PKF Perth

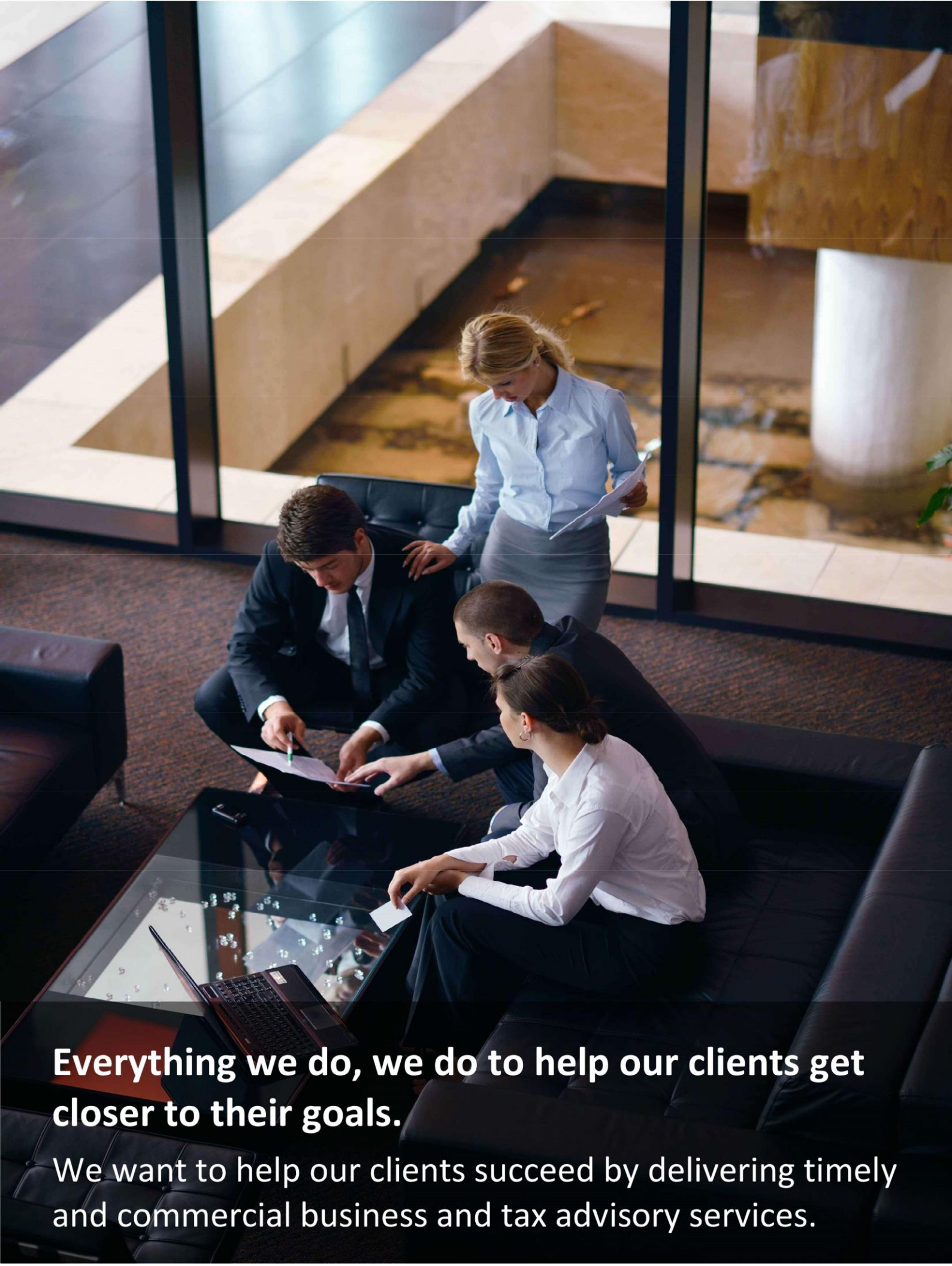
Advisory • Audit
Business Solutions

Transparency Report

For the year ended 30 June 2020

2020 CONTENTS

Introduction	1
Legal Structure and Ownership	2
Governance	3
National Network	4
International Network	5
Quality Control System	7
Statement of Effectiveness	11
Complaints and Allegations	12
Independence Procedures and Practices	13
External Audit Monitoring	16
Partner Remuneration	17
Public Interest Entities audited by the Firm	18



Everything we do, we do to help our clients get closer to their goals.

