



PKF Melbourne Audit & Assurance Pty Ltd

Transparency Report

For the year ended 30 June 2023

Propel your future



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A global community where dynamic business advisors can belong, grow and thrive.

Together, we create powerful opportunities to propel the success of our clients, our people, and our communities.



Timothy Bow
Managing Partner
tbow@pkf.com.au

Introducing PKF

Message from Managing Partner

We are pleased to present our Transparency Report for the year ended 30 June 2023.

This report provides information about PKF Melbourne ("The Firm") and our relationship with network firms in the PKF Global 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.

The delivery of quality audits by the Audit and Assurance team is key to our business strategy and considerable investment is made by PKF Melbourne to ensure that our people are supported and provided with all the collateral they will need to undertake and deliver quality audit services.

Timothy Bow
31 October 2023

Introducing PKF Melbourne

The history of PKF Melbourne goes back to 1962 when it was first known as Draper Dillon.

Today, we have grown to a top 10 firm in Australia, with over 120 staff, and a dedicated Audit and Assurance practice.

- 1962: Draper Dillon was formed.
- 2009: Newcastle and Sydney based Lawler Partners together with Melbourne-based firm Draper Dillon, announced plans to build a national alliance of like-minded independent accounting firms.
- 2014: In March 2014, the five Lawler firms (in eight locations) joined four existing PKF firms to represent PKF in Australia.
- 2015: An Audit & Assurance practice was established in PKF Melbourne. All audits are now conducted under PKF Melbourne Audit & Assurance Pty Ltd.
- 2016: PKF Integrity was formed as a practice owned by PKF firms in Melbourne, Perth, Brisbane, Sydney/Newcastle and South Australia providing investigations, workplace integrity training, whistleblower programs and forensic accounting.

The Firm offers a range of services comprising:



Audit and Assurance

- External audit
- Internal audit
- Payroll compliance
- Franchisor Assurance
- ESG Assurance
- Special purpose and compliance audits
- Governance and risk management advice



Advisory

- Business advisory
- Tax
- Restructuring, turnaround and insolvency
- Corporate finance
- Digital
- Succession and transition



Wealth

Governance

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

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

The Partners have created various sub-committees to attend to day to day matters relating to these areas:

- Information technology
- Marketing
- People and culture
- Risk
- Training

As at 30 June 2023 the Partners were:

Equity Partners

Managing Partner:

Timothy Bow

Partners:

- Kenneth Weldin (Audit & Assurance)
- Jason Stone (Restructuring, Turnaround & Insolvency)
- George Athans (Business Advisory)
- Glenn Franklin (Restructuring, Turnaround & Insolvency)
- Steven Perri (Corporate Finance)
- Shane Jacobson (Business Advisory)
- Sean Dillon (Business Advisory)
- Paul Allen (Restructuring, Turnaround & Insolvency)

Non-Equity Partners

- Chaya Lal (Business Advisory)
- Dennis Lee (Corporate Finance)
- Huss Almatrah (Business Advisory)
- Patrick Procopio (Business Advisory)
- Chris Vittas (Tax)
- Shane Mays (Business Advisory)
- Petr Vrsecky (Restructuring, Turnaround & Insolvency)
- Kaitlynn Brady (Audit & Assurance)
- Ryan Lu (Business Advisory)
- Stefan Galbo (Corporate Finance)

PKF Australia

All PKF firms within Australia have signed a **Members' Agreement with PKF Australia Limited.**

PKF Australia Limited ("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). Both the CEO and external Chairman are appointed by the Board. In addition to these directors, the additional directors have been appointed, but have no voting rights.

