

Transparency Report

For the year ended 30 June 2024

Message from the Chair of the Board and Quality & Risk Committee

Transparency and audit quality are paramount to our clients, our people, the SW Accountants & Advisors (SW) brand, and to me as Chair of the Board and Quality & Risk Committee. As a professional services firm, we understand our responsibility to act in the public interest. Our values and System of Quality Management (SOQM) are central to delivering on this commitment.

We remain mindful of the challenging political, economic, and social environment as we approach the market. The accountancy profession faces increasing scrutiny and regulation, further highlighting the importance of our work.

While SW has always invested in quality and risk management, the implementation of ASQM 1 over the past two years has strengthened our focus on delivering quality Audit services.

This report reflects our commitment to transparency.

A handwritten signature in blue ink that reads 'Stephen O'Flynn'.

Stephen O'Flynn

**Chair of the Board
and Quality & Risk Committee**



Message from the Head of the Assurance & Advisory division

Delivering high quality audits to investors, owners and broader stakeholders is fundamental to the Assurance and Advisory Division of SW. As a division we have invested comprehensively in our people through training, conferences and mentoring support, without quality people we can't achieve high quality audits.

Our investment in technology in support of our Audit and Assurance services has been a key focus for the division over the last twelve months and will continue to be a focus over the next 12 months. We are transitioning to new software platform, Inflo, which is the first end-to-end digital audit platform that combines data analytics, client collaboration, progressive technologies and innovative methodology.

This platform will enhance the quality of what we do and will demonstrate to our clients the importance of driving greater effectiveness and efficiency in an ever-evolving technological environment.

I am excited to be at the helm and continue to build an Assurance and Advisory division particularly as we head into the world of sustainability assurance. We are devoting considerable time and resources to building our capability in this area and we stand ready to provide our existing and future clients with the right level of quality expertise.

A handwritten signature in black ink, appearing to read 'H Underwood'.

Hayley Underwood

Partner & Head of Assurance and Advisory Division



About SW

SW is an Australian owned advisory and accounting firm with an 89+ year history that understands relationships make all the difference in delivering great outcomes.

12,000

people globally

19 + 120

combined jurisdictions
with Praxity Alliance

95+

offices globally

400+

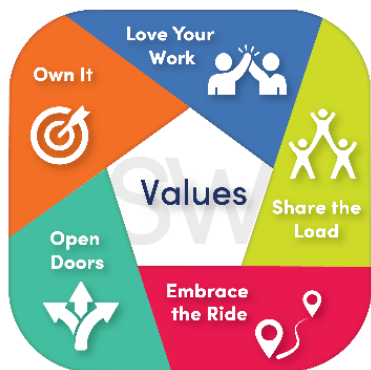
people nationally

85+

years Australian owned

\$685.9m

worldwide revenue 2022
(USD)



Our purpose |

Build lasting relationships with our clients and people to achieve shared success

Our values |

We are a values led firm with these values embedded into our everyday behaviour and language and our unique to our people. They also reflect the manner in which we work with you: *Own It, Share the Load, Embrace the Ride, Open Doors and Love Your Work.*

We have 400+ people across four locations, and are ranked 22nd largest firm by revenue in the 2023 AFR Top 100 Accounting Firms. Of all national practices in Australia, we rank 9th.

As a member firm of SW International, one of the world's leading member organisations of independently owned and managed accounting and advisory firms, we also have access to professionals across the globe to support our clients in their global aspirations.



Services

Advisory Services

Financial

- Acquisition and investments
- Capital raising
- Due diligence
- Financial modelling
- Grants and incentives
- IARs and IERS
- IPOs
- Merger integration
- Private wealth advisory
- Transaction advisory services
- Valuations

Strategic, operational and compliance

- Business and strategic planning
- Business planning tax advice
- Cloud accounting
- Compliance services
- Corporate advisory services
- Corporate governance
- Data analytics
- Information technology risk and security
- Outsourced accounting solutions
- Risk management

Assurance

- Compliance audits and reviews
- Expert accounting and audit opinions
- External audit
- Internal audit
- Review of financial reports
- Systems and controls reviews
- Technical IFRS, accounting advice and training

Tax

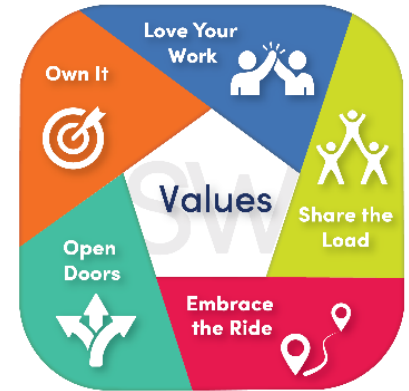
- Corporate tax risk management
- Employment taxes (FBT, superannuation and payroll)
- Expatriate taxes and global mobility
- Fuel tax credits
- GST and indirect taxes
- International tax
- Remuneration and benefits (share schemes)
- Research and development tax incentive
- Tax structuring
- Transfer pricing

Our Purpose & Values

Own it | Open doors | Share the load | Embrace the ride | Love your work

SW has a strong set of values that underpin how we go about transparency.

SW has strong values that underpin how we work with our clients and each other. Our commitment to quality is demonstrated through having dedicated teams responsible for policies, systems and processes that support adherence to professional quality and ethical standards.



At our firm, five core values guide everything we do. These values, chosen by our people, are more than just words—they're central to our work culture. They are flexible, allowing everyone to connect with them in their own way. To reinforce these values, we run Values Awards throughout the year across each division, with Partner Values Awards recognised annually at the Partner offsite.

Our purpose

Our purpose is to **“Build lasting relationships with our clients and people to achieve shared success.”** This

underscores the importance of integrity and honesty in our business dealings, backed by strong governance and independence. Our culture is driven by these values, which, in turn, fuel staff engagement and a high-performance environment.

Engagement Survey results

In our 2023 Engagement Survey, we achieved a 77% engagement score (up 4% from previous survey) and in line with industry benchmarks. This high engagement helps us retain top talent and ensure continuity.

Additionally, an impressive 92% of people would recommend SW as a place to work.

72% of our people believe we recognise people who demonstrate our values. 72% of people agree that ‘SW leaders communicate a purpose that motivates me.’