We want to help our clients succeed by delivering timely and commercial business and tax advisory services.

1 Introduction

We are pleased to present our Transparency Report for the year ended 30 June 2020.

This report provides information on PKF Perth and our relationship with network firms in the PKF International Network. It is designed to give information to existing and potential clients, as well as other key stakeholders, on the ownership and governance of the firm and the measures we take to maintain high quality standards.

Audit and related services are an important part of our business and we welcome the requirement to publish this transparency report. It demonstrates our compliance with the regulatory requirements and that we place an emphasis on quality.

Darren Shillington

Managing Partner

FOR & ON BEHALF OF PKF Perth
28th October 2020

2 Legal Structure and Ownership

PKF Perth (the firm) is a partnership owned by its equity partners and governed by its Partnership Agreement.

As at 30 June 2020 there were 9 equity partners and 1 non-equity partner. The firm operates from its office at 35 Havelock Street, West Perth, WA 6005.

The firm offers a range of services comprising:

- Audit & Assurance
- Business Advisory
- Taxation
- Financial planning and Wealth Management services
- Superannuation and Administration services.

The MLDM Unit Trust was used by the partnership as the main operating vehicle. Employees are employed through this entity.

There is one active related company, PKF Perth Financial Services Pty Ltd. Its principal activity is the provision of financial planning and wealth management services.

3 Governance

The firm is managed by the equity and non-equity partners (partners) and includes a Managing Partner who is elected by the partners. The partners meet regularly throughout the year, to discuss various operational and strategic matters.

The partners also meet periodically to discuss matters that arise which need to be urgently addressed.

As at 30 June 2020 the partners were:

Equity Partners

Managing Partner

Darren Shillington (Chairman)

Other Partners

Anthony Maclean (Partner – Taxation)

Anthony Russo Battagliolo (Partner – Taxation)

Carl Longshaw (Partner – Taxation)

Christopher Roos (Partner – Taxation)

Dean Pike (Partner – Taxation)

Matthew Van Rieseen (Partner – Taxation)

Simon Fermanis (Partner – Audit and Assurance)

Tony Munday (Partner – Financial Planning and Wealth Management)

Non-Equity Partners

Shane Cross (Partner - Audit and Assurance)

During the year, Paul Skinner retired from the partnership effective 31 December 2019.

The board has created various sub-committees to attend to day to day matters relating to these areas, and meet on a periodic basis similar to the Board. These consist of the following:-

- Human Resources.
- Infrastructure.
- Administration.
- Sales, Marketing & Clients.
- Service, Delivery/Production.
- Finance.

4 National Network

PKF Perth is a member firm of the PKF International Network, admitted under an individual Operating Licence Agreement.

The thirteen PKF firms in Australia are located in Adelaide, Brisbane, Canberra, Central Coast, Gold Coast, Hobart, Melbourne, Newcastle, Perth, Rockhampton, Sydney, Tamworth, and Walcha.

All PKF firms within Australia have signed a Members' Agreement with PKF Australia Limited (PKFA).

PKFA is governed by a board of directors, consisting of a partner representative from each of the PKF firms in Australia (excluding any correspondent members), and an external Chairman/CEO, appointed by the Board.

Currently, the members of the Board are:

Norman Draper – Chairman/CEO

Timothy Bow - Melbourne

Steven Meyn - Sydney/Newcastle

Liam Murphy - Brisbane

Darren Shillington - Perth

Matthew Butler - Gold Coast

Ross Di Bartolo - Canberra

Brian Wall - Tamworth

Daniel Rands - Tasmania

Domenico Cosentino - Adelaide

In addition to the above directors, the following additional directors have been appointed, but have no voting rights:-

Sara Crevillen - Brisbane

Clayton Hickey- Sydney/Newcastle

Dean Pike – Perth

The Board meets face-to-face at a minimum three times per year and conducts monthly teleconferences. The Board is responsible for protecting the interests and reputation of the members of PKFA, and for the oversight of the management and operations of the national network from a strategic level. The functions and powers of PKFA are specified within the Members Agreement. To assist the Board in performing these functions and powers, the following sub-committees have been established and the various functions and powers delegated:

- Audit & Assurance
- Taxation
- Business Advisory
- Business Recovery & Insolvency
- Corporate Finance
- Wealth Management
- Information Technology
- Marketing

A representative from each office is entitled to have a member on each of these sub- committees. Each sub-committee has a chairperson, who is required to report up to the Board on a regular basis and various matters set out within the Members Agreement.

