



AUDIT & CORPORATE GOVERNANCE COMMITTEE

Meeting of the Committee

Wednesday, 9 December 2020 at 8.30am

by videoconference



Audit & Corporate Governance Committee

Meeting of the Committee to be held on Wednesday, 9 December 2020
at 8.30am by videoconference

Attendees

Committee: Toni Korsanos (Chair)
Jane Halton
Mike Johnston

Mary Manos (Secretary)

By Invitation: Ken Barton
Helen Coonan
Lauren Harris
Alan McGregor
John Salomone
Rachel Milum (KPMG)
Simon Bramwell (KMPG)

RESTRICTED AGENDA

1. **KPMG Engagement Letter and Fees**
2. **KPMG FY21 Audit Plan**
3. **Accounting Issues**
4. **GST Grouping**
5. **GST Matter**



AGENDA ITEM 1:
KPMG Engagement Letter and Fees



Audit and Corporate Governance Committee Memorandum

To: Audit and Corporate Governance Committee
From: Alan McGregor
Date: 7 December 2020
Subject: KPMG Engagement Letter and Fees

Dear Committee Members

Engagement Letter and Annual Fee

Attached for the Committee's consideration is the KPMG Auditor Engagement Letter and Annual Arrangements Letter.

The Annual Engagement Fee is [REDACTED]

Subject to any feedback from the Committee, the Committee is being asked to approve the KPMG Auditor Engagement Letter and Annual Fee.

Provision of Non-audit Services

Set out below are KPMG's current and proposed additional internal controls and protocols.

Audit independence

KPMG recognises the importance of auditor independence and its policy states "Independence is fundamental to our audit practice and to every practice area in our firm. It is core to our risk management framework and processes".

Conflicts of interest and covered person independence

KPMG also has a range of formal policies and procedures to ensure independence and to maintain freedom from conflict of interest including:

1. KPMG Independence Compliance System (KICS) – KPMG's global database to record and check all investments of partners, managers and relevant staff
2. Sentinel – Global database used to track and approve prospective services
3. Annual sign off – Written declaration by all partners and professional staff

KPMG's internal standards are consistent with those required by Australian and international requirements.

Approval of non-audit services

KPMG maintains a global database called "Sentinel" to assist in the evaluation and approval process of non-audit services globally. Sentinel is a database of all clients which must be accessed prior to a local partner being able to commence an engagement. No non-audit services are allowed to be performed for Crown Resorts until Rachel Milum as Global lead audit partner for Crown approves such services and their compliance with the regulatory framework.

Proposed additional protocols

In addition to the above, KPMG can implement the following additional protocols in relation to the provision of non-audit services to Crown:

1. Development of an approval matrix for non-audit services.
2. KPMG to notify Crown when it receives a non-audit service request in Sentinel to confirm Crown is aware of the services being procured.
3. KPMG/Crown to perform an assessment of non-audit services being permissible under APES 110.
4. The provision of non-audit services by KPMG will not be approved in Sentinel until Crown confirms its approval; and
5. KPMG to report all non-audit service engagements open and closed during the financial period in scope to the Audit Committee as an Appendix in their Audit Committee reports (tri-annually).
6. Independence confirmations received from all team members prior to commencement on Crown engagements, including any non-audit services.
7. Semi-annual declaration of independence from all team members.

Subject to the Committee's feedback, management will work with KPMG to implement the appropriate additional protocols regarding the provision of non-audit services by KPMG.



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Toni Korsanos
Chair of the Audit and Corporate Governance
Committee
Crown Resorts Limited
Level 3, Crown Towers
8 Whiteman Street
Southbank VIC 3006

4 December 2020

Dear Toni

Engagement as auditors under the Corporations Act 2001

The purpose of this letter is to confirm our engagement as auditors of Crown Resorts Limited (the Company) and its controlled entities (the Group) under the *Corporations Act 2001* (Cth) (the Act).

The Directors enter this Agreement on behalf of the Group set out in the Annual Arrangements Letter and agree to obtain the compliance of those controlled entities with the terms of this letter.

This letter is effective for services performed for the annual financial reporting period ending 30 June 2021 and the half-year financial reporting period ending 31 December 2020 and each subsequent reporting period unless otherwise agreed in writing.

The Annual Arrangements Letter, issued each year, forms part of the Agreement and confirms details of the controlled entities requiring financial reports and other components in the Group, assistance required from the Company's employees, engagement team members, timetable and fee arrangements. In this letter section references are to the Act unless otherwise indicated.

