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# Transparency Report

## 30 June 2020

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## 1. Introduction

In June 2012 the Federal Government's Corporations Legislation Amendment (Audit Enhancement) Act 2012 obtained royal assent. This legislation is aimed at improving the quality and transparency of the auditing process to ensure that Australia's audit quality and supporting regulatory framework remained in line with international best practice.

Stantons International Audit & Consulting Pty Ltd ("Stantons International") is fully supportive of the aim to further improve the quality of audits undertaken by the auditing profession in Australia and through a strong commitment by all directors and staff of the firm, Stantons International will continue to strive to improve on our already high quality of audits and service.

## 2. Legal Structure and Ownership

Stantons International Audit and Consulting Pty Ltd (Stantons International) is an Australian registered authorised audit company and trades as Stantons International (for audit, probity, IT audit, internal audit, assurance, accounting and business services), as well as Stantons International Securities (for corporate services). Stantons International Securities Pty Ltd (a wholly owned subsidiary of Stantons International) also has an Australian Financial Services Licence to prepare independent expert's reports and investigating accountant's reports under the Corporations Act 2001 or ASX Listing Rules involving securities such as shares, options and convertible notes.

### *International Affiliation*

Stantons International is an independent Audit and Consulting firm that belongs to a global network of independent firms of accountants, auditors and advisers and business consultants, namely Russell Bedford International.

Russell Bedford International is a non-trading, voluntary network of independent professional firms, registered in England as a company limited by guarantee. Member firms contribute to the cost of managing and marketing the network and they use the Russell Bedford name under licence. All services are provided independently by member firms of Russell Bedford International and each member is solely responsible for its work on behalf of clients.

The Russell Bedford International network is represented by some 280 offices in more than 90 countries in Europe, the Americas, Middle East, Africa, Indian Sub-continent and Asia Pacific.

## 3. Governance Structure

The directors and management team of Stantons International are committed to ensuring that all staff adhere to the highest standard of professional independence and ethical behaviour and deliver high quality professional services. As a profession we are accountable to the highest professional and ethical standards and conduct our audits in accordance with the Auditing Standards issued by the Australian Auditing and Standards Board.

To meet and exceed our client expectations we need to deliver high quality professional services at competitive rates. To achieve this, we focus on strong leadership, appropriate governance structures, effective quality control systems, informal and formal communication and appropriate reward systems.

As a smaller firm, our governance structure is straightforward with all the directors and management having a close involvement with the day to day operations of the firm.

The leadership team comprises the following the Board of Directors along with the management team comprising the Principals:

Board of Directors	Principals
Martin Michalik (Audit and Corporate)	Eliya Mwale (Audit Principal)
Sam Tirodkar (Audit and Corporate)	John Corr (Audit Principal)
	James Cottrill (IT, Internal Audit and Probity Principal)
	Kevin Donnelly (Probity Principal)
	James Turnbull (Corporate Principal)

There are no formal and separate committees.

The Board of Directors has overall responsibility for the strategic direction of the firm, protection of the firm's interests and for the oversight and management of the firm's operations.

The Management Team is responsible for the day to day operations of the firm, including service delivery, risk management, quality control, recruitment, performance appraisal and financial reporting. Within the Management Team, individuals may be tasked with specific responsibilities for monitoring and follow up.

Through the close involvement of all senior personnel in the management of the firm and in the delivery of professional services, management are very focused and any issues and opportunities that arise are quickly followed up and the appropriate action taken.

#### 4. Internal Quality Control Systems

Audit quality is fundamental to the success of Stantons International and our clients and each and every individual in the firm is committed to achieving excellence. We have implemented systems of quality control that meet the requirements of the Australian Auditing and Assurance Standards and are designed to ensure that we comply with the Australian Auditing and Assurance Standards, applicable professional and ethical requirements, and relevant regulatory requirements together with ensuring that we issue the appropriate reports to our clients.