The PKF Australia Chairman also attends sub-committee meetings.

5 International Network

The firm is a member firm of the PKF International Limited (PKFI) network of legally independent firms. PKF globally consists of over 450 locations, operating in 150 countries across five regions.

The firm does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms within PKFI. PKF Perth is a separate legal entity to all other PKFI network firms and accordingly is not responsible for the decisions and actions made by other PKF network firms.

The network formed by PKFI (the Licensor or the Company) and the member firms (the Licensees) is regulated by adherence to an Operating Licence Agreement (OLA) between the Licensor and individual Licensees. The OLA authorises the Licensee to use the PKF name as defined under specific circumstances, under specific conditions, for specific purposes and in a specific territory, in consideration for which, the Licensee pays a licence fee to the Licensor.

40 years' experience in Western Australia

13 offices across Australia

10th largest accountancy network in Australia

450 locations in over 150 countries

5 International Network

The Licensor is a private company registered in England and limited by guarantee. The Company's Articles of Association require a Board of Directors who conduct the business of the Company. The Board has a strategic and coordinating role but has no executive authority of the operations of individual member firms.

Each licensee is legally independent entity owned and managed in each location. Contractual relations are only formed between a client and the member firm engaged by the client and no other member firm may be held liable. PKFI has no financial or management interest in any member firm.

None of the directors of PKFI has a financial or management interest in any member firm other than his or her own.

PKFI is the central network organisation. It´s Directors consist of the International Board members and it´s CEO. The CEO is appointed by the International Board and reports to the International Chairman and the International Board. The International Board members are nominated by the various Regional Board's. The Chairman and, when appointed, a second representative, of a Regional Board is normally a member of the International Board.

The International Board and Regional Boards convene meetings several times a year in person or by conference calls as required.

PKFI has an International Professional Standards Committee (IPSC) and an International Tax Committee (ITC) together with additional practice area groups that operate both regionally and internationally. Each region is represented on these committees who report into the International Board and CEO on a regular basis. The IPSC and ITC convene meetings several times a year as required.

Details of member firms are set out in the PKFI directory and on the website www .pkf.com.

6 Quality Control System

PKF Perth together with the PKF Network, has established a quality control system that encompasses the six elements of quality control

Embedded within Australian Standards on Quality Control: Quality Control for Firms That Perform Audits and Reviews of Financial Reports, Other Financial Information, and Other Assurance Engagements (ASQC 1), that deals with a firm's responsibilities for systems of quality for audits and reviews of financial statements and other assurance and related engagements, and APES 320: Quality Control for Firms (APES 320), that deals with the same except in relation to all services within the firm.

PKFI also maintains an International Professional Standards Manual that must be adhered to by member firms.

The elements of quality control set out in ASQC1 and APES 320 have relevance to all services provided by the firm and the firm has applied them as follows:

LEADERSHIP RESPONSIBILITIES

The overall responsibility for the firm's system of quality control has been accepted by the Partners of PKF Perth. Each partner has an overriding commitment to quality, however day- to-day responsibility has been assigned to a specific Partner. The firm has documented the above quality control system, which is in compliance with ASQC 1 and APES 320 mandatory requirements, in the PKF Quality Control Manual. This document sets out various policies and procedures that reflect the above standards' requirements. The Partners reinforce their commitment to quality, and an annual review of these policies and procedures is performed and updated, when required.

The Partners' commitment to quality within these standards is reinforced to staff through the following:

- All team members are expected to maintain the tone of a high level of quality through the application to their various assigned tasks
- Quality will not be comprised on assignments
- Procedures and processes will be consistently followed by all team members
- Team members' annual performance reviews include an assessment on their commitment to quality
- Ongoing training is provided to ensure quality is maintained.
- Team members are encouraged to participate and actively attend training sessions internally and externally.