Please arrange for the Audit and Corporate Governance Committee to return the attached copy letter signed on their behalf to indicate that it is in accordance with the Committee's understanding.



1 Our responsibilities as auditor

1.1 Annual financial reports

Our responsibility is to conduct our audit in accordance with Australian Auditing Standards and report to the Company's members whether in our opinion:

- the annual consolidated financial reports comply with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Group's financial position as at 30 June 2021 and of their performance for the year ended 30 June 2021; and
 - complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- the Remuneration Report in the Directors' Report complies with Section 300A of the *Corporations Act 2001*.

There may be circumstances where additional reporting obligations may arise from the Act or where our report may differ from the wording stated above. We cannot provide assurance that an unmodified opinion will be issued.

1.2 Interim financial reports - review

We report to the Company's members, based on our review, which is not an audit that we have not become aware of any matter that makes us believe the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended 31 December 2020; and
- complying with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

There may be circumstances where additional reporting obligations may arise from the *Corporations Act 2001* or where our report may differ from the wording stated above. We cannot provide assurance that an unmodified conclusion will be issued.

1.3 Responsibilities as auditors of the Group

As auditors of the consolidated financial report (group auditors), we are responsible for the direction, supervision and performance of the group audit engagement including providing direction to the auditors of the components of the Group (component auditors) and appropriate unrestricted communication between us and the component auditor as we consider necessary in the circumstances. The components may be controlled entities, associates, joint ventures, units or divisions. We may also communicate relevant information, including Confidential Information, to the component auditors including significant developments or common risks and controls.

We report on the group financial report as a whole, not the individual components comprising the entity's operations. We plan the nature and extent of our tests and enquiries at components considering the potential risk of material misstatements and complexity of operations in relation to the group financial report. Procedures (if any) we



perform at components will be less than those necessary to report separately on the components. We will not issue separate opinions or conclusions for components that are controlled entities where management has determined that financial reports are not required unless separately engaged to do so by management.

1.4 Lead auditor's independence declaration

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the Company, its controlled entities and other related parties, rotation of audit partners, business relationships, employment relationships, and the provision of non-audit services. These policies comply with relevant *Corporations Act 2001* and professional body requirements. The lead auditor, as defined in Section 324AF, on the audit engagement will provide for each audit and review a written declaration under Section 307C to the Directors for inclusion in the Directors' Report.

Despite our policies and procedures, on rare occasions we may come across instances of breaches of the Code of Ethics for Professional Accountants (including Independence Standards) ("the Code"). The Code requires that we report to you all such breaches. On the rare instance of a significant breach of the Code, we will continue to report the breach to you with our conclusions on the actions to be taken, or already taken, as soon as possible. Significant breaches are typically those involving members of the audit team. We will report less significant breaches in the Board Report to the Audit and Corporate Governance Committee.

1.5 Other Information

We read and consider, but do not audit or review, the financial and non-financial information in the Group's annual reporting which is provided in addition to the financial report and our auditor's report. This for the purpose of identifying material inconsistencies with the financial report. We now are required to report our responsibilities and the extent of other information we have received prior to our auditor's report date in accordance with Australian Auditing Standard ASA 720 *The Auditor's Responsibilities Relating to Other Information*.

We expect the Directors and/or Management to inform us of all other information expected to be issued in the Group's annual reporting and to provide us with the final version of the other information in a timely manner and, if possible, prior to the date of our auditor's report.

1.6 Key Audit Matters

For audits of listed entities preparing general purpose financial reports, we are required to include key audit matters in our auditor's report. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These key audit matters are addressed in the context of our audit of the financial report as a whole, and we do not provide separate opinions on these matters.

We will communicate potential key audit matters identified with the Directors during the audit and finalise these immediately prior to issuing our auditor's report. If there are no key audit matters to communicate we will communicate this fact.



1.7 Reporting to ASIC

We must report in writing under Section 311 to ASIC, as soon as practical, and in any case within 28 days of becoming aware of the circumstances, if we have reasonable grounds to suspect that in relation to the *Corporations Act 2001*: a significant contravention to the Act has occurred; and/or a contravention which is not significant has occurred but has not been or will not be adequately dealt with by commenting on it in our audit or review report or by bringing it to the attention of the Directors.

