ADELAIDE CENTRAL MARKET AUTHORITY

Annual completion report

YEAR ENDED 30 JUNE 2023

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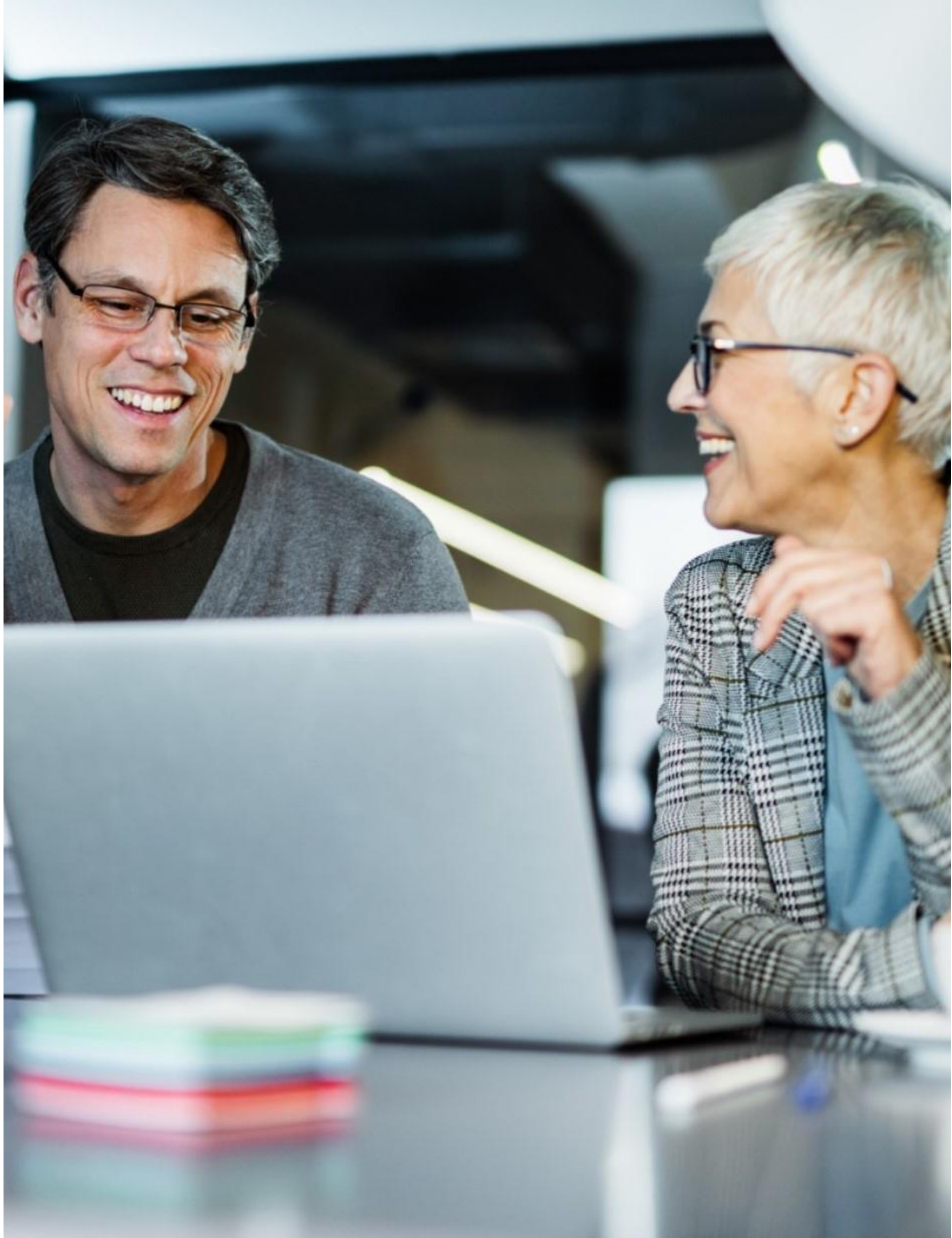


Dear Audit and Risk Committee Members

We are pleased to present this report to the Audit and Risk Committee Members of Adelaide Central Market Authority (‘ACMA’ or the ‘Authority’) in relation to the 30 June 2023 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Audit and Risk Committee Members meeting on 1 September 2023 where we will have the opportunity to discuss this report.