6 Quality Control System

ETHICAL REQUIREMENTS

The firm's professional standards note covering independence sets out the following:

- Adherence to the Chartered Accountants Australia New Zealand's (CA ANZ's) Code of Ethics and Professional Standards issued by the Accounting Professional & Ethical Standards Board (APESB) takes precedence over commercial considerations
- Partners and managers are required to keep independence issues under constant review and, in respect of audit assignments, reconfirm the firm's independence having regard to the APESB Code of Ethics and Processional Standards, prior to the commencement of every audit
- All members of the firm are required to complete an annual declaration of their independence and freedom from conflicts of interest
- Partners of network firms are required to complete a prohibited securities declaration annually.

The requirement to comply with the CA ANZ's Code of Ethics and the APESB's Professional Standards is set out in the PKF Quality Control Manual and forms part of the employees' contracts of employment.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

The firm has detailed procedures covering the acceptance and continuance of client relationships and new specific engagements.

A comprehensive client acceptance form must be completed prior to acceptance of an appointment.

This requires identification of the prospective client, an assessment of the firm's independence and freedom from conflicts of interest, and an assessment of whether the firm has the requisite skills to carry out the engagement.

All PKF Perth employees and Australian PKF firms (for Public Interest Entities only) are requested by email to notify PKF Perth of any conflicts or perceived conflicts in relation to the acceptance of a new audit client. In addition and before accepting any new engagement, all partners must certify that they are independent of the proposed new client and there are no conflicts or perceived conflicts.

Upon acceptance of a new client or a specific engagement from an existing client, the firm issues a detailed engagement letter for agreement by the client. This includes the nature of the assignment and the firm's standard terms of business.

HUMAN RESOURCES

The firm has established policies and procedures to ensure that its people are equipped with the required technical skills, commitment to client service and high professional and ethical standards covering objectivity, integrity and independence.

6 Quality Control System

RECRUITMENT AND PERFORMANCE EVALUATION

The firm sets high standards for the recruitment and promotion of personnel, in particular with regard to the selection and interview of candidates and the qualifications required. Partners are involved in all interviews and references are always taken, including from professional and regulatory bodies. All new staff are subject to a compulsory six month probationary period as part of their employment agreement.

All personnel undergo annual appraisals measured against specific competencies and dealing with performance, future development and training needs. Audit staff receive performance appraisals informally at the end of each significant assignment, which form part of their annual appraisal.

TRAINING & CPD REQUIREMENTS

The firm develops the capabilities and competence of its staff through a variety of methods. Formal training courses are developed internally or are sourced from reputable professional educators including but not limited to the CA ANZ, and GAAP Consulting. Formal courses may take the form of group conferences, webinars, workshops or seminars.

We expect, as a minimum, that personnel meet the professional development requirements of the CA ANZ. A summary of these requirements is as follows:

- The undertaking of CPE to achieve a minimum of 120 CPE hours over a three year period
- At least 20 hours must be completed annually
- Over the three year period, a maximum of 30 hours technical reading may be claimed as CPE
- Professional staff are expected and encouraged to take personal responsibility for maintaining their skills and knowledge by monitoring relevant professional developments.

The firm also provides:

- A technical library including online resources available.
- Manuals setting out the firm's procedures for all audit and assurance engagements as well as other services provided by the firm
- Subscriptions to a number of technical updates emailed by various bodies including CA ANZ and the Taxation Institute of Australia
- Half-yearly and externally-provided training for staff and partners dealing with current developments, (new legislation, accounting and auditing standards)
- Ad hoc internal and external training to meet specific needs.

The progress of students studying for their professional qualification with CA ANZ and other bodies (for example, the Taxation Institute of Australia) is carefully monitored, with each student being closely supported.

Audit partners and directors are also expected to satisfy ASIC's registered company auditor requirements.

6 Quality Control System

ENGAGEMENT PERFORMANCE

The firm's procedures for engagements are set out in the PKF's quality control manual. In respect of audit and assurance engagements the firm uses a mixture of proprietary audit and developed programs. Internationally recognised audit software, Caseware, is used to ensure audit engagements comply with Australian Auditing Standards and Ethical Requirements.

All professional work is subject to review by line managers and partners, with clear guidelines laid down for second partner consultation and the use of external experts where required.

Adequate supervision is provided to staff in performing their tasks through the following:

- All team members have direct access to Partners
- In-charge auditors meeting with Partners for one-on-one consultations

Partners and managers are constantly monitoring actual WIP compared to the time budgets agreed within planning.

