

Mr Gary Rake
Chair
Canberra Glassworks Limited
11 Wentworth Avenue
Kingston ACT 2604

By email: rakedover@gmail.com

Dear Mr Rake

Financial Statement Audit of Canberra Glassworks Limited for the year ended 31 December 2023

We have pleasure in presenting this report to the Board in respect of our audit of the financial report of the Canberra Glassworks Limited (“the Company”) for the year ended 31 December 2023. Our audit is close to finalisation, and we would like to report our findings.

We have concentrated on areas of material risk of error in the financial statements to allow us to reach our opinion efficiently. Therefore, we have not and cannot examine every activity and procedure in the Company, and only report on those matters which have come to our attention. Accordingly, our audit may not have identified, and the comments in this letter may not be a comprehensive record of, all the weaknesses that may exist. We would gladly discuss with you an extension of our audit to review any activities of the business which potentially concern you. These issues might include a review of procedures relating to corporate governance, fraud limitation, or any other matters.

The result for the period ended 31 December 2023 was a deficit of \$92,068 (2022: \$144,719 surplus), not including direct reserve transfers of \$28,103 (2022: \$21,771). The net assets of the Company as at 31 December 2023 were \$943,537 (2022: \$1,035,605).

As at the date of this letter the following items were outstanding in relation to the financial statements audit:

- Signed financial report: chair report, directors’ report, and directors’ declaration; and
- Signed management representation letter.

Upon receipt of these items, we shall issue our unmodified audit report on the financial statements.

During the audit we noted the follow matters for your attention:

1. Areas of significant risk:

Area	Identified Risks	Work Performed and observations	Findings
Revenue recognition	Income is not recognised in the correct financial reporting period and unearned income liabilities are understated.	We have agreed grant revenue to grant agreements, noting specific performance obligations. We have reviewed the calculations for revenue recognition and the treatment of deferred revenue.	No matters were noted in this area.
Recoverability of trade receivable balances	Trade receivables are a material asset of the Company and have previously required allowances for potential doubtful debts.	We noted trade receivable balances of \$27,544, from a total balance of \$113,645, that were overdue by more than 30 days at balance date. Following discussions with management, subsequent receipts testing, and additional information, we are satisfied that the balance is not materially impaired.	Ageing of trade receivables and management actions will continue to be reviewed as part of the 2024 audit.

2. Identified misstatements:

a. Materiality

In assessing the risk profile of the Company and in consideration of the users of the financial report, we have adopted materiality guidelines in accordance with Australian Auditing Standards.

b. Unadjusted misstatements

We did not identify any misstatements during our audit which are unadjusted.

c. Disclosure deficiencies in the financial statements

We did not identify any disclosure deficiencies in the financial statements for the year ended 31 December 2023. Charterpoint provided management with assistance in the drafting of the annual financial report in accordance with current financial reporting requirements in

Australia. This involved the presentation of financial information and disclosures in accordance with Australian Accounting Standards. Management maintained the accounting records of the Company throughout the audit process.

d. Adjusted misstatements

Accounting adjustments were identified by us during the audit which were discussed with management and the finance team and satisfactorily resolved. Please refer to Appendix One for a listing of the adjusted audit differences.

These adjustments resulted in the reported operating deficit increasing from \$55,359 to \$92,068.

3. Internal control observations:

The design and implementation of internal controls related to the following areas were assessed during our audit for the year ended 31 December 2023:

- ✓ Revenue, Receivables and Receipts
- ✓ Purchases, Payables, and Payments
- ✓ Cash and Investments
- ✓ Property, Plant & Equipment

We remind you that the Board is responsible for maintaining effective internal control. We have obtained an understanding of the design and implementation of the internal controls relevant to the accounting and financial control systems in order to plan our audit and determine the nature, timing and extent of audit procedures. Our audit of the financial report was not designed to assess, nor do we provide an opinion on, the design and implementation of the internal controls.

In accordance with Australian Auditing Standards, we are required to communicate with the Board any significant deficiencies in the design and implementation of internal controls identified during our audit of the financial report.

We noted the following matter to report to the Board and management in relation to your internal financial controls:

No matters were noted that require reporting to you.