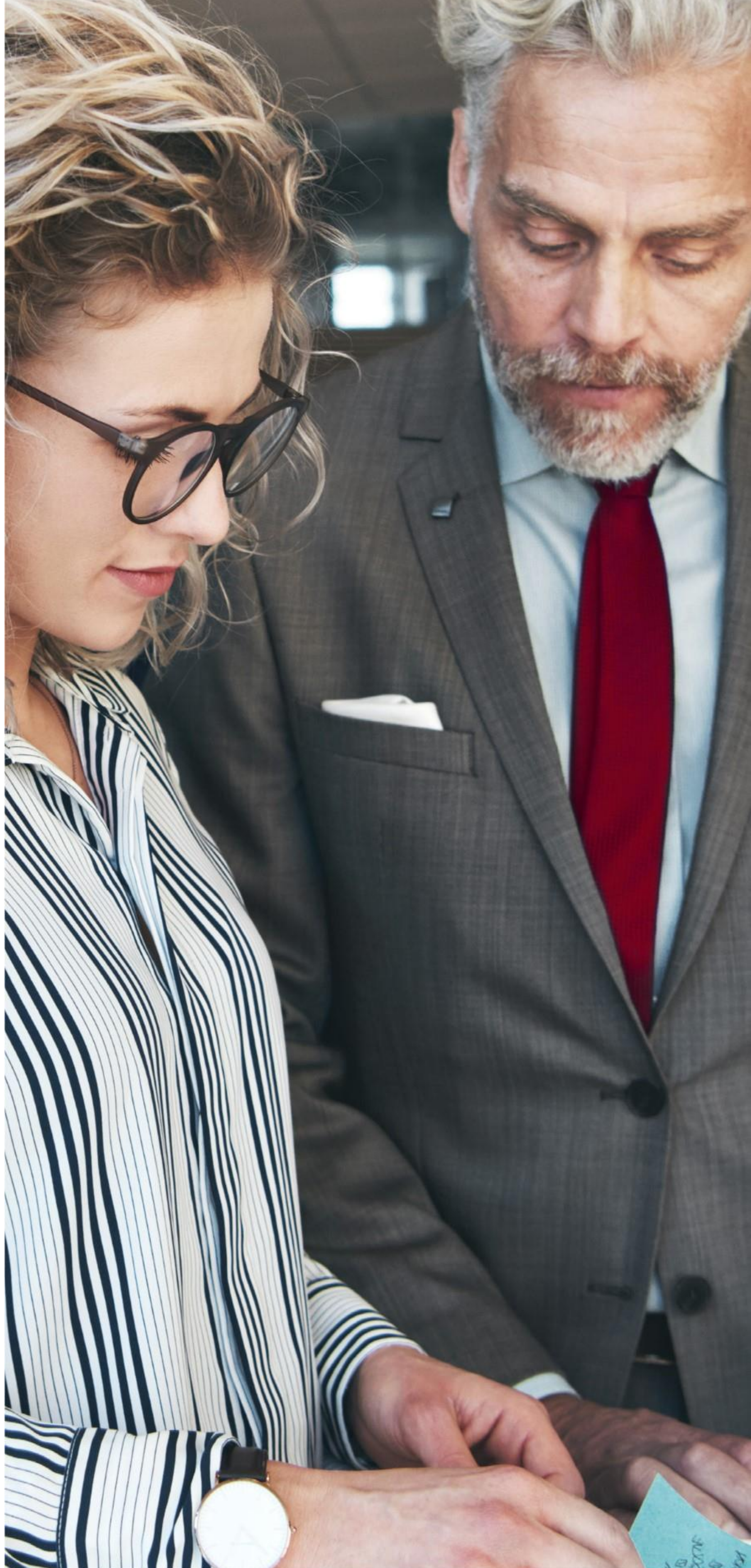
Should you require clarification on any matter in this report before this date, please do not hesitate to contact me on +61 8 7324 6147.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully

Linh Dao
Engagement Partner

Adelaide, 23 August 2023



EXECUTIVE SUMMARY

PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Audit and Risk Committee Members. This report has been discussed with management.

SCOPE

Our audit was conducted in accordance with Australian Auditing Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2001* for the year ended 30 June 2023.

STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- Receipt of Knight Frank Type 2 audit report for the year ended 30 June 2023;
- Review of events subsequent to 30 June 2023;
- Receipt of written management representation on various matters; and
- Receipt of formally adopted financial statements and agreements of these to the final draft provided to date.