To help us achieve this goal the firm has prepared a Quality Control manual. The Quality Control manual documents the quality control procedures applied in the running of the firm. The objectives of the Manual are as follows:

- i. To provide a framework that will help the firm and its team members to deliver high quality and consistent services to our clients.
- ii. To provide leadership responsibilities for quality within Stantons International.
- iii. To provide practical procedures and systems to ensure we meet quality control standards, and to ensure we perform our work as efficiently as possible.
- iv. To provide procedures for acceptance and continuance of client relationships and specific engagements.
- v. To reduce the risk of errors when delivering services to our clients.
- vi. To meet the requirements in ASQC 1 " *Quality Control For Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information*, and Other Assurance Engagements", APES

110 “Code of Ethics for Professional Accountants (including Independence Standards)”, other Professional Standards, and other legal requirements.

The elements of this manual comprise the following:

- Leadership responsibilities for quality
- Ethical requirements – integrity, objectivity, independence, confidentiality, competence and due care
- Engagement Acceptance and continuance-accepting new clients and evaluating existing clients
- Human Resources-recruitment, induction, performance evaluations, salary reviews, training and development and engagement team selection
- Engagement Performance-manuals, procedures and policies, documentation, supervision, review, consultation and ongoing training
- Monitoring-review of work, quality control reviews, internal feedback, complaints and allegations and evaluating and remedying identified defects.

### ***Leadership responsibilities for quality***

The management team is responsible for instilling and adhering to high standards of quality throughout all engagements. Each Director and Principal ensures that quality control procedures are adhered to on every audit engagement through setting the tone via appropriate levels of discussions with staff (conducted throughout the engagement), review of acceptance and continuance procedures, providing appropriate levels of supervision and review for each engagement, providing and encouraging staff to use consultation channels open to them whilst completing the engagement, and review of compliance with internal quality control documents.

Training and development sessions are provided to staff, with particular encouragement given to staff to participate actively in these sessions to ensure quality is kept at a high level.

The adherence to quality forms an intrinsic part of all staff evaluations, thus underpinning our resolve to ensure all engagements have been undertaken in a diligent and considered manner.

Furthermore, embedded within our Quality Control Manual, are documents which outline the necessity to adhere to ASQC1 and APES320 at all times during all engagements.

### ***Ethical Requirements***

Stantons International ensures that integrity and objectivity are intrinsic values embedded for all client and employee interactions. Inter alia, Stantons International takes very seriously our duty of care to all members of the public affected by our work, whilst maintaining strict confidentiality protocols.

### ***Engagement Acceptance and Continuance of Client Relationships and Restricted entities and monitoring***

Client acceptance and continuance procedures play an integral part in undertaking every engagement. Robust analysis is carried to ensure that no engagement is considered to be compromised.

### ***Human Resources***

Stantons International makes every effort to recruit motivated and capable staff to ensure that the delivery of our services exceeds the needs of our clients. As part of the development of staff, Stantons International takes its role seriously in adequately training and motivating staff to ensure high service levels. Staff are selected on engagements commensurate to the level of experience required for every engagement, whilst ensuring all independence and ethical standards are complied with.

### ***Engagement Performance***

Our engagements are designed to ensure that all professional and regulatory standards have been adhered to. Stantons International uses methodology and templates consistent with applicable current standards as set out by best practices, incorporating proprietary audit software.

Under the Australian Auditing Standards, there is a requirement for a Quality Control Reviewer to be appointed in respect of the audit of each listed company. The Quality Control Reviewer is a registered company auditor, other than the engagement director, who is available for consultation on the audit process, the issue of the audit opinion or review conclusion and review of the audit files. Stantons International engages an independent registered company auditor (not employed by Stantons International) to undertake the Quality Control reviews of a number of listed audit clients or uses senior Audit Principals (who are qualified chartered accountants with many years of audit experience).

### *Monitoring*

The firm is subject to reviews by the Australian Securities and Investments Commission (“ASIC”), Russel Bedford International and the Institute of Chartered Accounts of Australia. We have been subjected to several reviews by ASIC over the past 10 years, the last one having been undertaken last year in respect of ASIC’s Audit Inspection Program for 2018-19 cycle. Russell Bedford International generally undertake a review every year some of which can be undertaken by other audit firms, some by a quality control consultant employed by Russell Bedford International and some internally by persons not signing audit reports.