Own It



- Give it a go
- Be authentic
- Believe in yourself
- Say what you think
- Show spirit
- Rally
- Have an opinion
- Be accountable
- Have a view

Share the Load



- Build lasting relationships
- Contribute
- Work together as a team
- Problem solve
- Be humble
- Provide client support
- Collaborate
- A second set of eyes add value
- Celebrate shared success

Open Doors



- Innovate
- Welcoming
- Embrace difference
- Flexible
- Make & take opportunities
- Diverse
- Approachable
- Always growing and developing
- Nurturing
- Have an open door

Embrace the Ride



- Growth mindset
- Be resilient
- On a continuous journey
- Learn & Evolve
- Be prepared to make mistakes
- Accept change
- Exhibit grit
- Strive for knowledge
- Embrace ups and downs

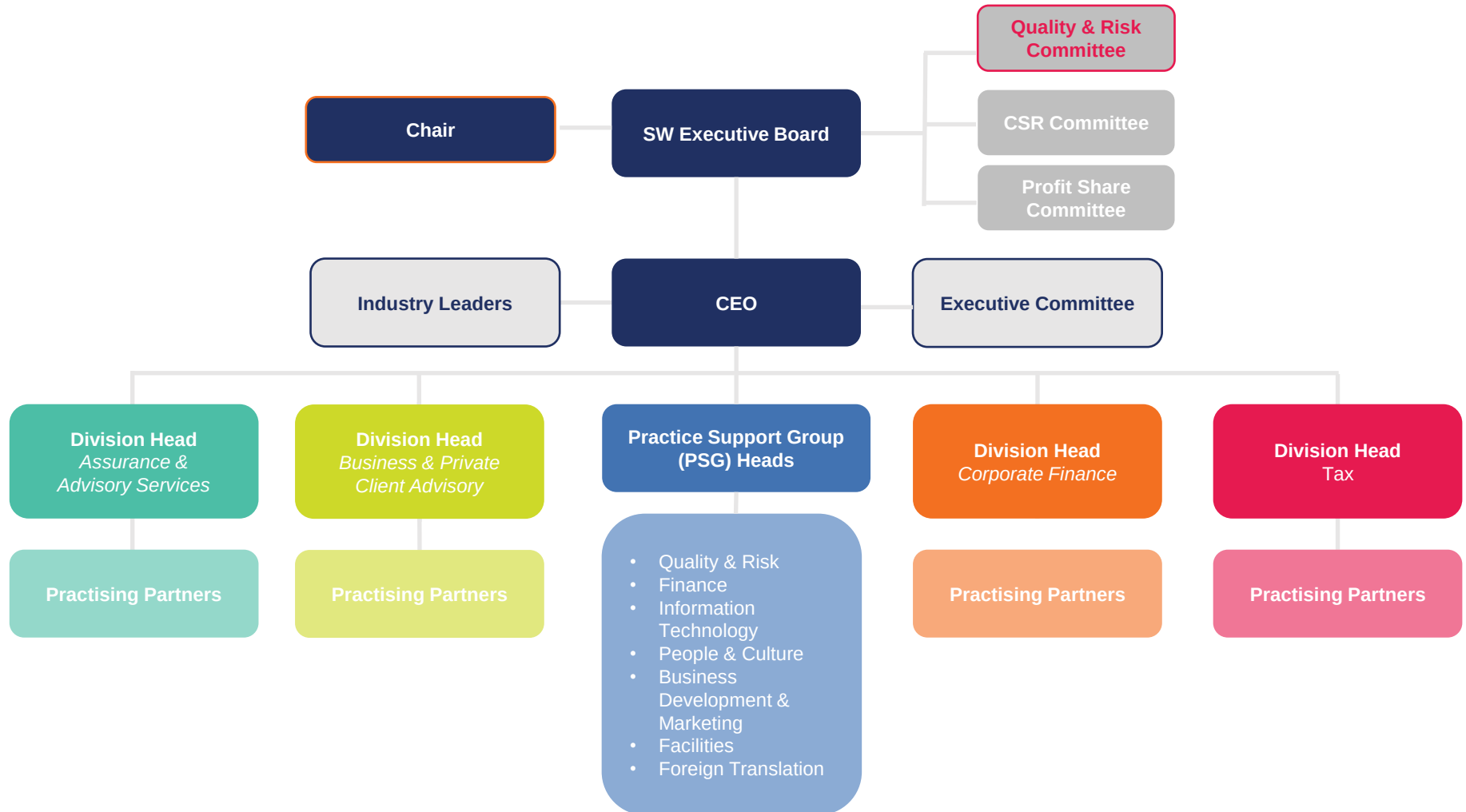
Love your Work



- Have fun
- Love what you do
- Balance
- Give back to community
- Family feel
- Prioritise wellbeing
- Supportive
- Make friendships
- Be social
- Care for clients

Legal Structure & Corporate Governance

SW takes Quality & Risk seriously. For this reason, there is a designated Committee to the Executive Board that comprises the CEO, nominated Quality & Risk Partners, and Quality & Risk specialists.



Legal Structure & Corporate Governance

Legal structure

SW Accountants & Advisors (SW) operates through several practice entities as follows:

- SW Audit
- SW Accountants & Advisors Pty Ltd
- ShineWing Australia Wealth Pty Ltd
- ShineWing Australia Securities Pty Ltd

All entities are privately owned, and all shareholder owners are associated investment entities of the practicing directors of the firm. Audit services are provided by SW Audit, a partnership, comprising all practicing directors of SW Accountants & Advisors Pty Ltd. Audit services are conducted by designated audit partners, all of whom have the required qualifications and registrations.

Corporate governance structure

SW has a Corporate Governance Charter that outlines the roles and responsibilities of the Executive Board and Executive Committee along with the roles, function and areas of responsibility in matters relating to the strategic direction and day to day operations of SW.

Executive Board

The Executive Board comprises:

- the Chair
- the Chief Executive Officer (CEO)
- at least three other Directors (or other individuals) of which 75% or more must be Practicing Directors. Divisional Heads are ineligible to be a member of the Executive Board.

The Executive Board is elected by Practicing Directors.

The Executive Board meets at least six times per year with meetings chaired by the Chair. Others may be invited to attend as guests as required.

Role of Executive Board

The role of the Executive Board of SW is to serve the interests of all its stakeholders, provide strategic direction for the firm and manage risks associated with the firm including monitoring quality and risk management as outlined in the Corporate Governance Charter.



Quality & Risk Committee

The Quality and Risk Committee is an advisory committee reporting to the Executive Board charged with the following responsibilities:

- consultation with key stakeholders, identify and ensuring (via appropriate oversight) that adequate safeguards are in place to manage Firm Risks
- ensuring adequate policies, procedures and supporting systems are in place to ensure adherence with regulatory requirements for but not limited to:
 - client acceptance
 - independence
 - quality Management under ASQM 1 and APES 320
- ensuring internal reviews on both assurance and non-assurance engagements are occurring and SW's SOQM is monitored, and appropriate remediation is conducted in line with the requirements of ASQM 1, APES 320 and Firm Policy
- ensure appropriate induction, education and training of policies and processes is occurring on an ongoing basis to support the Systems of Quality Management requirements of ASQM 1, APES 320 and Firm Policy
- Serving as an escalation point for any risk or quality management queries
- monitoring compliance with regulatory bodies requirements (such as ASIC, ASX, CAANZ and AFRC etc).

The Executive Board and the Executive Committee may choose to refer matters within this scope to the Quality and Risk Committee where required. The Quality and Risk Committee will undertake the necessary processes to deliver the above outcomes on behalf of, and in conjunction with, the Executive Board and the Executive Committee.



