

ASX ANNOUNCEMENT

9 November 2020

**Shine Justice Ltd (SHJ)
Question for the Auditor**

Shine Justice Ltd provides the attached response from PricewaterhouseCoopers to a question submitted by a shareholder under section 250PA of the *Corporations Act 2001* (Cth).

Authorised for release by the Board



Annette O'Hara
Company Secretary

Shine Justice Ltd
Level 13, 160 Ann Street
Brisbane QLD 4000
Tel: 07 3837 9448



Ms Annette O'Hara
General Counsel & Company Secretary
Shine Justice Ltd
Level 13, 160 Ann Street
Brisbane QLD 4000

6 November 2020

Dear Annette

Re: Shareholder question for AGM

The attached question list is provided to you pursuant to our obligations as auditor under Section 250PA of the Corporations Act. The question list sets out the questions that Shine Justice Ltd has passed on to us as auditor under Section 250PA and which I, as lead auditor, consider to be relevant to the matters referred to in Section 250PA (1) (a) or (b).

In accordance with Section 250PA I have not included any questions in the list which are the same in substance as other questions, or where it was not practicable to include the question in the list or to decide whether to include the question in the list because of the time when the question was passed on to us.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'S Neill' followed by a stylized flourish.

Simon Neill
Partner



Question: Considering the variations in Work in Progress (WIP) provisions, how could PWC allow information in relation to WIP provisioning, including the percentage of the Gross WIP Shine Justice Ltd holds in provisions to not be disclosed?

Neil Goss, representative of Torrito Pty Ltd, Mercury Holdings Pty Ltd and personal shareholdings

PwC Response

Before addressing the specific question please note that our role is the auditor of the company's financial report. Management is responsible for the preparation and presentation of the financial report. Management prepares the financial report in accordance with the applicable financial reporting framework, such as the Corporations Act 2001 and Australian Accounting Standards. The Board of Directors then approves the financial report, including that it is fairly presented.

The auditor's responsibility is to give an independent opinion on the financial report taken as a whole as to whether the financial report is prepared in all material respects in accordance with the Corporations Act 2001 and the Australian Auditing Standards. As the auditor we provide reasonable, not absolute, assurance that the financial report taken as a whole is free from material misstatement.

In forming our opinion that the financial statements taken as a whole are free from material misstatement, we don't opine on individual balances within the financial statements. In forming our opinion on the financial statements as a whole we did consider Work in Progress and Unbilled disbursements – revenue recognition and recoverability as a key audit matter which was highlighted in our audit opinion. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period.

Some of the procedures performed amongst others relating to revenue recognition and recoverability of WIP as outlined in the Key audit matter included:

- Obtaining an understanding of accounting policy, processes and controls in place
- Assessing the operating effectiveness of controls and examining supporting documentation including client cost agreements, time worked reports, resolution calculations and case settlements
- Assessing the Group's probability of success with reference to historical case outcomes in current and prior year. Where probabilities of success were not consistent, we assessed evidence for such adjustments
- Considering the statistical modelling with reference to probability of significant reversal in revenue.

The key audit matter within the audit report describes further procedures performed.

With respect to historic positions adopted and variations in provisioning this is a question for the Company.

With respect to how WIP has been disclosed in the financial statements as a whole, the Accounting standard AASB 15 Revenue from Contracts with Customers prescribes that revenue and therefore WIP be recognised at amounts for which it is highly probable that a significant reversal in the amount of cumulative revenue (WIP) recognised will not occur. This is stated in relation to the accounting policy for WIP in Note 3(d) of the financial statements.

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