
- the provision of such non-audit services during the year did not compromise the auditor independence requirements of the Corporations Act 2001 because:
the committee had no reason to question the veracity of [Lead External Audit Partner’s] advice regarding his/her firm’s independence, nor the content of the auditor’s independence declaration that [Lead External Audit Partner] stated he/she would sign pursuant to section 307C of the Corporations Act 2001.

– the fees paid for such non-audit services, both in absolute terms and as a proportion of fees for audit services, were modest, and

– the nature of the non-audit services provided was not inconsistent with those requirements.

The board noted that the Audit Committee had recommended that the board accept the draft Annual Report.

**Draft Financial Statements and notes thereto**

The board noted the actions that had been taken before the draft Financial Statements and notes thereto were prepared and that they complied with all relevant prescribed requirements, including accounting standards.

The board noted that no event had occurred since [financial year-end date], which would, if the Financial Statements and notes thereto had been prepared at the time of this directors’ meeting, have affected the determination of an amount or particular in them.

After consideration of the documents laid before the meeting and the information and explanations provided by [names], it was agreed that, if no material issues were identified by directors on further reflection:

- it would be in order to finalise of the Financial Statements and notes in the form presented to the meeting
- that in the opinion of the directors:

  (i) those Financial Statements and notes thereto would:

  (a) comply with the accounting standards

  (b) give a true and fair view of the financial position and performance of the Company and consolidated entity (being the Company and the entities it is required by the accounting standards to include in consolidated financial statements)

  (c) be in accordance with the Corporations Act 2001, and

  (ii) at the date of this meeting, there would be reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The board noted that the declarations required by section 295A of the Corporations Act 2001 had been provided by the Chief Executive and the Chief Financial Officer.

In order to give the directors a full opportunity to reflect on the draft Financial Statements and notes thereto in the context of the information presented to them at the meeting, it was decided that following consideration of other business on the agenda, the meeting would be adjourned overnight to allow any other issues to be identified and addressed.
Directors’ Declaration

It was noted that if no further issues were identified by directors, it would be in order for the directors, pursuant to section 295 of the Corporations Act 2001, to authorise the signing of the Directors’ Declaration on the Financial Report.

Directors’ Report

The directors discussed any information considered to be commercially sensitive, confidential, that could give rise to a third party commercial advantage, or would otherwise result in an unreasonable prejudice and determined not to include it in the operating and financial review, in the directors’ report. It was agreed that, if no other material issues were identified by directors on further reflection:
(a) it would be in order for the directors to finalise the Directors’ Report in the form of the draft submitted to the meeting
(b) in the opinion of the directors, the Directors’ Report would have been prepared in accordance with the Corporations Act 2001, and
(c) the directors authorise the signing of the Directors’ Report.

In order to give the directors a full opportunity to reflect on the draft Directors’ Report in the context of the information presented to them at the meeting, it was decided that following consideration of other business on the agenda, the meeting would be adjourned overnight to allow any other issues to be identified and addressed.

Final dividend for year ended [financial year-end date]

The board again considered the memorandum of [date] from [name] and, in particular, the recommendations contained in it regarding the payment of a final dividend for the year ended [financial year-end date].

The board noted the recommendations and the requirement that the companies’ assets exceeded its liabilities, that the payment of the dividend was fair and reasonable, and that the payment of the dividend would not materially prejudice the company’s ability to pay its creditors.

The board recommended that a final dividend for the year ended [financial year-end date] be considered at the rate of [xx] cents per ordinary share, and that subject to a formal declaration of the dividend, the board recommended that such dividend be payable on or about [dividend payment date] and be [percentage] per cent franked at the income tax rate of [yy] per cent for dividend imputation purposes.

It was resolved that for the purpose of determining dividend entitlements for the year ended [financial year-end date], the record date be [record date] and that registrable transfers received by [transfer date] up to the times specified in the ASX Listing Rules and SCH Business Rules be registered before entitlements are determined.
ASX Preliminary final report

The board considered a draft Preliminary final report (Appendix 4E) for release to ASX and noted that the Audit Committee had reviewed, and recommended that the board accept, a draft Preliminary final report in similar form.

Subject to the draft Financial Statements and notes thereto and the draft Directors’ Report being adopted in substantially the form discussed at the meeting, it was resolved that the Preliminary final report in the form of the draft submitted to the meeting be approved and that two directors be authorised to sign that document.