Awards & Recognition

Early Careers



- **#1** - Prosple Graduate Employer for 2023: Best Hiring Process, Best Work Hours and Best Offices in Accounting (#7 nationally of all entrants)



- **#42** - GradConnection & AFR Top 100 Graduate Employers | #42 in 2023 (Listed in the top 100 in 2022 & 2023)



- Top 35 Australian Association of Graduate Employers Graduate Employer 2021 – 2023
- Top 6 Internship Programs by the Australian Association of Graduate Employers (AAGE) in the Medium Program category 2024

Client Choice Awards



- Finalist **Best Accounting Firm** \$30m - \$100m, Beaton Client Choice Awards 2018 – 2024
- Finalist **Most Innovative Firm** | 2021 – 2022, 2024
- Finalist **Best CX Firm**, Accounting & Consulting | 2022 – 2024

Office & programs



- Shortlisted - **Best Leadership Development Program** as an Excellence Awardee in the HRD Australia Australian HR Awards 2024



- **Shortlisted** - Interior Design Excellence Awards (IDEA) 2022, Melbourne Office

International Networks

ShineWing International Limited (SWI) is one of the world's leading organisations of independently owned and managed advisory and accounting firms. SW entered the SWI network on 1 February 2015. SWI is also a member of the Praxity Alliance.

Globally, SWI was ranked 18th in terms of overall revenue by the International Accounting Bulletin (IAB) in 2023.

Each member firm of SWI is separate and independent from both SWI and other member firms. Member firms of SWI do not share their respective profits or losses, they are not under common ownership or control and each member firm appoints its own management.

SWI is a company incorporated in Hong Kong with limited liability. The company does not provide professional services in any jurisdiction. Its role is to promote the coordination of member firms' professional strategies. SWI monitors the adherence by member firms to the quality obligations set by International Standard on Quality Management (ISQM) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. They also assess the suitability of candidate firms for admission and the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards).

All prospective member firms must obtain approval from SWI prior to acceptance into the SWI network. If the approval process is successful, the prospective member firm must enter into a Member Firm Agreement with SWI, whereby the new member firm agrees to

be bound by the SWI Members' Agreement.

Member firms are expected to comply with applicable regulatory and professional obligations including, where relevant, those established by the International Federation of Accountants (IFAC) and its affiliated bodies.

Membership also requires compliance with various administrative obligations.

Concerning the delivery of assurance services, member firms are subject to periodic monitoring visits. The nature of monitoring procedures gives recognition to the professional environment in which individual firms operate. Equivalent procedures are applied where firms are candidates for admission. Where deficiencies are identified at a member firm, remedial recommendations are made. If deficiencies are not resolved, then SWI may determine that the firm be excluded from membership.

Neither SWI nor any role within it carries any executive authority over the operations of individual member firms. Their membership of SWI should not be construed as constituting or implying any partnership between them.

SWI is a member of IFAC's Forum of Firms which requires members to conduct high-quality international audits.

Praxity International alliance

SWI and its members are part of the Praxity Alliance.

Praxity is an alliance of global independent accountancy, tax and business consulting firms with 817 offices and 71,000 professionals.

Praxity is the world's largest alliance of independent accounting firms and is ranked seventh in the IAB League Table of international accounting networks and associations. Operating in over 120 countries across the world, Praxity has a strong presence throughout the USA, Europe, Asia-Pacific, Africa and The Middle East regions.

Australia | Chile | Mainland China | Egypt | Germany | Hong Kong | India | Indonesia | Japan | Macau | Malaysia
Pakistan | Saudi Arabia | Singapore | Spain | Taiwan | Thailand | Turkey | United Kingdom

Forum of Firms



SW International is a proud member of the Forum of Firms of IFAC, an independent association of international network firms that perform transnational audits.

The Forum's objective is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide—bringing together firms that perform transnational audits and involving them more closely with IFAC's activities in audit and other assurance-related areas.

Forum members must demonstrate their commitment to adhere to and promote the consistent application of high-quality audit practices worldwide.

As a forum member, we have committed to:

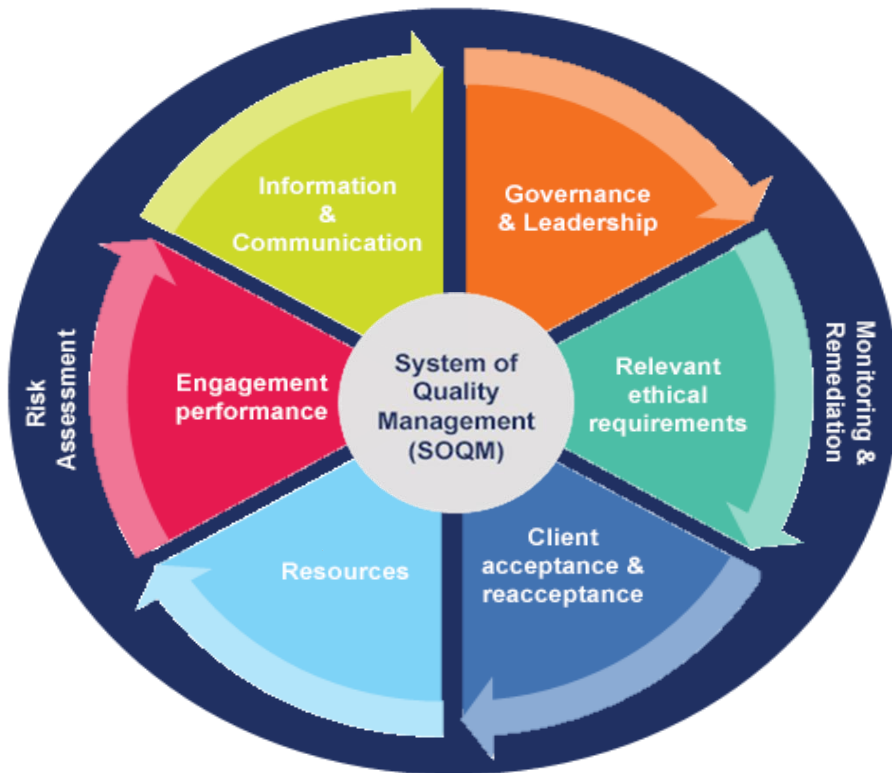
- Maintaining quality management standards in accordance with the International Standard on Quality Management issued by the IAASB in addition to relevant national quality management standards
- Conducting, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews
- Having policies and methodologies for the conduct of transnational audits that are based, to the extent practicable, on the International Standards on Auditing issued by the IAASB
- Having policies and methodologies that conform to the IESBA International Code of Ethics for Professional Accountants and national codes of ethics, and
- Agreeing to submit to the Secretary of the Forum an annual report, in an approved format, indicating that it meets the membership obligations set forth above.