We must also report if we are aware of circumstances that amount to an attempt, by any person to: unduly influence, coerce, manipulate, or mislead a person involved in the conduct of the audit; or to otherwise interfere with the proper conduct of the audit.

1.8 Equity accounted investments

We expect management to facilitate access to appropriate financial information regarding equity accounted investments to enable us to complete our audits or reviews. We discuss with management the procedures we consider necessary, including communication with the other entity's auditors. Where we are unable to access appropriate financial information we may need to modify our opinion.

1.9 Termination of engagement

If our engagement is terminated, you authorise us to discuss the Company's and the Group's affairs with our successors, in accordance with professional standards and guidance, including Confidential Information.

1.10 Attendance and questions at the Annual General Meeting (AGM)

We will attend the Company's AGM and respond to questions which you have passed onto us, or which are raised at the meeting, that we consider to be relevant to the content of our audit report or the conduct of the audit of the annual financial report.

2 Directors' responsibilities

Directors and other officers of the Company and each of the entities in the Group have specific responsibilities under the Act.

Directors and other officers of the Company and of each of the entities in the Group are responsible for the preparation of the financial report. This includes responsibility for such control as they consider necessary to prepare a financial report that is free of material misstatement whether due to fraud or error. Such internal controls reduce but do not eliminate the risk of misstatements in the financial report from fraud or error. Directors and other officers assume responsibility for such risk. Whilst the conduct of an audit or review may act as a deterrent against fraud or error, we cannot be held responsible for not preventing fraud and error.

Directors are responsible for assessing the Group'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 and Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Directors and other officers of the Company and of each of the components, including those which are not controlled entities, are responsible for disclosing their knowledge of known or suspected: fraud or non compliance with laws or regulations that could materially affect the financial report; or communications from regulatory authorities relating to financial reporting practices, except to the extent that Section 1317AE would prevent them from doing so.

We expect Directors and management to advise us of any known material and/or contentious issues relating to preparation of the financial reports.

Management is responsible for adjusting the financial reports to correct identified material misstatements. We provide management with a summary of any uncorrected misstatements we identify and request management to confirm in writing that the effects of any uncorrected misstatements are immaterial both individually and in aggregate, to the financial reports taken as a whole. We are also required to communicate any misstatements uncorrected by management to those charged with governance and request that they be corrected.

We expect management of the Company and each of the entities in the Group to provide us with access to all information of which they are aware that is relevant to the preparation of the financial report, including records, documentation and other matters, additional information that we may request from management for the purpose of the audit and unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. Where a component is not a controlled entity, we expect management to facilitate access to component management and auditors.

3 Scope

3.1 Audit

Our audits are conducted in accordance with Australian Auditing Standards, including complying with relevant ethical requirements relating to audit engagements and planning and performing the audits to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial report.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that some material misstatements may remain undiscovered.

In making our risk assessments, we consider internal controls relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Group's internal controls. We also conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty



exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

An audit is planned and performed to obtain reasonable assurance that financial reports are free of material misstatement, whether caused by fraud or error. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. There is a risk that material errors and fraud (including fraud that may be an illegal act) may exist and not be detected by an audit performed in accordance with Australian Auditing Standards.

If under Section 295(3) (c) additional information is included in the financial report to give a true and fair view we will undertake additional procedures in order to form our opinion on whether the additional information included was necessary. These procedures may include seeking legal advice.

3.2 Review

The Directors have elected to not have an audit of the interim consolidated financial report. Accordingly, we will review the interim consolidated financial report in accordance with Australian Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures and does not, ordinarily, require corroboration of the information obtained. The scope of our review of the interim financial report is substantially less than the scope of an audit conducted in accordance with Auditing Standards whose objective is the expression of an opinion regarding the interim financial report and accordingly, we shall express no such opinion.

A review of the interim financial report does not provide assurance that we shall become aware of all significant matters that might be identified in an audit. Further, our engagement cannot be relied upon to disclose whether fraud or errors, or illegal acts exist. In conducting the review, we comply with the ethical requirements relevant to the audit of the annual financial report of the Group and will continue to fulfil all of our responsibilities in our capacity as auditor.

