



MEMO

To: Board of Directors
From: Company Secretary
Subject: **DIRECTORS' REPORT – INFORMATION ON DIRECTORS & COMPANY SECRETARY**

Under section 292 of the Corporations Act all companies that must prepare an annual financial report ¹ must also prepare a Directors' Report.

Contents of Directors' Report

S.299 sets out the general information to be included in Directors' Reports, in relation to the financial year and the period since (to the date of the Directors' Report):

- details of principal activities of the company
- review of operations and results
- any significant changes in the company's state of affairs
- any events subsequent to year end
- likely future developments and expected results
- applicable environmental regulations.

And, if the company is stock exchange listed, the Directors' Report must also contain (s.299A):

- information on the company's financial position
- business strategies and future prospects

S.300 sets out specific information to be included in Directors' Reports:

- dividends
- options on issue, and any exercised since financial year end
- non-audit services
- any legal proceedings
- details of/in relation to directors and the Company Secretary – as expanded on hereunder.

Directors' Details

Required information on directors is set out in parts of ss.300(1), (10) & (11), as follows (*words extracted from the Act*):



- (1) (c) the name of each person who has been a director of the company, registered scheme or disclosing entity at any time during or since the end of the year and the period for which they were a director; and
- (d) options that are:
 - (i) granted over unissued shares or unissued interests during or since the end of the year; and
 - (ii) granted to any of the directors or any of the 5 most highly remunerated officers of the company (other than the directors); and
 - (iii) granted to them as part of their remuneration; and
- (e) unissued shares or interests under option as at the day the report is made; and
- (f) shares or interests issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests; and
- (g) indemnities given and insurance premiums paid during or since the end of the year for a person who is or has been an officer or auditor.

Special rules for public companies

- (10) The report for a public company that is not a wholly-owned subsidiary of another company must also include details of:
 - (a) each director's qualifications, experience and special responsibilities; and
 - (b) the number of meetings of the board of directors held during the year and each director's attendance at those meetings; and
 - (c) the number of meetings of each board committee held during the year and each director's attendance at those meetings.

Special rules for listed companies

- (11) The report for a listed company must also include the following details for each director:
 - (a) their relevant interests in shares of the company or a related body corporate;
 - (b) their relevant interests in debentures of, or interests in a registered scheme made available by, the company or a related body corporate;
 - (c) their rights or options over shares in, debentures of or interests in a registered scheme made available by, the company or a related body corporate;
 - (d) contracts:
 - (i) to which the director is a party or under which the director is entitled to a benefit; and
 - (ii) that confer a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the company or a related body corporate;
 - (e) all directorships of other listed companies held by the director at any time in the 3 years immediately before the end of the financial year and the period for which each directorship has been held.

Company Secretary Details

S.300(10)(d) specifies that the Directors' Reports of all public companies must contain the qualifications and experience of each person who is a Company Secretary of the company as at the end of the year.



¹ An annual financial report must be prepared by:

- all disclosing entities – stock exchange listed and unlisted
- all public companies
- all large proprietary companies
- certain small proprietary companies
- foreign owned companies who do not qualify for or seek relief

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.

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