System of Quality Management at SW

This report provides insight into how SW's System of Quality Management (SOQM) drives the delivery of quality of audit and assurance engagements.

The diagram below demonstrates what constitutes SW's SOQM.



Quality Management Standards applicable:

- 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 2 *Engagement quality reviews*
- ASA 220 *Quality Management for an audit of a financial report or other historical financial information*



Risk Assessment

Proactive approach

Our approach is to set clear quality objectives, proactively identify the risks in achieving our quality objectives and implementing appropriate controls, policies and procedures to mitigate those risks from occurring.

The process involves a critical analysis of factors that could adversely affect the ability of SW to achieve its quality objectives.

Once identified, each risk is assessed to determine the likely occurrence and effect of the risk occurring. We then consider whether SW has the appropriate controls to mitigate these risks from occurring.

The risk assessment process is ongoing so that identified issues can be actioned on a timely basis. At a minimum, the risk assessment process is conducted at least annually with the results reviewed by the Quality and Risk Committee.

Governance & Leadership

Responsibility

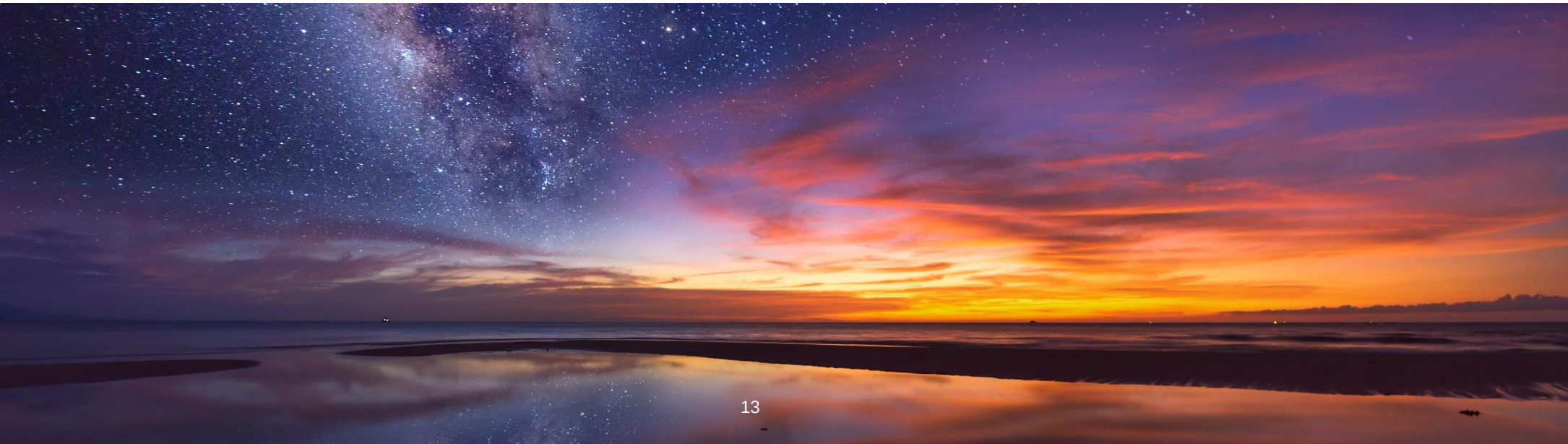
The firm's CEO has ultimate responsibility for the SOQM with the Firm's Quality and Risk partner holding operational responsibility. Both possess an understanding of the quality management standards and are tasked with evaluating and monitoring the system's effectiveness in achieving its quality objectives.

Quality Driven Culture

The SW Board and the Quality and Risk Committee play vital roles in promoting a culture of quality across the entire firm. Their actions and attitudes set a consistent and clear message about the importance of quality on all engagements. There is a clear mandate that quality is everybody's responsibility.

The firm conducts 360-degree surveys on partners on an annual basis which includes an assessment of how personnel in the firm feel in relation to partners demonstrating a strong culture in relation to quality.

The results for the last survey where 92% of respondents believed that SW partners are committed to audit quality with their clients and in their actions as Audit and Assurance leaders.



Relevant Ethical Requirements

Behaving ethically and maintaining our independence is critical for us to act in the public interest

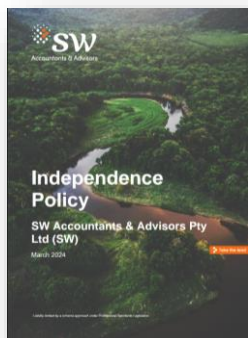
Maintaining independence is key to compliance with the ethical principles of integrity and objectivity.

SW has prescriptive policies and procedures concerning independence in all assurance and non-assurance divisions. They are designed to identify potential conflicts of interest so that conflicts can be dealt with in line with the requirements of the APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) and the *Corporations Act 2001*. Our strong culture supporting the independence imperatives is underpinned by mechanisms to appropriately deal with partners and staff who do not comply with the requirements.

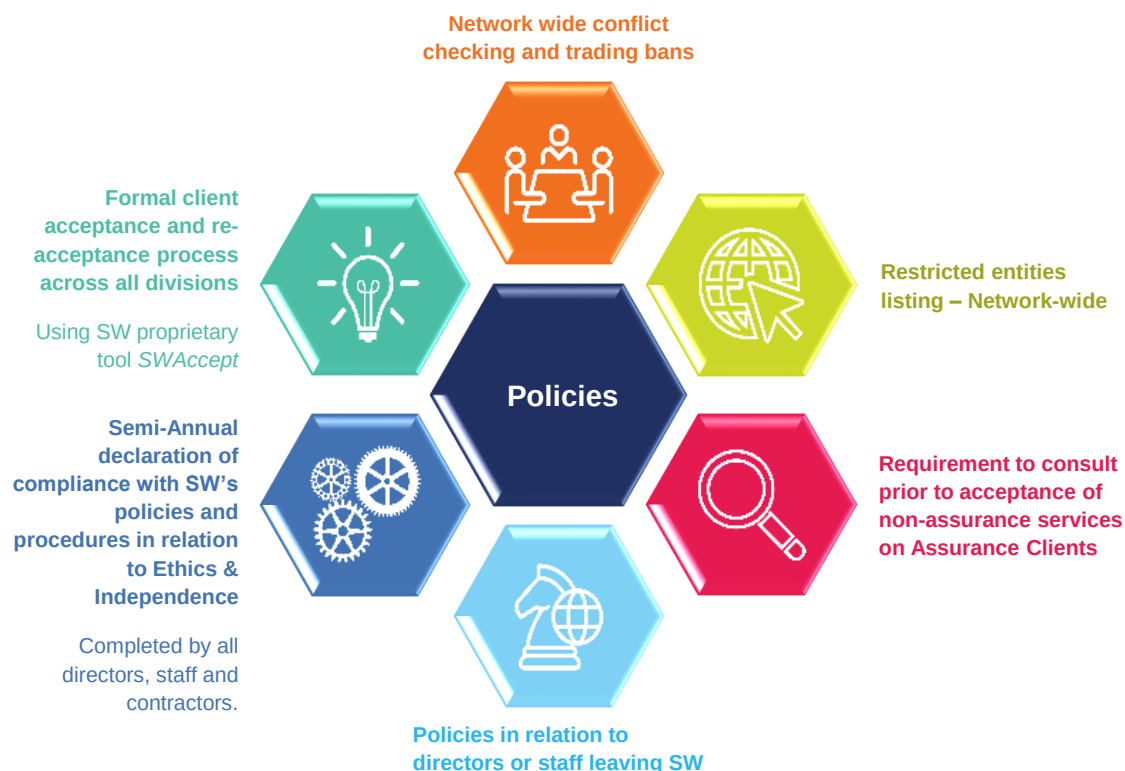
A strong environment of open consultation has been established over many years such that partners and staff consult within their divisions and with the firm's Quality and Risk team where potential risks to independence are identified.