4. Communication to the Board:

In accordance with Australian Auditing Standards, we are required to communicate the following matters to the Board:

Matter	How we addressed this matter
Compliance with laws and regulations	Nothing has come to our attention to suggest any material instances of non-compliance with laws and regulations.
Going concern	No events or conditions have been identified during the audit that may cast doubt on the Company's ability to continue as a going concern for 12 months from the date of our auditor's report.
Independence	<p>We are not aware of any other relationships between Charterpoint and the Company that, in our professional judgement, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.</p> <p>We confirm that in our professional judgement, Charterpoint is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.</p> <p>We confirm that Charterpoint, the audit engagement team and others in the Firm as appropriate have complied with the independence requirements.</p>
Other Information	Our procedures have not identified any material misstatement within the other information contained within the financial report.
Related parties	Our procedures regarding related parties did not identify any significant matters.
Responsibilities relating to fraud	<p>We have made enquiries of the Board and management regarding whether they have knowledge of any actual, suspected, or alleged fraud involving management and employees who have significant roles in internal control.</p> <p>Based on our enquiries and audit procedures, we did not become aware of any fraud during our audit.</p>
Subsequent events	<p>At the date of this report, other than already disclosed, we are not aware of any subsequent events, which would require an adjustment to balances in the financial statements or disclosure in the notes to the financial statements.</p> <p>We will continue to make assessments of subsequent events up to the date the financial statements are signed.</p>

5. General comments:

a. Segregation of duties

Due to the small nature of the accounting team, it is difficult to maintain adequate segregation of duties as roles and functions within a small organisation can change.

We take this opportunity to thank you, Theresa Nguyen of Company Prophets, and the staff of the Company for the co-operation and assistance extended to us during the audit.

If you would like any further information or would like to discuss any issue raised, please do not hesitate to contact me.

Yours faithfully



Adrian Kelly
Partner
Charterpoint Pty Ltd

21 February 2024

Cc: Peter Wilkinson, Treasurer
Elizabeth Rogers, Chief Executive Officer
Theresa Nguyen, Managing Director, Company Prophets

Canberra Glassworks Limited
Year End: 31 December 2023
Appendix One - Adjusting journal entries
Date: 1/01/2023 To 31/12/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	31/12/2023	Retained earnings - transfer to/from reserves	31001	U.00			28,103.21		
1	31/12/2023	PRJ - Other Non-Government Funding	42040	U.00		28,103.21			
		Correct accounting for withdraw from Thomas Foundation reserve approved by board - transfer is within equity and cannot be recycled through the profit and loss as income.							
2	31/12/2023	Lease Inducement	19010	H.00			130,000.00		
2	31/12/2023	Less Lease Inducement Amortisation	19015	H.00		130,000.00			
		Write back fully amortised lease inducement asset as previous lease has expired and the current lease is month-to-month until a new lease is agreed.							
3	31/12/2023	Accounts Receivable	14010	C.12			7,810.00		
3	31/12/2023	Accounts Receivable	14010	C.12			586.30		
3	31/12/2023	Accounts Receivable	14010	C.12			508.00		
3	31/12/2023	Accounts Receivable	14010	C.12			530.00		
3	31/12/2023	Accounts Receivable	14010	C.12			32.40		
3	31/12/2023	GST	22010	C.12		710.00			
3	31/12/2023	GST	22010	C.12		53.30			
3	31/12/2023	GST	22010	C.12		46.18			
3	31/12/2023	GST	22010	C.12		48.18			
3	31/12/2023	GST	22010	C.12		2.95			
3	31/12/2023	REV - Commissioned Work	43010	C.12		533.00			
3	31/12/2023	REV - Equipment / Space Hire	43030	C.12		461.82			
3	31/12/2023	REV - Equipment / Space Hire	43030	C.12		74.55			
3	31/12/2023	REV - Equipment / Space Hire	43030	C.12		111.82			
3	31/12/2023	REV - Equipment / Space Hire	43030	C.12		29.45			
3	31/12/2023	REV - Public programs (Workshops)	43070	C.12		7,100.00			
3	31/12/2023	REV - Studio / Commercial Sublease	43080	C.12		295.45			
		Adjustment for credit notes issued after year end relating to pre-Dec 23.							
4	31/12/2023	PRJ - Other Non-Government Funding	42040	V.20		11,864.29			
4	31/12/2023	OTH - Interest Income	44040	V.20			11,864.29		
		Correct coding of Beyond Bank - Interest eared from TD - Thomas Foundation.							
						179,434.20	179,434.20		
		Net Income (Loss)	-92,068.15						