Board of Directors

Steve Meyn (Chair), Sydney/Newcastle
Peter Cannan (CEO)

Timothy Bow, Melbourne
Bob Bell, Sydney/Newcastle
Liam Murphy, Brisbane
George Diamond, Canberra
Matthew Butler, Gold Coast
Antoinette Tatarelli, Adelaide
Daniel Rands, Hobart
Brian Wall, Tamworth
Darren Shillington, Perth

Non-voting

Jason Stone, Melbourne
Clayton Hickey, Sydney/Newcastle
Sara Crevillen, Brisbane
Chris Roos, Perth
Nicole Peterson, Adelaide

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 and Assurance**
-  **Business Advisory**
-  **Restructuring, Turnaround and Insolvency**
-  **Corporate Finance**
-  **Information Technology**
-  **Marketing**
-  **Taxation**
-  **Wealth Management**

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 on various matters set out within the Members Agreement.

The PKFA CEO also attends sub-committee meetings.

Audit & Assurance Leadership Group

PKF Melbourne Audit & Assurance works closely with our colleagues from across Australia and New Zealand.

Our purpose has evolved over time, but throughout we have been conscious of our obligation to work together to serve our clients better, deliver consistent quality, and represent our PKF brand as one, with our success represented by our growth.

We meet regularly face-to-face and via video-conference. Our strategy is focused on the following pillars. Each Audit Partner across PKF Australia and New Zealand contributes strongly to each initiative with Ken Weldin, Kaitlynn Brady and Steven Bradby (retired 30 June 2023) providing support on behalf of Melbourne.

Audit & Assurance pillars

People	Quality	Service and delivery	Markets	Sectors
Our most important asset, supporting delivery of a broad range of services and underpinning our growth.	Maintaining consistency of our processes and improving them as necessary to meet the wide-ranging expectations that our clients and the market have of our services.	Developing our systems, processes, and methodologies to be the best possible for our service offerings.	Developing our practices to better interface our capabilities with our market.	Developing deep industry knowledge to better understand our clients.