3.3 Reporting to Directors and management

We inform the Directors, Audit and Corporate Governance Committee and/or management, as appropriate, about any misstatements, material errors, instances of fraud or illegal acts and material weaknesses relating to internal control and accounting procedures we identify, except to the extent that Section 1317AE would prevent us from doing so. Unless otherwise agreed with management, our procedures are not designed to identify other matters that may be appropriate to report to management. However, we report other matters identified that we believe should be brought to the Directors' or management's attention, or that we identified no such matters. Our prior written consent is required before such reports are distributed outside of the Company and its controlled entities.

Directors and management should not assume that reports from us indicate that there are no additional matters they should be aware of in meeting their responsibilities.



3.4 Management representations

We are required by auditing standards to request management to make certain written representations and to provide written confirmation of significant oral representations concerning the financial reports. We also request management to make certain written representations in relation to other information contained within the Group's annual reporting.

4 Use of reports

Except for the lead auditor independence declaration made under Section 307, which may only be included in the Directors' report, our prior written consent is required before our name is quoted in any material other than annual or half-year financial reports.

The definitive version of an audit report is one bearing our original manuscript signature or one to which we have affixed our signature by the use of a secure authenticated electronic signature tool.

Our reports may be attached to website versions of financial reports only when the financial reports are published in their entirety and are not linked to other sections of the web site containing information that is not dealt with by our reports.

5 Engagement team

Engagement team details are set out in the Proposal for provision of External Audit services for Crown Resorts dated 12 June 2020.

6 Timetable

Section 319 requires annual financial reports to be lodged with ASIC or the ASX as agent of ASIC within three months after the end of the financial year. For half-years the deadline for lodgement is two months. Specific details of the agreed timetable are set out in our Annual Arrangements Letter.

7 Fees

Our Fees are based on the time spent and level of expertise of those KPMG personnel assigned to the engagement and is exclusive of additional charges for Goods and Services Tax, out of pocket expenses and a [REDACTED]

[REDACTED] Fees and Expenses are charged as set out in the Annual Arrangements Letter marked for the attention of the Chair of the Audit and Corporate Governance Committee.

If additional reporting obligations arise as a result of this engagement additional Fees to meet these obligations are determined based on time spent by us and charged at hourly rates.



8 COVID-19

COVID-19 has the potential to materially and adversely affect our ability to provide the Services under the Agreement.

Each party will co-operate with the other in implementing reasonable mitigation measures to enable us to perform the Services in a way that seeks to limit the risk or potential impact related to COVID-19.

If the performance of the Services is delayed or otherwise adversely affected by COVID-19 or any circumstances related to COVID-19 (including, without limitation, unavailability of personnel), we will not be liable for any failure to perform the Services and the time for performance of the Services will be extended by any such reasonable period as is advised by us.

If COVID-19, or any circumstances related to COVID-19, result in the parties being unable to put in place service performance mitigation measures that we consider appropriate or we conclude that we are not able to perform the Services, either party may terminate the Agreement by providing 5 business days' notice in writing.

9 Terms and conditions of business

The terms and conditions in relation to our engagement are attached in Appendix 1. This engagement letter and the Annual Arrangements Letter, together with these KPMG terms and conditions of business and (if any) all other appendices (together called 'this Agreement') will apply to all work KPMG undertakes for you with respect to this engagement. Please read this Agreement carefully.

The following amendments to the Terms and Conditions will apply for this engagement only:

10 KPMG Clara

In an effort to enhance timely and efficient provision of the professional services specified in the Engagement Letter ("Services"), KPMG offers a collaborative, virtual workspace in a protected online environment, which allows you and KPMG to share engagement related information, knowledge and deliverables ("KPMG Clara").

The KPMG Clara Terms and Conditions and KPMG Clara Security Statement attached as Appendix 2 are incorporated into and form part of this letter ("the Terms"). Use of KPMG Clara by you and your Authorised Users is conditional on acceptance of this letter. This letter and the Terms apply solely to the use of KPMG Clara by you and your Authorised Users, and do not affect KPMG's obligations with respect to our Services.

Please return the attached signed copy of this letter to confirm your acceptance of the Terms.



Crown Resorts Limited
Engagement as auditors under the Corporations
Act 2001
4 December 2020

1

11 General matters

We will be pleased to provide any additional services that may be required from time to time, provided such services do not impair our independence. Should further work be required over and above such work, separate terms of engagement will need to be agreed.

We look forward to the continuation of our association with the Company.

Please do not hesitate to contact us if you require clarification of the above matters

Yours sincerely,

A handwritten signature in blue ink that reads 'KPMG'.