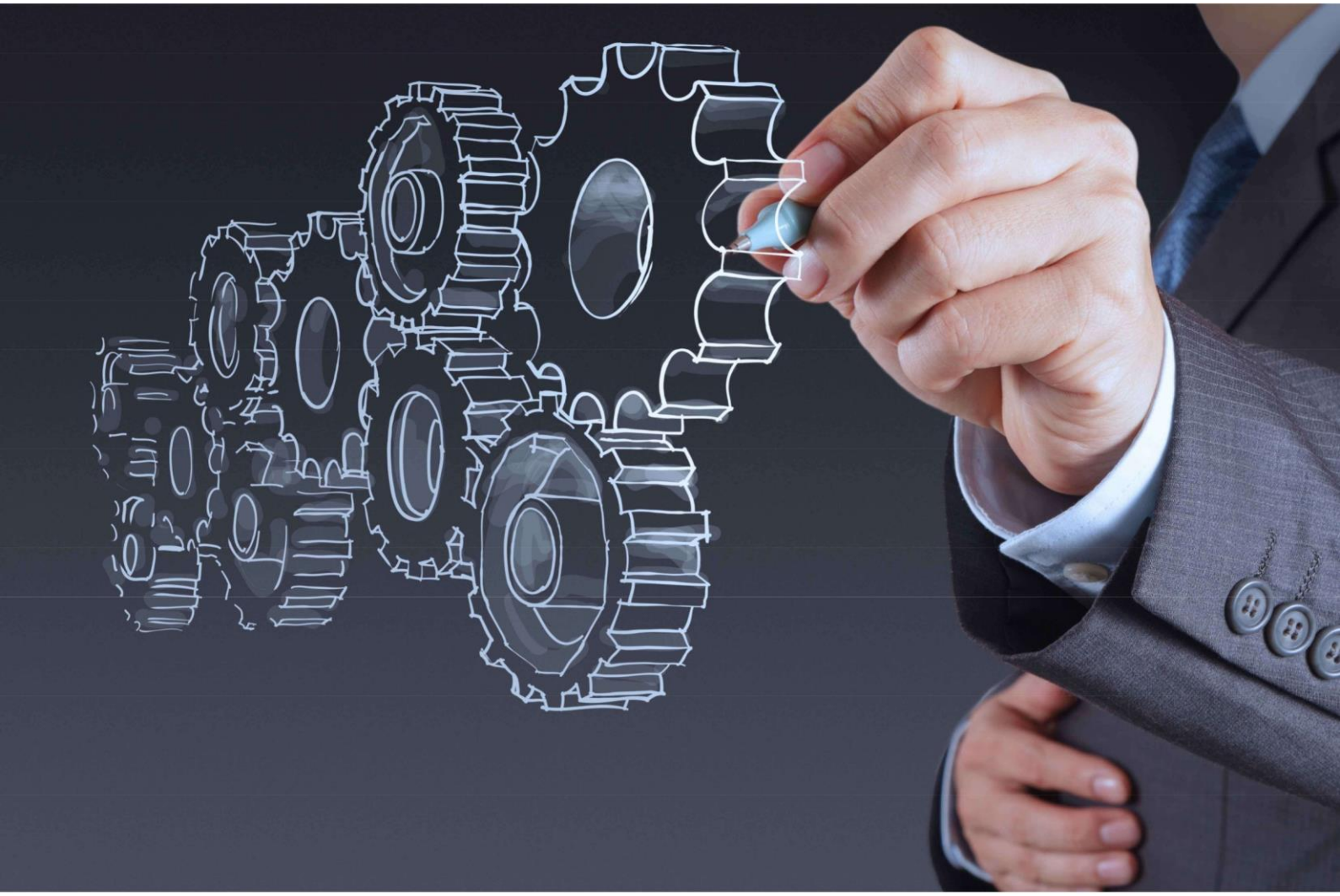
MONITORING

The responsibility for quality control is taken on by all managers and Partners. All engagements are reviewed by the engagement partner and any issues identified at the time must be addressed and cleared before the final result is achieved. This engagement review includes reviewing whether the firm's policies and procedures have been followed.

Engagement Quality Reviews (EQR) are required on all public listed and disclosing entity client audits. An EQR must be performed by a registered company auditor, either from within the firm, one of the PKF network firms or other contracted firms.