In January 2008, having confirmed the successful implementation of the network’s globally coordinated quality control system, Russel Bedford International was named among the first 17 full members of the IFAC Forum of firms.

The Forum is an association of international audit networks, and its goal is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide. As a full member of the Forum, Russell Bedford International is entitled to indicate Forum membership on its letterhead and promotional materials. In addition selected member firms of Russell Bedford International – of which Stantons International is one of the selected firms – have been granted approval to indicate that they are members of Russell Bedford International and that their network is a member of the Forum.

To achieve such approval Stantons International was required to comply with the Russell Bedford Network policies and procedures on audit quality control and independence, including the requirement to participate in the network’s audit quality control review programme.

## 5. Independence

Independence and objectivity are the foundation on which the delivery of our audit and assurance services is based. We pride ourselves on the integrity and quality of our staff and their commitment to not only being independent but also as being seen as being independent.

We have established clear policies and guidelines for all directors, professional and administration staff which are set out in our quality control manual. These policies and guidelines include the independence requirements of the Corporations Act 2001 and APES 110 Code of Ethics for Professional Accountants. Our policies apply to all directors and employees, regardless of role or responsibility and also apply to the immediate family members of those individuals. The policies include restrictions on the financial, business relationships and employment that can be entered into with audit clients, together with guidance on other non-audit services that, if provided to audit clients, potentially could impair independence.

Stantons International maintains a list of all restricted entities, in particular listed entities, which place restrictions on professionals and their immediate family from acquiring shares in those companies.

To ensure compliance with the restrictions on investing in audit clients, all staff are required on a bi-annual basis to confirm that neither they nor their close family members hold any investments in the firm's audit clients. In addition on an annual basis as part of the internal monitoring process, a review is undertaken of a number of share registers of our audit clients to confirm that there are no shareholdings in the name of the directors or staff (or their know related entities) of Stantons International.

Prior to the engagement of a new audit client, all staff are required to advise whether they or any immediate family member have shares in the prospective new client. Should any director or member of management hold shares in a prospective client, either the new prospective client will not be engaged or the person will be required to dispose of their investment prior to engagement of the client. In the case of other staff members, they are advised that they cannot have any involvement with that client.

At induction all new audit staff are provided with training on independence and are also required to confirm in writing that they do not hold any shares in any of our listed audit clients.

### *Non-audit services*

Stantons International's engagement acceptance policies require the director responsible for a potential new non audit service engagement to consider whether Stantons International has an existing relationship with the potential client and if so whether the provision of the non-audit services could impair auditor independence. Typically, this would be considered when Stantons International is requested to undertake an Investigating Accountants Report or prepare an Independent Experts Report. Stantons International policy, as set out in the Quality Control manual, requires the consideration process and conclusion to be documented and where considered necessary for the engagement director to consult with another director of the firm.

### *Fee Dependency*

Intimidation and self-interest threats to independence may be created from the relative size of fees generated from an individual client or audit client group. As part of the firm's independence policies, the Directors monitor the fees of all significant clients against the total fees to identify any potential threats to independence. No potential threats have been identified as there is no one client with fees in excess of 5% of total fees.

### *Staff relationships*

Stantons International's staff are encouraged not to form close relationships with clients or client personnel that might affect the perceived independence of the firm in carrying out work for that client. Staff will not be assigned to a job where it is believed the staff member has a family or other relationship with the client, or with a key member of the client's personnel. This may be seen as putting at risk the firm's actual or perceived independence. Independence or perceived independence may be jeopardised if a staff member has a close personal relationship with another staff member to whom he/she regularly reports, or with whom he/she is assigned to a client engagement. The firm does not allow the opportunity for the professional judgment of any

of the firm's staff to be affected by their personal relationship or even family relationships with other staff members. The firm requires staff to be mindful of this and that they consult a Director should such a situation arise.

## 6. Continuing Development Policy

The Directors of the firm are committed to the ongoing training and development of all staff. This ensures that the knowledge, capabilities and competence of staff are continually maintained and further enhanced. The following Directors / Principals / Managers are responsible for staff training:

- Eliya Mwale – External Audit
- Kevin Donnelly/James Cottrill – Assurance, IT, Probity and Consulting Services.