KPMG



Rachel Milum
Partner

Enclosures:

Acknowledgment copy

Appendix 1: KPMG Terms and Conditions of Business

Appendix 2: KPMG Clara Terms and Conditions



Crown Resorts Limited
*Engagement as auditors under the Corporations
Act 2001*
3 December 2020

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Acknowledgment

The terms and conditions of the above engagement letter and Appendix 1 have been read and understood by the Audit and Corporate Governance Committee and I am authorised on behalf of the Audit and Corporate Governance Committee to accept them for and on behalf of Crown Resorts Limited and its controlled entities.

Signed:

Name:

Position:

Date:



1. Introduction

- 1.1. This Agreement governs the provision of the Services.
- 1.2. You can accept this Agreement as described in our engagement letter, or by continuing to instruct us in relation to the Services. This Agreement applies to all Services, including those provided prior to such acceptance.

2. Our Services

- 2.1. We may engage Assisting Parties to assist us in performing the Services.
- 2.2. Unless expressly specified in the engagement letter, the Services are not performed in accordance with any auditing, review or assurance standards, and the use of the terms "audit", "assurance", "review" or similar in any materials, including the engagement letter or any Deliverable, or in any other form, whether express or implied, written or verbal, is not intended to suggest otherwise. The Services do not include the provision of legal advice or services.
- 2.3. We may provide services to persons whose interests compete or conflict with yours, provided that where we determine that the provision of such services gives rise to a specific and direct conflict of interest we will put in place appropriate ethical dividers.

3. Information and access provided by you

- 3.1. You agree to promptly provide us and any Assisting Parties with all relevant assistance, information, access to personnel, systems, technology, equipment and other materials, as well as safe access to premises, reasonably required by us to provide the Services.
- 3.2. We will rely on the accuracy and completeness of Your Materials and we will not verify it. You must notify us in writing of any changes to Your Materials that may affect our Services.
- 3.3. In providing the Services, we will only be regarded as having or knowing information provided to or known by the Personnel providing the Services. This is the case even if other Personnel have separately been provided with or know additional information.
- 3.4. We may Use information obtained in performing the Services:
 - a) for Business Purposes, provided that any output is anonymised or aggregated so that no Personal Information or information relating specifically to you is reasonably identifiable; and
 - b) in order to identify and mitigate any quality, conduct or risk management issue.

4. Use of our Services

- 4.1. Any Deliverable is for your sole use and benefit and may only be used for the purposes set out in this Agreement or otherwise agreed by us in writing. Subject to clauses 6.2 and 6.3, you may not provide any Deliverable to a third party, or use our name, logo or trademarks in any marketing, promotional material or other publication, unless required by law or with our prior written consent.
- 4.2. We will not update the Deliverables after we have delivered them in final form, and will not be responsible for any changes you make to them without our prior written consent.
- 4.3. You are responsible and accountable for managing your business and affairs and deciding what to do after receiving the Services, including whether to implement our advice or recommendations and complying with laws and regulations that affect you.

5. Our fees

- 5.1. You agree to pay:
 - a) our fees as set out in the engagement letter and any reasonable expenses incurred in connection with the Services;
 - b) our technology and administration charge (being [REDACTED]); and
 - c) where applicable, compliance charges as detailed in clause 5.4.
- 5.2. Our fees, expenses and charges are exclusive of GST (unless stated otherwise). In addition to the amount payable, you must pay us any GST applicable to any Taxable Supplies we make, and we will provide you with tax invoices for those supplies.
- 5.3. You agree to pay our fees, expenses and charges, plus any applicable GST, within 14 days from the date of issue of our invoice.
- 5.4. If we are required by law or by reason of any judicial, regulatory, professional or administrative process to produce documents, provide information or give evidence in connection with the Services, or if we determine it is necessary to investigate any matter disclosed to us as an Eligible Recipient, you agree to:
 - a) pay for the time spent by us at our then-current rates, and any expenses incurred by us, in complying with that requirement, except where a claim or regulatory action is against us; and

- b) promptly cooperate with us, including providing any consent, to the extent necessary for us to comply with that requirement.