SW has conducted mandatory ethics and independence training for all personnel of the Firm on the key requirements of the Code.

	Result
Ethics Training attendance	100%
Ethics Testing achieving 80% or more to pass	100%



The following areas are a key focus to ensure compliance with our Quality Assurance Procedures Manual and Independence Policy:



Relevant to external audit only:

- Independence sign-off at the planning and completion phases of the audit for all audit engagements
- s307C Independence declarations for *Corporations Act 2001* engagements
- Audit Partner rotation schedule

Client Acceptance & Re-acceptance

A robust client acceptance and re-acceptance policy and process is a fundamental element of our SOQM. SWAccept, SW's proprietary web-based application, facilitates compliance with this policy and processes by the firm's personnel.

SWAccept has a comprehensive risk assessment process which incorporates a risk scoring model.

This risk scoring model underpins the approval framework which is designed to escalate client acceptance and re-acceptance decisions to appropriate designated partners depending on the level of risk identified.

This strong control ensures that only suitable clients are onboarded to SW.

Evaluating new or potential clients and engagements prior to acceptance and regularly reviewing SW's continued involvement with clients is a fundamental risk management processes for SW.

The integrity, reputation and image of SW is more important than any single client or engagement.

Selectivity in the acceptance and retention of clients and engagements is consistent with the vision and values of SW.

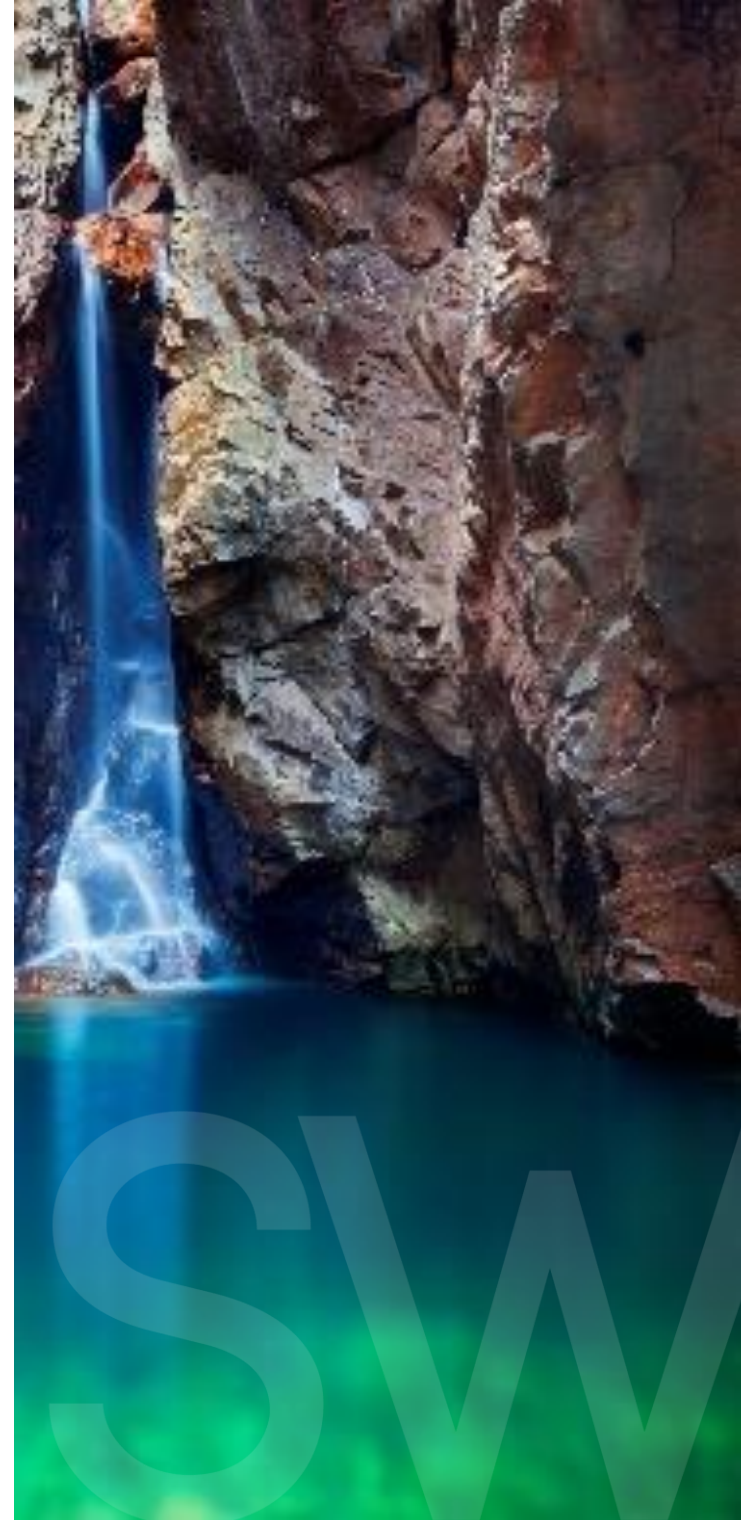
A conflict checking app forms part of the client acceptance process, and a conflict check email is sent across the firm daily incorporating all clients that have commenced the client acceptance process in SWAccept.

SWAccept



Above is a view of the portal requirements, with key areas being client detail, Independence consideration, Proposed client risk assessment, Engagement risk assessment and Final approval.

Within SWAccept is a non-assurance services dedicated process which is designed to ensure that non-assurance services on an assurance engagement do not impair the independence of the assurance provider. The assurance partner is required to be involved in any decision on whether a non-assurance service can be provided or not in line with the requirements of APES 110 Part 4.



Resources | Our people

Our people are a core part of our strategy to build lasting relationships and achieve success.

Audit technical competencies

The technical competencies of all audit and assurance personnel is critical to the delivery of quality work product. To this end SW has a comprehensive, competency framework which clearly articulates both the expected levels of technical competence for the level that they are in their career at SW and the expected hard skills required.