Proudly part of the PKF global family



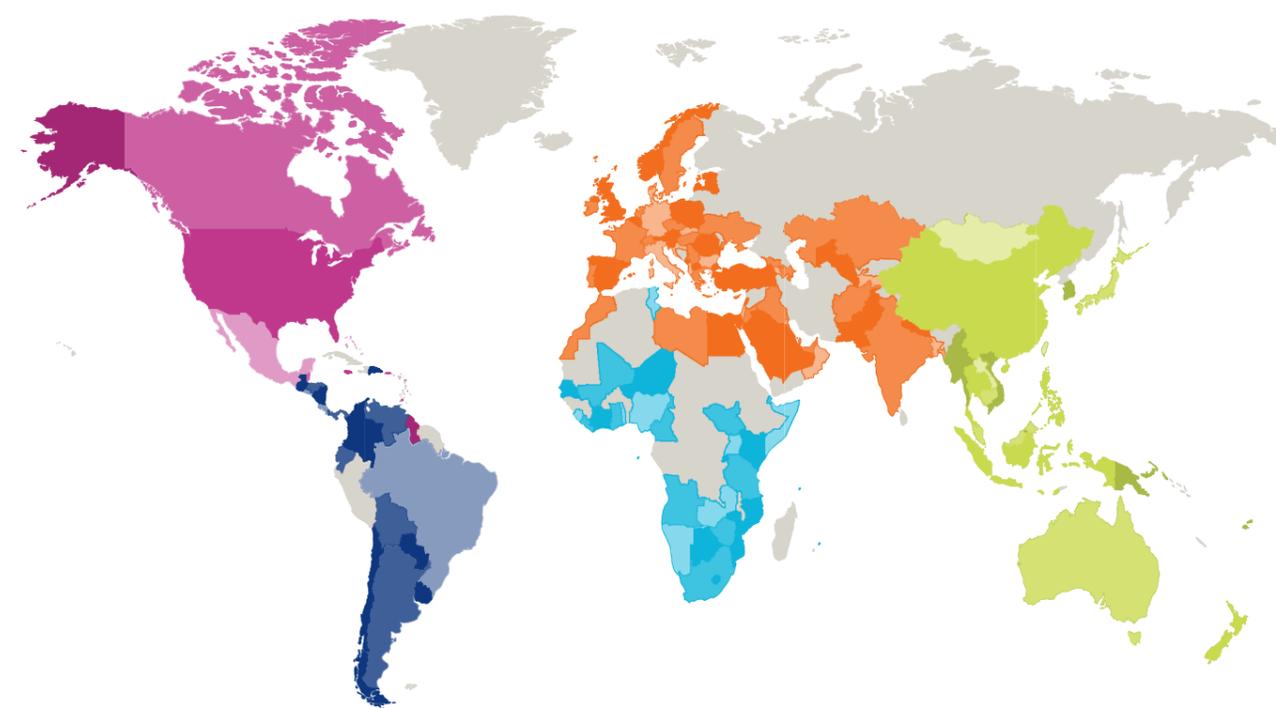
PKF Global

PKF Melbourne is a member firm of the PKF Global network, admitted under an individual Operating Licence Agreement. The network formed by PKF International Limited (the Licensor) and the member firms (the Licensees) is regulated by adherence to an Operating Licence Agreement (OLA) between the Licensor and individual Licensees. The form of the OLA authorises the Licensee to use the PKF name as defined under specific circumstances, under specific conditions, for specific purposes (The Business) and in a specific territory (The Territory), in consideration for which, the Licensee pays a royalty and Licence fee to the Licensor.

PKF International Limited ("PKFIL") is a company registered in England and limited by guarantee (registered number 03816253). The Company's Articles of Association require a Board of Directors who conducts the business of the Company and the network. The Board authorises recruitment of PKFIL's staff, authorises a number of international committees, divides the member firms into geographical regions, and sets an annual licence fee for the member firms within the network.

Each member firm is legally independent. 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. PKFIL has no financial or management interest in any member firm.

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





Structure

The PKFIL Board comprises at least one member from each geographical region and each region has a Board. There are two international committees responsible for professional and practice standards being:

- International Professional Standards Committee (including Assurance) – this establishes the minimum professional standards to be met by member firms and conducts a global quality review programme. It also promotes audit materials and capabilities as well as organising audit and accounting events.
- International Tax Committee – this promotes the development of tax capabilities on a global basis and organises tax events.

A number of additional practice area committees operate regionally and internationally.

Quality assurance

PKFIL operates a Global Monitoring Programme (GMP) covering member firms. The principal objectives are to ensure that the standards expected for the performance of certain types of professional work by Member Firms are established and communicated to Members, that those standards meet appropriate recognised professional practice requirements at least for transnational and referred work, and that a programme of monitoring of compliance with expected standards is operating effectively.

Member firms

PKFI distinguishes between Member Firms and correspondent firms. Correspondent firms do not form part of the Network as defined by the Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants (IESBA), do not have equivalent rights and privileges of member firms or responsibilities of Member Firms, and are covered by the GMP only to the extent of assessing correspondent firms as part of their admission to full membership.

An up to date list of Members and correspondent firms, including the firm names and countries in which they are registered and operate from, can be found on the website www.pkf.com.

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 the PKF Global network. PKF Melbourne is a separate legal entity to all other PKFIL network firms and accordingly is not responsible for the decisions and actions made by other PKF network firms.

Quality assurance

Internal system of quality management

We take quality seriously and this is central to the focus of our PKF Australia Audit & Assurance Leadership Group.

The Firm has an overriding commitment to quality. It is the ultimate responsibility of the Managing Partner of each Firm to ensure that an effective System of Quality Management (SOQM) under Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements (ASQM 1) is in operation and the quality assurance policies and procedures as outlined in this Quality Management Manual are adhered to. The Firm's Partners decide on all key matters regarding the Firm and its professional practice.

The Partners accept responsibility for leading and promoting a quality assurance culture within the Firm and for providing and maintaining a SOQM, supported through the Quality Management Manual and all other necessary practical aids and guidance.