A draft of the proposed audit report is included at Appendix 1.

SUMMARY OF MISSTATEMENTS

We have not identified any misstatements during our audit.

AREAS OF AUDIT FOCUS

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant and elevated risks of material misstatement. These areas of focus are outlined below:

- Management override of internal controls
- Revenue recognition
- Lease accounting

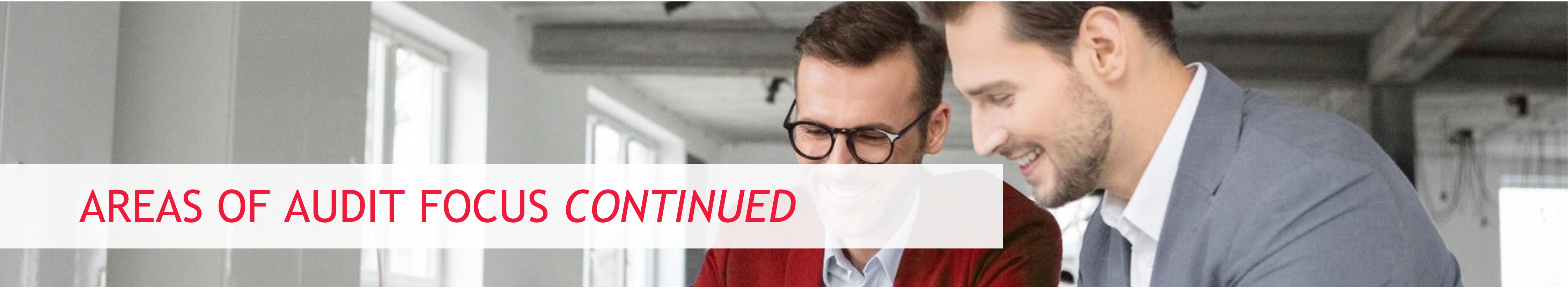
Refer to the relevant section for details on the significant risk areas and other areas focused on during the audit.

AREAS OF AUDIT FOCUS

In assessing the risks of material misstatement at the planning phase, we used a spectrum of risk based on the likelihood of a misstatement occurring and the magnitude of the misstatement in the context of our materiality. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

We set out the areas that were considered key areas of focus along with an outline of the work performed and a summary of findings.

Management override of internal controls		
Description	**Audit work performed**	**Summary of findings**
Australian Auditing Standards require that we presume there is a risk that management have the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.	Our response included review of key internal controls that the Authority has in place to mitigate risk of management override of internal controls. We applied professional scepticism throughout the audit. We tested general journals posted during the year and at the end of the reporting period to consider whether they are appropriate. We reviewed accounting estimates and considered whether circumstances producing any bias present a risk of material misstatements due to fraud.	We did not identify any evidence of misstatements due to management override of internal controls.



AREAS OF AUDIT FOCUS *CONTINUED*

Revenue recognition		
Description	**Audit work performed**	**Summary of findings**
There is a risk of error regarding revenue recognised during the year.	We audited how revenue was recognised in a manner consistent with ACMA's accounting policies and applicable Australian Accounting Standards. In addition to performing analytical and substantive procedures on all material revenue streams recorded throughout the year, we considered the appropriateness of accounting for accrued and deferred income at the reporting end date. We audited the unwinding of COVID-rent concession 'receivable' during the year.	No exceptions were noted.

Lease accounting		
Description	**Audit work performed**	**Summary of findings**
There is a risk of material misstatement in relation to lease accounting for ongoing lease reassessment and remeasurement.	We obtained the right of use asset and lease liability reconciliation and supporting schedule to test compliance with AASB 16. We made enquiries of management and sought to corroborate key estimates and assumptions adopted to the appropriate supporting documentation, giving priority to information independent of the Authority.	No exceptions were noted.

INTERNAL CONTROL

CURRENT YEAR

In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit and Risk Committee Members.

Our audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Audit and Risk Committee Members.

OTHER REPORTING REQUIREMENTS

INDEPENDENCE AND ETHICS

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999,* the *Local Government (Financial Management) Regulations 2001* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to Adelaide Central Market Authority.

The *Local Government Act 1999* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, and a copy of the declaration has been included at Appendix 2.

NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

FRAUD

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.