All staff members are assessed on a job-by-job basis and more formally assessed twice a year. The competency framework is also used to inform the comprehensive learning and development program at SW.

Partner remuneration model

SW Accountants & Advisors Pty Ltd profit share is allocated as follows:

- All directors and their associated investment entities receive a fixed draw component based on a defined banding level
- All directors and their associated investment entities participate in a profit share allocation based on performance compared against their individual responsibilities and divisional performance criteria
- All shareholder directors and their associated investment entities receive a distribution based on their relevant equity holding.
- The Executive Board oversees the assessment of performance to ensure recognition of performance and a fair and equitable distribution of profit.

The Executive Committee recommends movements to banding levels and equity holding based on sustained performance, this is approved by the Executive Board. Audit and Assurance partners are not remunerated for cross selling non-assurance services to their audit and assurance clients.

Cultural diversity

Diversity and inclusion are very important to our people and our firm. We recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, gender, religion, marital status and family responsibilities, or disability. Currently 40% of our people speak more than one language and over 40 languages are spoken.

Due to the inherent nature of our diversity, inclusion is paramount for the success of our firm and our culture. Our values support this and are embedded into our everyday language, to assist in breaking down barriers and ensuring that every voice can be heard and respected.

Training & cultural awareness

The Aboriginal and Torres Strait Islander Course, produced by SBS as part of their inclusion programs, is designed to assist people in understanding the importance and advantages of Australian Indigenous cultural diversity. This training was launched to the firm in December 2022. This has a 100% completion rate.

1.9% 

SW's total remuneration gender pay gap for 2023 against the accounting services industry's 20.8%.

Workplace Gender Equality Agency (WGEA)



50%

New female partners in 2023



100%

Completion rate for The Aboriginal and Torres Strait Islander Course



40%

Of our people speak more than one language



40+

Languages spoken

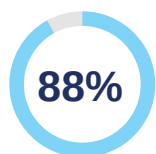
Resources | Audit and Assurance quality culture

We take our quality culture seriously, it's at the heart of how we perform assurance engagements.

Investment in our people



37 audit training sessions in FY24



of our people believe they have access to technical learning & development opportunities to do their jobs well*



of our people believe we have enough autonomy to perform my job effectively*



Client satisfaction score

As rated by 2023 Independent research conducted by Beaton Research + Consulting



of our people would recommend SW as a great place to work*

*Engagement Survey in 2023

Our AAD Quality Award criteria

- Demonstrating a superior knowledge of the audit approach, the auditing standards, or accounting standards
- Saving significant time on an engagement by using new testing techniques
- Challenging procedures performed in the prior year when no risks have been identified for those procedures, in the current year
- Developing complex substantive analytics
- Using our audit tools in a manner to get the most out of those tools
- Writing technical memoranda at an impressive level
- Identifying matters that resulted in restatements of an entity's prior year financial statements
- Identifying of inconsistencies in audit evidence obtained through the exercise of professional scepticism



Investment in Professional Development

Providing ongoing Learning & Development at SW is critical to meeting the needs of the individual, and the Assurance & Advisory Division.

This is achieved by providing a diverse program offering, focussing on audit and accounting technical and personal growth. Our Assurance & Advisory Division receive regular training regarding the SW audit methodology, application of audit tools, updates on auditing and assurance standards and accounting standards and their implications, audit risk and engagement quality and relevant ethical requirements.

We require all new partners and professional staff to undertake independence and ethics training as part of SW's induction program.

All partners and staff are also provided with regular refresher training and updates on their mandatory independence and ethical responsibilities.



Professional requirements

Our auditors are required to complete the CA Program as part of their employment.

Members of CA ANZ are required to undertake a minimum of 120 hours of training and development over a three-year period.

At least 20 hours must be completed annually of verifiable training. CA ANZ has amended their requirements to allow on the job training to be captured as part of the training and development program with mandatory ethics training requirements also brought into the program.

SW is a Registered Training Organisation, meaning that our career framework aligns with CA assessment framework and therefore candidates are exempt from completing their practical experience logbook.

We support our staff members through their CA program by:

- Upfront fee payment of all CA modules to complete the program (9 modules)
- A study leave balance of 27 days to be used across the program as the candidate sees fit
- Payment of CA Study Support Classes (CA Masterclass)
- Remuneration upon completion of the program
- Annual payment of CA membership fees (both provisional and full)

Investment in Professional Development

We are committed to staff training for accounting, financial reporting and auditing.

During the FY24 period we offered the following technical and non-technical training. Our training is designed to keep participants updated on the latest regulatory changes, technical standards, and best practices, ensuring they are equipped to navigate complex financial environments.

	Consultant	Senior Consultant Level	Manager / Senior Manager Level	Director / Partner Level
Audit methodology	12	14	13	13
Technical Training	25	19	18	17
Sustainability & other key changes	7	7	7	7
Total	44	40	38	37



SW Senior Leaders Training

Our inaugural SW Senior Leader Program has received recognition for excellence and innovation in leadership development programs and initiatives.

Shortlisted for Best Leadership Development Program as an Excellence Awardee in the [HRD Australia](#) Australian HR Awards 2024.

With the guiding principle 'Leaders helping leaders lead', we collaborated closely with our senior leaders and Executive committee to design a program that equips our team with the skills, mindset and tools necessary to excel in their roles and inspire others to do the same.



Impacts

52

Program participants

100%

Of participants recommend the program to others

400

Workforce impacted

90%

Employee retention of SW Senior Leader Program participants

Engagement Performance

The entire SOQM underpins the ability of personnel being able to deliver quality at the engagement level

