



# **Centrepont Alliance Limited**

(ABN 72 052 507 507) (the “Company”)

## **Audit Committee Charter**

Dated: 5 May 2011

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## **1 Purpose and authority**

### **1.1 Purpose**

The purpose of this Audit Committee Charter is to specify the authority delegated to the Audit Committee (“**Committee**”) by the board of directors of the Company (“**Board**”) and to set out the role, responsibilities, membership and operation of the Committee.

### **1.2 Authority**

The Committee is a committee of the Board established in accordance with the Company’s constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this charter and under any separate resolutions of the Board granted to it from time to time.

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## **2 Role of the Committee**

The role of the Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:

- (a) the integrity of the Company’s external financial reporting and financial statements;
- (b) the appointment, remuneration, independence and competence of the Company’s external auditors;
- (c) the performance of the external audit functions and review of the audits.

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## **3 Audit responsibilities**

### **3.1 External reporting**

The Committee is responsible for:

- (a) reviewing the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports;
- (b) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- (c) assessing significant estimates and judgments in financial reports by examining the processes used to derive material estimates and judgments and seeking verification of those estimates from external auditors;
- (d) reviewing management’s processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;

- (e) assessing (before publication) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (f) reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the Company and making recommendations to the Board on their approval or amendment;
- (g) ensuring that a comprehensive process is established to capture issues for the purpose of continuous disclosure;
- (h) reviewing the completeness and accuracy of the Company's main corporate governance practices;
- (i) assessing information from external auditors that affects the quality of financial reports;
- (j) obtaining from the external auditors an independent assessment of the appropriateness of the accounting principles used and the clarity of financial disclosure practices used by the Company;
- (k) assessing solvency and the going concern assumption;
- (l) assessing the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur; and
- (m) recommending to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.

### **3.2 External audit**

The Committee is responsible for:

- (a) making recommendations to the Board on the appointment and remuneration of the external auditor and, if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended;
- (b) agreeing the terms of engagement of the external auditor before the start of each audit;
- (c) reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the external auditor's set fee;
- (d) monitoring the effectiveness and independence of the external auditor, and periodically assessing their performance;
- (e) reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;
- (f) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgment or independence and, if

required, developing policies for Board approval to ensure this does not occur;

- (g) ensuring that any recommendation to replace the external auditor is carefully evaluated before the Board makes a final decision;
- (h) making recommendations to the Board on the removal of the external auditor;
- (i) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (j) reviewing the scope of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (k) raising with the external auditor any specific points of divergence with the Company's management;
- (l) monitoring and examining management's response to the external auditor's findings and recommendations;
- (m) reviewing all representation letters signed by management and ensuring all information provided is complete and appropriate;
- (n) meeting with the external auditor without management present at least once a year.

### **3.3 Internal control**

The Committee is responsible for:

- (a) assessing and ensuring that there are internal processes for determining and managing important judgments and accounting estimates;
- (b) conducting investigations of breaches or potential breaches of internal controls, particularly in relation to accounts and financial reporting;
- (c) examining and evaluating the effectiveness of the internal control system with management and external auditors and making improvements; and
- (d) meeting periodically with key management and external auditors to understand the Company's internal control environment; and
- (e) encouraging voluntary reporting by employees to the Committee of breaches of internal controls and company policies.

### **3.4 Related party transactions**

The Committee is responsible for reviewing and monitoring the propriety of related party transactions.

## **4 Membership**

### **4.1 Composition and size**

The Committee will consist of:

- (a) only non-executive directors and suitably qualified independent non-directors;
- (b) ideally a majority of independent directors; and
- (c) at least three members, with a minimum of two non-executive directors.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments to the Committee are decided by the Board.

### **4.2 Chairperson**

The chairperson of the Committee must be a non-executive director who is not the chairperson of the Board.

The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

### **4.3 Technical expertise**

The Committee must be structured so that:

- (a) all members are financially literate, that is, are able to read and understand financial statements;
- (b) at least one member has relevant qualifications and experience, that is, is an accountant or financial professional with experience of financial and accounting matters; and
- (c) some members have an understanding of the industry in which the Company operates.

### **4.4 Skills development**

If the Committee chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

### **4.5 Commitment of Committee members**

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

At the first Committee meeting after their appointment and when the Board reviews Committee membership, each Committee member must confirm that they are able to devote sufficient time and attention to the Committee for the coming year.

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## **5 Committee meetings and processes**

### **5.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

### **5.2 Frequency and calling of meetings**

The Committee will meet as frequently as required to undertake its role effectively. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor or the chairperson of the Board.

### **5.3 Quorum**

Two members, at least one of whom must be a non-executive director of the Company, constitute a quorum for meetings of the Committee.

### **5.4 Attendance by management and advisors**

The Chief Financial Officer is expected to attend each scheduled meeting of the Committee. A standing invitation will be issued to the external auditors, however they may be excluded from meetings or parts of meetings at the discretion of the chairperson.

The Committee chairperson may also invite directors who are not members of the Committee, other senior executives and external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

### **5.5 Agenda and documents**

The chairperson of the Committee determines the meeting agenda after appropriate consultation.

The secretary distributes the agenda and any related documents to all Committee members and other attendees before each proposed meeting.

### **5.6 Access to information and advisors**

The chairperson of the Committee receives all reports between the external auditor and management.

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Company's documents and records;
- (c) obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- (d) access management and external auditors.

### **5.7 Minutes**

The secretary will keep minute books to record the proceedings and resolutions of its meetings.

The chairperson of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

### **5.8 Referral of Issues to Risk Committee**

The Committee is required to refer all material issues to the Risk Committee.

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## **6 Committee's performance evaluation**

The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which the Committee has met its responsibilities in terms of this charter.

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## **7 Review and publication of charter**

The Board will review this charter to ensure it remains relevant to the current needs of the Company. The charter may be amended by resolution of the Board.

The charter is available on the Company's website and the key features are published in the annual report.

**Approved by the Board on 5 May 2011.**