APPENDIX 1 PROPOSED AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADELAIDE CENTRAL MARKET AUTHORITY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Adelaide Central Market Authority (the Entity), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2023 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

APPENDIX 1 PROPOSED AUDIT REPORT *CONTINUED*

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Linh Dao
Director

Adelaide, XX Month 2023

APPENDIX 2 AUDITOR INDEPENDENCE DECLARATION

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Central Market Authority for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

Linh Dao
Director

BDO Audit Pty Ltd

Adelaide, 23 August 2023

APPENDIX 3 NEW DEVELOPMENTS

REVISIONS TO THE PROVISION OF NON-ASSURANCE SERVICES

The Accounting Professional and Ethical Standards (APES) Board has reviewed and revised the Non-Assurance Services (NAS) Provisions in APES 110 Code of Ethics for Professional Accountants (including independence standards) and issued an amending standard on 21 December 2022. The revisions strengthen the independence standards by addressing public interest concerns about independence when firms provide NAS to their audit clients.

Amongst the key changes proposed to the non-assurance services provisions are:

- Strengthened provisions regarding auditor communication. There is now a requirement for Those Charged with Governance (TCWG) at a public interest entity (PIE) audit client to concur with BDO’s assessment of the threats associated with the non-assurance services prior to the non-assurance services commencing.
- A new general prohibition in providing non-assurance services to a PIE audit client, if a self-review threat to auditor independence will be created.
- Further tightening of the circumstances in which materiality may be considered in determining the permissibility of a non-assurance service. Materiality is no longer a consideration for PIE audit clients in assessing the self-review threat.

EFFECTIVE DATE

The APES Board has advised that these amendments will take effect from 1 July 2023, with early adoption permitted.

AMENDMENTS TO THE FEE-RELATED PROVISIONS OF APES 110 CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS (INCLUDING INDEPENDENCE STANDARDS)

To enhance and strengthen the communication between the auditor and TCWG, and to enable TCWG to have effective oversight over the independence of the auditor, the revised provisions on fees contain new transparency requirements. The APES Board has issued an amending standard in relation to the amendments to the fee-related provisions within the APES 110 Code of Ethics for Professional Accountants (the Code). The key changes include:

- Communication to TCWG at a PIE audit client, the fees and assessment thereof for non-assurance services. The purpose of this communication is to provide the background and context for the client to concur that the fees and levels of fees does not impair BDO’s independence.
- Enhanced guidance on identifying, evaluating and addressing threats to independence in relation to other fee-related matters, including the proportion of fees for services other than audit to the audit fee.
- Communication of information related to the audit fee to the client and to the public to assist them in forming a view that auditor independence is not compromised.
- A prohibition on firms allowing the audit fee to be influenced by the provision of services other than audit to the audit client.
- In the case of PIE audit clients, a requirement to cease to act as auditor if fee dependency on the audit client continues beyond a specified period.

These provisions will be effective for audits and reviews of financial statements for periods beginning on or after 1 January 2023.

APPENDIX 3 NEW DEVELOPMENTS *CONTINUED*

PRACTICAL APPLICATION FOR THOSE CHARGED WITH GOVERNANCE

To facilitate compliance with the above requirements, your BDO Audit Engagement Partner will discuss and agree on a process, including:

- Identifying all entities within a corporate structure to which the revised provisions would apply.
- Establishing how TCWG have determined that authority for approving services is to be allocated.
- Understanding the information that will be communicated to TCWG to assist them in concurring with the assessment of the services and fees.

UPCOMING CHANGES IN FINANCIAL REPORTING

AASB 2020-1 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

Effective for annual reporting periods beginning on or after 1 January 2024, there are five main changes to the classification requirements within AASB 101 *Presentation of financial statements*:

- The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
- The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
- Classification is based on the right to defer settlement, and not intention (paragraph 73), and
- If the right to defer settlement of a liability arising from a loan arrangement is dependent upon the entity complying with specified conditions in that loan arrangement, such covenants only affect the entity's right to defer settlement for at least twelve months after the reporting period if the entity must comply with the covenants **on or before the end of the reporting period.**
- If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

APPENDIX 4 CLIMATE RISKS AND FINANCIAL REPORTING

CLIMATE RELATED FINANCIAL DISCLOSURES

In December 2022, in anticipation of the release of forthcoming sustainability standards, the Australian Government opened its first round of consultation on 'Climate-related financial disclosures'. The process closed in February 2023, when the Government received nearly 200 responses.