The Firm recognises the importance of quality in performing all client engagements. Specifically:

- All Partners and staff are expected to maintain a high level of quality in all assigned tasks and are fully aware of the requirements of APES 110;
- Quality will not be compromised by commercial considerations on assignments;
- All staff members will consistently follow adopted procedures;
- Training is recognised as the key component to ensuring quality is maintained;
- Staff members, including Partners, are required to attend training relevant to their roles;
- The Firm devotes sufficient resources for the development, documentation and support of its quality management policies and procedures;
- Staff and Partners' annual performance reviews include an appraisal of their demonstrated commitment to quality and ethics, their level of continuing professional development, adherence to the policies and procedures of the Firm and the level of competence of the team member; and
- Performance/career reviews are carried out in accordance with the Firm's policy statement on Human Resources.

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

Internal system of quality management

PKF Melbourne has fully implemented a uniform SOQM in line with the requirements of ASQM 1 effective 15 December 2022.

An SOQM is the mechanism that creates an environment that enables and supports engagement teams in performing quality engagements. It helps the Firm to achieve consistent engagement quality because it is focused on how the Firm manages the quality of engagements performed. The SOQM is designed to operate in a continuous and iterative manner, much like the risk assessment process in an audit, and is responsive in the nature and circumstances of the Firm and its engagements.

The Firm's SOQM addresses the following eight components:

1. The Firm's risk assessment process

ASQM 1 requires the Firm to apply a risk-based approach in designing, implementing, and operating the components of the SOQM in an interconnected and coordinated manner such that the Firm proactively manages the quality of engagements performed by the Firm. As such, the Firm's risk assessment process consists of:

- establishing quality objectives;
- identifying and assessing quality risks to the achievement of the quality objectives; and
- designing and implementing responses to address the assessed quality risk.

Identifying and assessing quality risks puts attention on what could go wrong (WCGW) in achieving the quality objectives. ASQM 1 aims to focus the Firm on risks that have the greatest impact on achieving the quality objectives, so that those risks are appropriately addressed by the Firm.

A risk qualifies as a quality risk when it meets both of the following criteria:

- The risk has a reasonable possibility of occurring; and
- The risk has a reasonable possibility of individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives.

Responses that are properly designed and implemented to address the quality risks mitigate the possibility that the quality risk occurs, thereby helping the Firm achieve the quality objectives.

2. Governance and leadership

This sets out quality objectives relating to the Firm's culture, leadership responsibility, and accountability, the Firm's organisational structure, assignments of roles and responsibilities, and resource planning and allocation.

3. Relevant ethical requirements

This component addresses quality objectives related to fulfilling relevant ethical requirements by the Firm and its personnel. It also deals with relevant ethical requirements to the extent that they apply to others external to the Firm.

4. Acceptance and continuance of client relationships and specific engagements

This component details quality objectives addressing the Firm's judgements about whether to accept or continue a client relationship or specific engagement.

Internal system of quality management

5. Engagement performance

This component deals with quality objectives related to the Firm's actions to promote and support the consistent performance of quality engagements, through direction, supervision and review, consultation, and differences of opinion. It includes how the Firm supports engagement teams in exercising professional judgement and, when applicable to the nature and circumstances of the engagement, exercising professional scepticism.

6. Resources

This component addresses quality objectives related to obtaining, developing, using, maintaining, allocating, and assigning resources in a timely manner to enable the design, implementation, and operation of the SOQM. It includes technological, intellectual, and human resources, and addresses service providers.

7. Information and communication

This component deals with quality objectives related to obtaining, generating, or using information regarding the SOQM, and communicating information within the Firm and to external parties on a timely basis to enable the design, implementation, and operation of the SOQM.

8. The monitoring and remediation process

The Firm shall establish a monitoring and remediation process to:

- Provide relevant, reliable, and timely information about the design, implementation, and operation of the SOQM.
- Take appropriate actions to respond to identified deficiencies such that deficiencies are remediated on a timely basis.