The SW Audit Approach

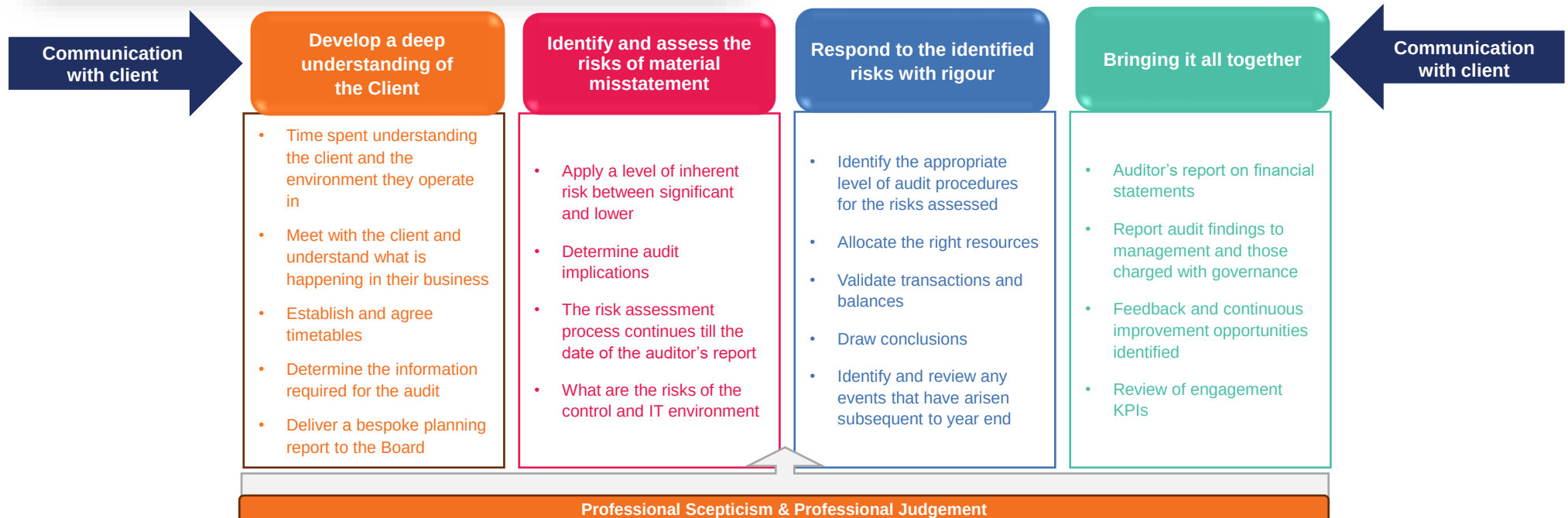
Over the last twelve months the SW Audit methodology has been updated to make it more dynamic and easier for personnel to follow. By using SharePoint its facilitated greater connectivity with external standard setter and regulator websites that links to our methodology. The overall audit approach is based on the requirements of the Australian Auditing and Assurance Standards, professional, and ethical standards and relevant laws and regulations.



Audit documentation system – Inflo

SW is transitioning to Inflo which is the first end-to-end digital audit platform that combines data analytics, client collaboration, progressive technologies and innovative methodology.

By integrating data analytics into the audit process, Inflo can provide deeper insights into financial data and reduce manual errors, which enables SW to focus on higher-risk areas, improving the accuracy and efficiency of audits. Inflo also allows for seamless client collaboration which increases the efficiency and safety of data flows.



Engagement Performance



Professional Scepticism and Professional Judgement

The mindset of professional scepticism, coupled with sound professional judgment, is a fundamental behavioural requirement for all Audit and Assurance professionals.

Like the standards setters and regulators, at SW, we recognise the critical importance of building this mindset and this is promoted and reinforced through our overall approach to Audit and Assurance engagements through policies, procedures, training, our competency framework and ongoing evaluation of how our Audit and Assurance personnel are exhibiting these fundamental behaviours.

Professional scepticism involves a questioning mind that sways away from bias. Evidence of professional scepticism is often found when critically analysing and looking for contradictory evidence and not just corroborating what is already known.

Professional judgement is the informed decision-making process that demonstrates adherence to the following fundamental principles of APES 110:

- Integrity
- Objectivity
- Professional competence and due care

Roles and Responsibilities

We require all Audit and Assurance engagements to be supervised by personnel with appropriate knowledge, skills, experience and time.

To ensure partners and staff have adequate time to undertake their roles; individual budgets are prepared for each engagement, and staff are scheduled to jobs based on the time expected to be required to complete a quality engagement.

Ensuring our partners and staff are aware of their responsibilities is fundamental to ensuring consistent, quality outcomes are achieved.

Engagement Partner

SW engagement partners comply with the relevant SW policies and procedures that have been mapped to the requirements of ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*.

Partners recognise the importance of the role they have regarding significant matters and judgements, but they also acknowledge their responsibility to reinforce the importance of quality to all members of their engagement teams.

Engagement Quality Reviewer

The role of the Engagement Quality Reviewer (EQR) forms a critical component of the SW SOQM.

The importance of this role is such that there is now a separate auditing standard on the requirements of the EQR in an audit engagement for Public Interest Entities or other entities that the SW EQR policy deems appropriate that an EQR be involved.

Consultations and Technical Support

SW has developed a strong culture of consultation which is fundamental to achieving quality Audit and Assurance outcomes.

The firm has invested in audit technical support through an associate director and manager who support the audit and assurance team on a full-time basis. The Firm also has IFRS specialist resources as well as a dedicated Quality and Risk function.



Information & Communication

SW prides itself on the way information is communicated throughout the firm. We use a range of communication channels to convey or reinforce key quality messaging.

Internal Communication

From the Chair of the Board to the CEO and others, they communicate on a continuous basis through meetings, partner conferences, divisional conferences, email, Teams channels about quality and its importance.

Communication at the engagement team level is equally critical to the effective operation of the SOQM. Partners with staff, engagement teams with the EQR, consultations on difficult or contentious matters to the relevant experts in the Firm or external to the firm.

External Communication

Maintaining open and honest communication with clients throughout Audit and Assurance engagements is pivotal in gaining and maintaining trust. There are many touch points with clients, namely:

- Developing a deep understanding of what the client does and the risks that they face
- Reporting on audit planning to those charged with governance
- Constant communication during the engagement
- Close reports to those charged with governance
- Details of the Firm's SOQM
- Alerts
- Webinars on audit, accounting and sustainability standards



Monitoring & Remediation

Like the Firm’s risk assessment process, monitoring and remediation plays an equally crucial role in the SOQM.

Monitoring enables us to assess whether the controls that the Firm has put in place are effective and are sufficient to mitigate the quality Risks to achieve the quality objectives. Where there have been findings or deficiencies noted the relevant controls are modified or changed to drive improvement towards meeting the quality objectives.

Internal Monitoring

Monitoring activities are conducted on an ongoing basis both at a firm-wide and engagement level as follows:

- Each partner is the subject of a quality review on one engagement at least every third year. The reviews are conducted by an Independent External Reviewer who manages the entire process from engagement selection to reporting. The final report is tabled with the Quality and Risk Committee.
- Monitoring of the other aspects of the SOQM is undertaken by the Quality & Risk team.

FY24

No. of Audit and Assurance reviews performed	6
Partners reviewed as a percentage of ‘total partners’	50%
Engagement that met our internal inspection program requirements	100%

SW International (SWI) Global Quality Monitoring Program

SWI has a centralised global network quality monitoring program which aims to ensure compliance with relevant professional standards and to provide an indication of the quality of member firms’ audit and assurance practices and identify areas where improvements can be made, thereby serving as an essential risk management tool.

External Monitoring

In addition to the monitoring that is conducted internally SW is subject to a number of external reviews as follows:

- Australian Securities & Investment Commission (ASIC) – Last inspection 2021
- Public Company Accounting Oversight Board (PCAOB) – Last inspection 2021. In September 2023, SW voluntarily applied to withdraw its PCAOB registration as it no longer had any US issuer audit clients. Our withdrawal was approved on 4 June 2024. In February 2024, SW entered into an Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (Order) with the PCAOB. The Order relates to non-compliance with PCAOB audit standards for two US issuer audits performed between 2018 to 2021. The specific audit requirements set out in the Order differ from Australian Auditing Standards (equivalent to International Standards on Auditing). SW accepted the PCAOB action on a no admission and no denial basis.
- Chartered Accountants Australia and New Zealand (CAANZ) – Last inspection 2024
- Hong Kong Accounting and Financial Reporting Council (AFRC) – No inspections to date

The readers of this transparency report should not make any assumptions about the scope of, or findings from any of the reviews undertaken by the aforementioned external reviews.