In June 2023, the ISSB issued its first two sustainability standards:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and
- IFRS S2 Climate-related Disclosures.

According to the ISSB, these standards become effective from 1 January 2024, subject to endorsement in each respective jurisdiction.

The day after the ISSB standards' release, the Australian Government announced its second round of consultation on implementing climate-related financial disclosures in Australia.

WHICH ENTITIES WILL BE IMPACTED?

One of the key changes is a revised approach to the order of entities being introduced to mandatory climate-related reporting. While the previous consultation paper suggested focusing on large listed and large financial service providers, the new approach includes listed and non-listed organisations. The focus is still on the size of the organisation - starting with the 'big end of town' - and organisations that meet the reporting requirements of the National Greenhouse and Energy Reporting (NGER) Scheme.

The introduction of mandatory reporting will still phase in (now across four years) to allow the market to upskill and prepare.

To find out when the climate-related reporting requirements may impact you, and what category you fall into, refer to BDO's IFRS & Corporate Reporting team's ESG and Sustainability insights and the proposed roadmap as set out by Treasury.

WHAT HAPPENS NEXT?

Organisations of all sizes - whether listed or private - should take note of the group they fall into to anticipate what the mandatory reporting implications might be, both now and with consideration of any future growth plans.

Regardless of status, entities should also assess and reflect on the organisations in their supply chain. With Scope 3 emissions - as required to be measured and reported under IFRS S2 - a reflection of the emissions from an organisation's supply chain, organisations of all sizes are likely to be impacted by the introduction of mandatory reporting. As group one entities begin to measure and report emissions, Scope 3 could become a key component of emission reduction strategies. By having accurate, reportable data and a decarbonisation strategy, organisations of all sizes can positively impact their supply chain before mandatory reporting even knocks on their door.

To understand more about what this means for your business, please contact our National Sustainability Team.

APPENDIX 5 ESG AND YOUR BUSINESS

WHAT IS ESG?

ESG is the acronym for Environmental, Social and Governance. It is a holistic concept about an organisation's ability to create and sustain long-term value in a rapidly changing world, and managing the risks and opportunities associated with these changes.

ESG metrics are not part of mandatory financial reporting required by Australian Accounting Standards or International Financial Reporting Standards, but organisations across the world are increasingly making disclosures in their annual report or in a standalone sustainability report.

ESG is used as a framework to assess how an organisation manages risks and opportunities that changing market and non-market conditions create. ESG also puts a heavy emphasis on risk management, because monitoring and mitigating risks across all three dimensions is an important priority for any company that is serious about ESG. The three categories of ESG factors are as follow:

- **Environmental** factors address an organisation's environmental impact and environmental stewardship. It is focused on improving the environmental performance of an organisation.
- **Social** factors refer to how an organisation manages relationships with, and creates value for, stakeholders. The social dimension is focused on an organisation's impact on its employees, customers and the community.
- **Governance** factors refers to an organisation's leadership and management philosophy, practices, policies, internal controls, and shareholder rights. The governance dimension is focused on an organisation's leadership and structure.

WHY IS ESG IMPORTANT FOR YOUR BUSINESS?

Investors across the globe are increasingly demanding organisations to outline their ESG framework and approach in order to assess the organisation's long-term sustainability. ESG has a potential significant impact on the following fundamental business issues relevant to the long-term success of the organisation:

- **Corporate reputation** – ESG can enhance a company's license to operate making it easier to accomplish business objectives and respond to crisis scenarios with key stakeholder groups.
- **Risk reduction** – ESG can assist with the identification of immediate and long-term risks depending on the industry and business model.
- **Opportunity management** – Shifting market and non-market conditions can expose unmet needs for new products and/or services, potential customer bases, and potential strategic relationships for addressing ESG issues.
- **Culture & intrinsic value** – ESG maturity is an indicator of a company's commitment to building a high performing, purpose-driven workforce and inclusive culture.

A robust ESG strategy can help attract the right talent and investors. To achieve a shift in sustainability we need to stop viewing ESG as a 'nice to have', it should be part of business strategy and risk management which can have a direct and positive impact on financial performance.

If you would like to speak with us about implementing an ESG framework in your organisation or providing assurance on your framework, please contact your audit engagement partner initially.

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We have prepared this report solely for the use of Adelaide Central Market Authority. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.