The standards require that, at least annually, the individual(s) who is(are) assigned ultimate responsibility and accountability for the SOQM, on behalf of the Firm, evaluates the SOQM and concludes whether the SOQM provides the Firm with reasonable assurance that the objectives of the system are being achieved.

External audit monitoring

PKF Melbourne Audit and Assurance had the following principals during the year ended 30 June 2023:

Equity Partner

Kenneth Weldin
Registered company auditor

Non-Equity Partner

Kaitlynn Brady
Registered company auditor

Directors

Steven Bradby
Registered company auditor

Hazel Masters
Registered company auditor

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

- The Chartered Accountants Australia and New Zealand (CA ANZ). The Firm is subject to periodic audit and whole firm practice assurance reviews
- The Australian Securities and Investments Commission (ASIC)

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 an annual basis.

The last reviews by ASIC and CA ANZ were performed in 2020 and 2014 respectively.



Service and delivery

We pride ourselves in serving our clients with excellence and we do this through the high utilisation of senior and experienced professionals in our audit engagements.

In FY2023, 32,000 hours were charged to client engagements. We ensured that quality outcomes were consistently delivered through a strong tone at the top. Eight per cent of those hours represented partner time and 15 per cent represented a combination of partner and director time.

Audit innovation

We are committed to continually improving the way we work and audit efficiencies.

We utilise Caseware Cloud Audit & Assurance solution to manage our audit files.

Internally, we have invested a minimum of 10 hours on each audit engagement to create dashboards that drive analytics to enable translation of data into meaningful outcomes.

Independence

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

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 Professional Standards, prior to the commencement of every audit
- All members of the Firm are required to complete an annual declaration of their independence, ethics and freedom from conflicts of interest
- Partners of network firms are required to complete a prohibited securities declaration annually
- All Non-Assurance services proposed for Assurance clients are discussed with the relevant assurance partner for approval in line with the independence requirements of APES 110.

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

Additionally, PKF Melbourne utilises the Transnational ENTITY Database (TREND) database as part of the client acceptance, continuance or engagement proposal process (irrespective of the service provided) for each engagement. All PKF member firms must also update its TREND entries on an ongoing basis for any subsequent changes.

Partner rotation

In the case of listed companies the Partners and directors must rotate from the audit after five years, with 'cooling off' periods undertaken as consistent with APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

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.



Statement of effectiveness of the SOQM

The SOQM described on pages 14 -16 provides a reasonable basis for ensuring that audit and assurance engagements conducted by PKF Melbourne are in compliance with Australian Auditing and Assurance Standards, relevant ethical requirements and applicable regulatory and legal requirements.

The results of our internal audit quality review program and monitoring provides me a basis to conclude that the internal SOQM was operating effectively for the year ended 30 June 2023.

Timothy Bow
Managing Partner
31 October 2023

People

Investment in people

Training initiatives

As part of our quality and assurance practices, we invest in our people to ensure that we are well equipped to perform audit engagements to the highest standards.

Outlined below are the investments that we have made in our people and their achievements.

PKF Australia

- Our major training program, focused on three formative levels of our peoples' development – graduate, senior, and new manager.
- Our Audit & Assurance Conference – a chance to collaborate and share technical updates as well as initiatives for the year.
- Mentoring Program for Managers and above with a People and Market Focus.

PKF Melbourne Audit & Assurance

- CA ANZ enrolments – eight with one completed.
- CA ANZ prizes – merits received for the following subjects:
 - One for Advanced Tax.
 - One for Audit & Risk.
- 120 continuous professional development (CPD) credits to be earned every three years for CA members of CA ANZ – 50% of which can be claimed through on the job training.

Across FY2023, our staff members have participated in the following training per person as part of their professional development.