6. Confidentiality and IP

- 6.1. Each party will keep the other's Confidential Information confidential and use it only for the purposes permitted in this Agreement, including performing or receiving the Services. Each party will protect the other's Confidential Information as it would protect its own, using at least a reasonable standard of care.
- 6.2. Each party may disclose the other's Confidential Information:
 - a) to its legal advisers and external auditors;
 - b) where we are the recipient of the Confidential Information:
 - i. to any Assisting Party;
 - ii. to our insurers, professional advisers or financiers;
 - iii. to the extent necessary for us or Personnel to comply with applicable professional and ethical standards or codes, or where we are required to do so by a regulatory or disciplinary body; or
 - iv. in accordance with clause 3.4;
 - c) to the extent required by law; or
 - d) with the prior written consent of the disclosing party.
 Except for disclosure under paragraphs (b)(iii), (b)(iv) or (c), the recipient must ensure that any person to whom it makes a disclosure is required to keep the Confidential Information confidential on substantially the same basis as this clause 6.
- 6.3. Notwithstanding any other provision of this Agreement, where the Services are tax services and either:
 - a) you are:
 - i. an entity that is registered with the United States Securities and Exchange Commission (an **SEC Registrant**); or
 - ii. an affiliate of an SEC Registrant, that is audited by a Member Firm; or
 - b) the Services involve providing advice on a transaction or event, the consequences of which may be reflected on a US tax return, you may disclose to any third party any part of the Deliverables that relate to the tax treatment and structure of any transaction to which the Services relate (**Tax Deliverables**).
- 6.4. Where clause 6.3 is applicable:
 - a) you must promptly notify us of who the Tax Deliverables have been disclosed to and any confidentiality conditions imposed at any time in relation to those Tax Deliverables; and
 - b) if you disclose any Tax Deliverables to any third party you must (where legally permissible to do so and prior to disclosing any Tax Deliverables) notify the recipient in writing and obtain the recipient's written acknowledgement that the recipient may not: (i) rely upon the Tax Deliverables; and (ii) hold Member Firms liable for any liability arising in connection with the Services. You must promptly provide us with a copy of the written acknowledgement.
- 6.5. We may use and disclose:
 - a) knowledge, experience and skills of general application gained through the provision of the Services; and
 - b) your name, contact details, logo and a description of the Services for marketing purposes.
- 6.6. We own our internal working documents and we or our licensors own, or have appropriate rights relating to, all intellectual property rights in the Services. We grant you a non-exclusive, non-transferable, royalty-free licence to use the Deliverables as described in clause 4.1.
- 6.7. This Agreement does not affect the ownership of any intellectual property rights in Your Materials. You grant us a non-exclusive, non-transferable, royalty-free licence to Use Your Materials as described in this Agreement, including to provide the Services. You must ensure Use of Your Materials in accordance with this Agreement does not infringe the rights of any third party.

7. Privacy

- 7.1. We may Use (including disclosing to persons located outside Australia) Personal Information as set out in our privacy policy at www.kpmg.com.au.
- 7.2. You agree to provide all necessary notifications and obtain any necessary permissions or consents in connection with our Use of Personal Information or Confidential Information as contemplated by this Agreement.



8. Liability

- 8.1. Where any scheme approved under professional standards legislation applies to any Services, our liability in relation to the Services to which the scheme applies is limited in accordance with the scheme.
- 8.2. Where clause 8.1 does not apply, to the extent permitted by law our maximum aggregate liability is limited to the lesser of 10 times the fees paid by you for the Services or \$20 million.
- 8.3. To the extent permitted by law, we are not liable for any: (a) indirect or consequential loss or damage; or (b) loss of or damage to business, goodwill, or reputation; loss of revenue or profits; loss of, damage to, or unauthorised access to data; or business interruption.
- 8.4. If a guarantee or other provision is implied or imposed by law in connection with the Services or this Agreement, and we are permitted to do so, our liability for breach of that guarantee or other provision is limited to one or more of the following at our option:
 - a) in the case of goods: the replacement or repair of the goods or the supply of equivalent goods; or the payment of the cost of replacing or repairing the goods or acquiring equivalent goods; and
 - b) in the case of services: the re-supply of the services; or the payment of the cost of having services re-supplied.
- 8.5. This clause 8 applies to any claim or liability in connection with the Services or this Agreement, regardless of the basis on which it arises, whether in contract, tort (including negligence), under statute or otherwise.
- 8.6. You agree not to bring any claim against any Member Firms (other than us) or Personnel in connection with any Services they perform which fail to meet the requirements of the Agreement. You acknowledge that damages are unlikely to be an adequate remedy for your breach of this clause 8.6, and we may enforce this clause 8.6 on behalf of other Member Firms and Personnel.