Additional information in Annual Report

The board agreed that subject to each of the resolutions contemplated above being passed, it would be in order for the directors to authorise the publication of the Shareholder Information and other information contained in the draft Annual Report submitted to the meeting (and not contained in the Financial Report and Directors' Report), subject to such corrections and changes of a minor editorial nature as the Chief Executive may consider appropriate.

Media release

The board considered a draft media release on the results for the year ended [financial year-end date] and noted that the Audit Committee had reviewed and recommended that the board accept a draft media release in similar form.

Subject to the draft Financial Statements and notes thereto and the draft Directors’ Report being adopted in substantially the form discussed at the meeting, the media release on the results for the year ended [financial year-end date] was approved.

Adjournment

In order to give the directors a full opportunity to reflect on the draft Financial Statements and notes thereto, the draft Financial Report and the draft Directors’ Report in the context of the information presented to them at the meeting, it was resolved to adjourn the meeting until [6:30am] on [the following day] to allow any other issues to be identified.

It was also resolved that, in the event that any director identifies any material issue, the director must notify the Company Secretary prior to [time] on [the following day] and that the Company Secretary must use his/her best endeavours to bring the issue to the personal attention of each other director prior to the meeting resuming.
THE MEETING RESUMED AT [TIME] ON [THE FOLLOWING DAY]

Draft Financial Statements and notes thereto (cont’d)

The Company Secretary confirmed that he/she had not been contacted by any director with any material issue relating to the draft Financial Statements and notes thereto considered by the meeting previously.

[Lead External Audit Partner] stated that [Audit Firm] remained willing to sign an unqualified audit report on the draft Financial Report, in the form set out on pages [xx and xx] respectively, when the Financial Report had been prepared by the directors and when the declaration required under section 295(4) of the Corporations Act 2001 had been signed.

It was resolved:
(a) to authorise the preparation of the Financial Statements and notes thereto in the form presented to the meeting
(b) that in the opinion of the directors those Financial Statements and notes thereto:
   (i) comply with the accounting standards
   (ii) give a true and fair view of the financial position and performance of the company and consolidated entity (being the Company and the entities it is required by the accounting standards to include in consolidated financial statements)
   (iii) are in accordance with the Corporations Act 2001, and
(c) that in the opinion of the directors, at the date of this meeting there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Directors’ Declaration (cont’d)

It was resolved that pursuant to section 295 of the Corporations Act 2001 and the preceding resolutions, the Directors’ Declaration, as presented to the meeting, be made and attached to the Financial Statements and notes thereto. It was further resolved that pursuant to section 295 of the Corporations Act 2001, two directors be authorised to sign the Directors’ Declaration.

Directors’ Report (cont’d)

The Company Secretary confirmed that she/he had not been contacted by any director with any material issue relating to the draft Directors’ Report considered by the meeting previously.

It was resolved:
(a) to authorise the preparation of the Directors’ Report in the form of the draft submitted to the meeting
(b) that in the opinion of the directors, the Directors’ Report has been prepared in accordance with the Corporations Act 2001, and
(c) that two directors be authorised to sign the Directors’ Report.
Final dividend for year ending [financial year-end date] (cont’d)

As the draft Financial Statements and notes thereto and the draft Directors’ Report were adopted in substantially the form discussed by the meeting previously, the board considered that the companies’ assets exceeded its liabilities, that the payment of the dividend was fair and reasonable, and that the payment of the dividend would not materially prejudice the company’s ability to pay its creditors. The board resolved that a final dividend for the year ending [financial year-end date] be declared at the rate of [xx] cents per ordinary share.

The board further resolved that such dividend be payable on or about [dividend payment date] and be [percentage] per cent franked at the income tax rate of [yy] per cent for dividend imputation purposes.

ASX Announcement (cont’d)

As the draft Financial Statements and notes thereto and the draft Directors’ Report were adopted in substantially the form discussed by the meeting previously, the approval of the ASX Announcement was confirmed.

Additional information in Annual Report (cont’d)

The board authorised the publication of the Shareholder Information and other information contained in the draft Annual Report submitted to the meeting (and not contained in the Financial Report and Directors’ Report), subject to such corrections and changes of a minor editorial nature as the Chief Executive may consider appropriate.

Media release (cont’d)

As the draft Financial Statements and notes thereto and the draft Directors’ Report were adopted in substantially the form discussed by the meeting previously, the approval of the media release on the results for the year ended [financial year-end date] was confirmed.