Training	Hours
Internal graduate training (per person in attendance)	35
National training and conferences (per person in attendance)	30
Internal training (average per person)	29

The average training hours spent across the audit team was 48 hours per person.



Gender equity

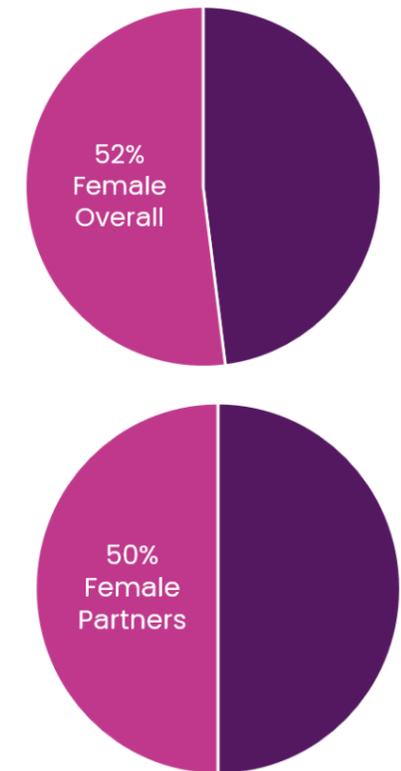
We want to foster a culture in which everyone has the opportunity to excel in their careers, regardless of gender. In July 2022, we formed the PKF Gender Equity Network.

The Gender Equity Network is a program which is open to everyone and our broader community. The program aims to promote gender equity, to nurture leadership and career advancement, and to help instill a culture that embraces diversity, equity and inclusion within the professional services sector of Australia and New Zealand.

We have meaningful discussions, we participate in learning and development opportunities, we share inspirational stories, and we gather together when we can to help inspire and empower ambitious professionals.

In Melbourne, Chaya Lal, is Chair of our internal Gender Equality project and Kaitlynn Brady, our representative on the National Gender Equity Network.

In Melbourne Audit & Assurance, we are proud to have the following representation:



Clients and financial information

Public interest entities audited by the Firm

The following is a list of public interest entities which we were appointed as external auditors during the year ended 30 June 2023:

4DMedical Limited

ADI Holdings Limited

Bluechiip Limited

Clover Corporation Limited

DGL Group Limited

Forbidden Foods Limited

Mayfield Childcare Limited

ReadCloud Limited

Simonds Group Limited

Spirit Technology Solutions Limited

Financial information for PKF Melbourne

Turnover	Year ended 30 June 2023 A\$m
Fees (turnover) from statutory audits and reviews	5.6
Fees (turnover) from non-audit services charged to audit clients	0.6
Fees (turnover) from non-audit services charged to non-audit clients	24.9
Total revenue from audit and non-audit services to clients	31.1
Other revenue	1.1
Total turnover	32.2

PKF Melbourne staff	As at 30 June 2023
Number of partners	19
Number of professional staff	96
Number of non-professional staff	9

Remuneration

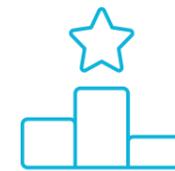
Equity Partners are remunerated out of the profits of the Firm receiving percentage share of the profits based on equity holdings. The Equity Partners received an agreed fixed amount determined annually, with the remainder being drawn down as available.

Non-equity Partners are remunerated based on an agreed fixed amount determined annually.

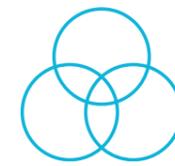
Having regard to auditor independence, no Partners are incentivised to gain non-audit work from audit clients.

PKF values

Our values guide our interactions, define our beliefs and represent our dedication to common principles, as we work together to help propel the success of our clients, our colleagues and our communities.



Passion:
Be the change



Community:
Belong together



Integrity:
Stay authentic



Connect with us

Propel your future



PKF Melbourne

Level 12
440 Collins Street
Melbourne VIC 3000

T: +61 3 9679 2222

pkf.com.au

PKF Melbourne is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).