7 Statement of Effectiveness

Based on the results of monitoring we are satisfied that our quality control system is operating effectively to ensure that we comply with professional standards and deliver a quality service to our clients.



8 Complaints and Allegations

When a formal complaint is received the client is immediately advised that we have received the complaint.

The matter is then referred to the engagement partner for resolution. A complaints register is used to log and monitor the complaint and PI insurers are notified if the matter is serious.

Policies and procedures are assessed to determine if a weakness exists within the quality process that needs to be addressed and rectified.

The firm has a culture whereby staff can discuss a complaint from a client openly.

All staff are aware of the whistleblower legislation.

9 Independence Procedures and Practices

The PKF's Quality Control Manual sets out the independence and ethical requirements and procedures in relation to audits.

This reflects and satisfies the requirements of the APESB's Code of Ethics and Professional Standards and an exercise has been carried out to map the manual against these requirements.

The audit software, Caseware, also has comprehensive programs and directions in relation to independence.

The firm's procedures cover:

- Integrity, objectivity and independence
- Financial, business, employment and personal relationships
- Long association with the audit engagement
- Fees, remuneration and evaluation policies, litigation, gifts and hospitality
- Non-audit services.

All staff attend an annual refresher training session in relation to the independence requirements set out within the PKF Quality Control Manual presented by the Independence Officer within the firm.

INTEGRITY, OBJECTIVITY AND INDEPENDENCE

The audit partner is ultimately responsible for making decisions on independence and objectivity matters. Where a threat to objectivity is identified, the partner considers whether safeguards can be introduced such as having different types of work for the same client done by different teams or introducing an engagement quality control reviewer. If the safeguards are determined to be sufficient to reduce the threat to an acceptable level then the relevant issue can be overcome. The audit practice has not to date needed to deal with any of these types of threats.

Partners are expected to report all threats to objectivity and independence to those charged with governance of the client with details of the relevant safeguards where appropriate and this is recorded on the audit file.

All partners and staff are required to sign an independence declaration annually and any new employees upon commencement.

Governance is further managed by regular partner meetings.

9 Independence Procedures and Practices

FINANCIAL, BUSINESS, EMPLOYMENT AND PERSONAL RELATIONSHIPS

Partners and their immediate families are prohibited from having a financial interest in an audit client of the firm. Members of staff and their immediate families cannot have a financial interest in clients where they have an involvement in the audit.

Neither the firm nor partners, staff and their immediate families can enter into a business relationship with an audit client of the firm unless this involves the purchase of goods and services in the ordinary course of business, on an arm's length basis and the value is not material to either party, or the relationship is clearly inconsequential to both parties.

Partners and staff must report to the Managing Partner where a member of their immediate or close family has an employment relationship with an audit client. Where a partner leaves the firm to join his or her audit client, unless two years have elapsed since the last audit report was signed, the firm must resign from the audit engagement.

LONG ASSOCIATION WITH THE AUDIT ENGAGEMENT

In the case of listed companies the partners and directors must rotate from the audit after five years.

A rotation database is maintained holding a record of every public interest entity client. The database is reviewed by the audit partners on a regular basis.

FEES, REMUNERATION & EVALUATION, POLICIES, GIFT AND HOSPITALITY

The firm's policies specifically prohibit partners and staff from receiving incentives or rewards for selling non-audit services to audit-clients.

Contingency fees are prohibited for certain types of work such as audit and where they may rely on novel or contentious matters relating to the audit. There are also restrictions on the potential quantum of fees so they cannot individually be material in a financial sense to the firm.

Gifts and hospitality may not be accepted from audit clients. Hospitality is provided to clients and on an ad hoc basis. Such hospitality is immaterial in nature.

NON-AUDIT SERVICES

The overriding consideration in deciding whether the firm can properly provide a non-audit service to an audit client is whether it is probable that a reasonable and informed third party would regard the objectives of the non-audit service as being consistent with the objectives of the audit of the financial statements.

The firm has a policy that whenever a partner or member of staff is contemplating providing non-audit services to an audit client the audit partners are informed promptly so that the audit partners can make an assessment of the relevant threats and safe guards.

9 Independence Procedures and Practices

DOCUMENTATION

Ethical and independence considerations are documented at the following stages:

- The client acceptance and continuance stages
- The planning stage of each audit engagement
- The conclusion of each audit engagement.