### *Internal Training*

Regular in-house training sessions are held for staff on technical and non-technical topics, by both internal and external presenters. Training topics covered are varied and are chosen based on the needs of team members including knowledge levels, skill levels, current issues and changes, common client issues, client types and common difficult areas. Training sessions are designed to be as practical as possible, and team members are expected to attend all sessions that are relevant to their level and work. In addition, a specific focus of the firm is to provide specific on the job training via the review process.

The firm maintains an up-to-date record of all training provided, including training materials used.

### *External Training*

All staff members attend on an annual basis training on technical audit and accounting topics, as well as professional and personal development courses. This external training is provided by professional trainers externally via attending conferences and seminars (such as the Institute of Chartered Accountants) or via the internet (such as GAAP Consulting and CaseWare).

The firm maintains an up-to-date record of all training provided, including training materials used.

## 7. Financial Information on audit and non-audit services

The revenue generated by External Audit for the year ended 30 June 2020 totalled \$3,241,740.

Non-External Audit generated revenue for the year ended 30 June 2020 totalled \$1,639,164. Total revenue for FY20 amounted to \$4,880,904.

## **8. Remuneration Policy**

There is no fixed policy on remuneration for the Directors of Stantons International. The level of salary is mainly determinable by performance, profitability, cash flows and by negotiation between the Directors and Shareholders of Stantons International. No Directors or Principals receive any remuneration based upon selling of non-audit services to audit clients.

## **9. Statement of Effectiveness of internal quality control system**

We believe that the quality control systems, as described in Section 4 of this report, operate effectively, and our internal quality control processes provide the ability to detect areas where improvements may be required (if necessary).

Martin Michalik  
**Director**

## Appendix A

### ASX Listed Companies

During the year ended 30 June 2020, Stantons International has completed statutory audits for the following listed companies:

Client Name	ASX Code
Alicanto Minerals Limited	AQI
Anson Resources Limited	ANS
Ausmon Resources Limited	AOA
BauMart Holdings Limited	BMH
Blackstone Minerals Limited	BSX
Blue Star Helium (formerly Big Star Energy) Limited	BNL
Caeneus Minerals LTD	CAD
Carbine Resources Limited	CRB
Comet Resources Limited	CRL
Cynata Therapeutics Limited	CYP
Dampier Gold Limited	DAU
Dimerix Limited	DXB
Eclipse Metals Limited	EPM
Emerald Clinics Limited	EMD
European Metals Holdings Limited	EMH
FE Limited	FEL
Fin Resources Limited	FIN
FireFly Resources Limited	FFR
Gas2Grid Limited	GGX
Golden State Mining	GSM
GTI Resources Limited	GTR
GWR Group Limited	GWR
Holista Colltech (31 December Year End)	HCT
Inca Minerals Limited	ICG
Janison Education Limited	JAN
Kaizen Global Investments Limited	KGI
LawFinance Limited	LAW
Legacy Iron Ore Limited	LCY
Magnetite Mines Limited	MGT
MCS Services Limited	MSG
Metalicity Limited	MCT
MOQ Limited	MOQ
MPower Group Ltd	MPR

New World Cobalt	NWC
Nvoi Limited	NVO
Ocean Grown Abalone Ltd	OGA
Ora Gold Limited	OAU
Pacifico Minerals Limited	PMY
PolarX Limited	PXX
Prospect Resources Limited	PSC
Redbank Copper Limited	RCP
Renegade Exploration Limited	RNX
RESA Group	RE1
Shree Minerals Limited	SHH
Sihayo Gold Limited	SIH
St George Mining Limited	SGQ
Story-I Limited	SRY
Talga Resources Limited	TLG
Titan Minerals Limited	TTM
Tungsten Mining NL	TGN
Venture Minerals Limited	VMS
Venus Metals Corporation Limited	VMC
Wide Open Agriculture Limited	WOA
XCD Energy Limited (De-Listed in July 2020)	XCD
Zyber Holdings Limited	ZYB