Root cause analysis

If deficiencies are identified as a result of the internal or external monitoring a Root Cause Analysis (RCA) is completed in line with the Firms RCA policy and the 5 Why’s methodology is applied.

The 5 Why’s methodology allows for a deep dive off the back of an appropriately constructed problem statement. The type of deficiency identified will inform whether the RCA will be conducted with an entire engagement team, the partner only or grades of staff. RCA’s are conducted such that the remediation’s identified can be implemented for the next major Audit and Assurance cycle.

Statement on the Effectiveness of SW's System of Quality Management

SW confirms that it has a SOQM that has been designed and implemented appropriately in line with the requirements of ASQM 1, ASQM 2 and ASA 220.

The SOQM was subject to the first year of monitoring and remediation in the period ended 15 December 2023 and is the subject of continuous review.

The monitoring processes have allowed the Firm to determine whether SW and its personnel are fulfilling their responsibilities in accordance with relevant professional standards and applicable legal and regulatory requirements, and engagements are conducted in accordance with such relevant standards and requirements.

We conclude that the SOQM provides the firm with reasonable assurance that the objectives of the SOQM are being achieved.



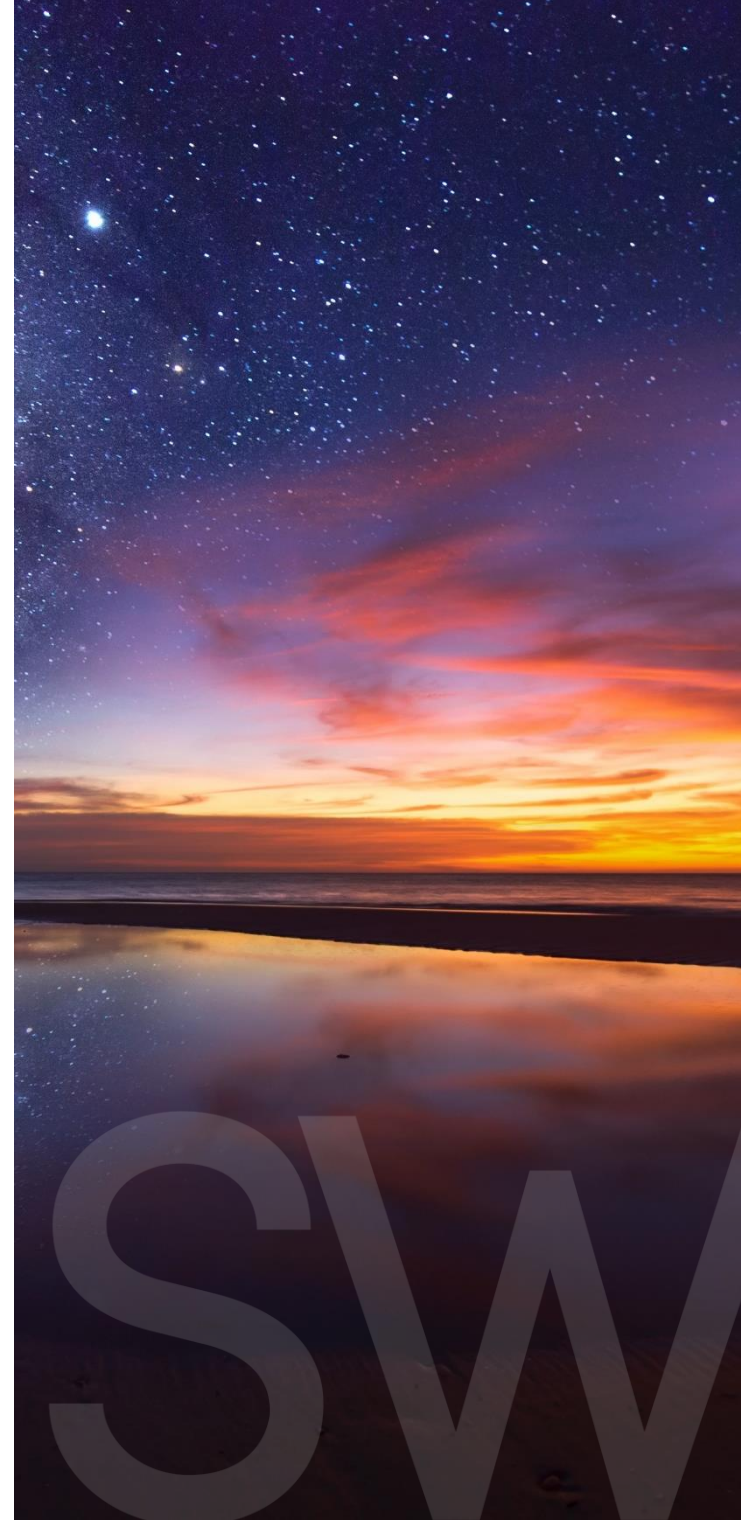
Stephen O'Flynn

Chair of the Board, and
Quality & Risk Committee



Duane Rogers

CEO & Partner



SW

Clients of SW Audit

Audits conducted at any time in the financial year ended 30 June 2024 of listed companies, listed registered schemes.

Entity Name	Exchange(s)	Ticker(s)/Code(s)
Allup Silica Limited	ASX	APS
CGN Resources Limited	ASX	CGR
CPT Global Limited	ASX	CGO
Harris Technology Group Limited	ASX	HT8
Newmark Property REIT (Stapled Security)	ASX	NPR
Nuheara Limited	ASX	NUH
Phoslock Environmental Technologies Limited	ASX	PET
Probiotec Limited	ASX	PBP
RareX Limited	ASX	REE
Rey Resources Limited	ASX	REY
Sagalio Energy Limited	ASX	SAN
SHAPE Australia Corp Limited	ASX	SHA
Switzer Dividend Growth Fund	ASX	SWTZ
Terragen Holdings Limited	ASX	TGH
Truscott Mining Corporation Limited	ASX	TRM
WCM Global Growth Fund	ASX	WCMQ
Yancoal Australia Limited	ASX, HKEx	ASX:YAL, HKEx:3668



Financial information for SW

Revenue from services		
Services Provided	2024 (\$'000)	2023 (\$'000)
Audits and reviews of financial statements	21,022	18,936
Non-audit services to audit clients	7,463	6,867
Non-audit services to non-audit clients	55,063	47,764
Total revenue	83,548	73,568



 Take the lead



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sw-au.com

SW acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.