The firm reports to those charged with governance of audit client's incorporate independence confirmations. Specific management issues are then incorporated into closing reports to audit clients.

A prescribed list is maintained of all entities where investment is prohibited because of client relationships. This list is accessible to all staff and is applicable across the PKF Network.

CONFLICTS OF INTEREST

The firm's system for identifying conflicts of interest is built around internal database searches and e-mail notifications of potential engagements to all partners. Procedures for dealing with actual and potential conflicts are set out in the PKF Quality Control Manual and the PKF International Professional Standards Manual, and include notifications of potential conflicts to interested parties, establishing safeguards, and not proceeding with the potential engagement.

A register of business relationships with clients is maintained and reviewed annually by a specified partner and its accuracy confirmed each year by every partner.

MONITORING AND REVIEW

Procedures are in place to monitor compliance with the firm's independence requirements. As part of their review procedures, the Managing Partner reviews and checks compliance with the firm's independence procedures. The audit quality assurance programme considers adherence to the firm's ethical and independence requirements on each engagement selected for review. Additionally an annual declaration is made by every partner and member of staff confirming compliance with all ethical and independence requirements.

During the year the Managing Partner carried out a review of the firm's independence procedures and confirmed he was satisfied with them.

10 External Audit Monitoring

PKF Perth Audit and assurance department during the year ended 30 June 2020 comprised the following significant principals:

Name	Position	Qualification
Simon Fermanis	Equity Partner	Registered company auditor, FCA
Shane Cross	Non-Equity Partner	Registered company auditor, CA

The firm is regulated in the conduct of its services by:

- The CA ANZ. The firm is subject to periodic audit and whole firm practice assurance reviews, which were carried out in August 2013.
- The Australian Securities and Investments Commission (ASIC). ASIC performed a detailed review on a significant listed client's file for the year ended 30 June 2009 in January 2010, a significant unlisted public AFSL client for the years ended 30 June 2012 and 2013 in January 2014 and a significant listed client's file for the year ended 30 June 2015 in March 2016.

As a member of the PKF Network, the firm is subject to audit engagement review by an independent PKF peer reviewer on a bi-annual basis. The firm is also subject to an overall quality peer review on a bi-annual basis.

11 Partner Remuneration

Equity Partners are remunerated out of the profits of the firm receiving percentage share of the profits based on equity holdings, which are drawn down as available

Non-equity Partners are remunerated based on an agreed fixed amount determined annually and incentive payments for introducing new clients to the firm.

No partners receive a bonus for exceptional performance. Having regard to auditor independence, partners are not incentivised to gain non-audit work from audit clients.

Financial Information

	Year ended 30 June 2020 $ '000s
Audit fees	$2,438
Fees for non-audit services to audit clients	$1,055
Total fees from audit clients	$3,493
Fees for other non-audit clients	$9,204
Total firm revenue	**$12,697**

12 PUBLIC INTEREST ENTITIES AUDITED BY THE FIRM

The following is a list of public interest entities which we were appointed auditors during the year ended 30 June 2020:

- Altura Mining Limited
- AusCann Group Holdings Ltd
- Corazon Mining Limited
- Euroz Limited
- Galena Mining Limited
- Ironbark Zinc Ltd
- Kaiser Reef Limited
- Minrex Resources Limited
- MyFiziq Limited
- 4DS Memory Limited
- Orthocell Limited
- Predictive Discovery Limited
- Rand Mining Limited
- Riedel Resources Limited
- Siburan Resources Limited
- Southern Hemisphere Mining Limited
- Sprintex Limited
- Discovex Resources Limited
- XTD Ltd
- Wolf Minerals Limited
- Zenith Minerals Limited

DARREN SHILLINGTON - MANAGING PARTNER
Telephone: 08 9426 8999
Email: dshillington@pkfperth.com.au

SIMON FERMANIS - AUDIT PARTNER
Telephone: 08 9426 8999
Email: sfermanis@pkfperth.com.au

SHANE CROSS - AUDIT PARTNER
Telephone: 08 9426 8999
Email: scross@pkfperth.com.au

PKF International Limited administers a network of legally independent firms which carry on separate businesses under the PKF Name.
PKF International Limited is not responsible for the acts or omissions of individual member firms of the network.