9. Suspension and termination

- 9.1. We may suspend the Services for so long as: any fees payable by you are overdue; you fail to provide us with assistance, information or access required under clause 3; or there is a dispute the subject of clause 10.
- 9.2. Either party may terminate this Agreement immediately by written notice to the other if: the other materially breaches this Agreement and fails to remedy that breach on 14 days' notice; the other becomes insolvent; or the Services are suspended for more than 21 days under clause 9.1.
- 9.3. We may also terminate this Agreement immediately by written notice if, in our reasonable opinion, our provision of Services:
 - a) does or would breach or is inconsistent with any applicable laws, regulations, professional or ethical standards or codes or internal directions or policies (including any requirements relating to independence);
 - b) has the potential to bring us into disrepute; or
 - c) may expose Personnel to unreasonable physical or personal risk.
- 9.4. Termination does not affect any accrued rights of either party, including your obligation to pay our fees, expenses and charges for work performed up to the effective date of termination.

10. Dispute Resolution

- 10.1. If any dispute arises in connection with this Agreement or Services (**Dispute**):
 - a) the party raising the Dispute must notify the other party of the Dispute, with sufficient detail to enable the dispute to be considered (**Dispute Notice**); and
 - b) the parties must engage in confidential senior level negotiations with a view to resolving the Dispute.
- 10.2. If a Dispute has not been resolved within 14 days after the Dispute Notice is given, the parties agree to refer the Dispute to mediation, as soon as practicable, in accordance with such rules as the parties may agree, or failing such agreement, as specified by the President of the Law Society of New South Wales.
- 10.3. If a Dispute has not been resolved following mediation, the Dispute must be referred to arbitration conducted in English, in Sydney and in accordance with the ACICA Arbitration Rules. The number of arbitrators will be one if the amount in Dispute is under \$10 million or three if the amount in Dispute is \$10 million or more.
- 10.4. In making an award in the arbitration, the tribunal must:
 - a) determine the rights and liabilities of the parties in the same way as if Proportionate Liability Legislation applied to each claim in the arbitration, irrespective of whether or not the tribunal is

otherwise bound or entitled to apply Proportionate Liability Legislation and whether or not the claim is an apportionable claim under Proportionate Liability Legislation;

- b) in so doing, have regard to the comparative responsibility of the parties to the arbitration and of any concurrent wrongdoer who is not a party to the arbitration; and
- c) give full effect to this clause notwithstanding any provisions in Proportionate Liability Legislation which express a contrary intention or which are inconsistent with this clause, and notwithstanding the inability of the parties in the arbitration to join any concurrent wrongdoers in the arbitration.

It is the intent of this clause to apply proportionate liability to all claims within the arbitration, even if they would not be subject to proportionate liability if made in court.

- 10.5. No court proceedings may be commenced in relation to a Dispute other than in accordance with section 34A of the *Commercial Arbitration Act 2010* (NSW) or to seek Urgent Relief.

11. Collaboration Tools

- 11.1. In connection with the supply of the Services, we may offer access to third party tools such as collaboration, data visualization and online reporting tools (**Tools**), some of which may be hosted offshore. Unless we provide Tool-specific terms and conditions, where we grant you access to a Tool the terms set out at www.kpmg.com/au/collabtools-terms apply, and you agree to comply with those terms. We may change those terms by providing you 30 days' notice, or such shorter period as we may reasonably require. If you do not accept those changes you must cease using the Tools.

12. General

- 12.1. This Agreement is governed by the laws of New South Wales and subject to clause 10 the parties unconditionally submit to the exclusive jurisdiction of the courts sitting in New South Wales.
- 12.2. This Agreement does not limit or exclude any liability of a party that cannot be excluded or limited by law.
- 12.3. Subject to clause 12.2 this Agreement constitutes the entire agreement between the parties regarding the provision of the Services, and supersedes all previous agreements or understandings relating to the Services. Subject to clause 11, no variation of this Agreement is effective unless agreed by the parties in writing.
- 12.4. If there is any inconsistency between these terms and the engagement letter provided with these terms, the engagement letter prevails.
- 12.5. Clauses 3.4, 4, 5, 6, 7, 8, 9.4, 10, 11, 12 and 13 survive termination or expiry of this Agreement, together with any other clause which by its nature is intended to do so.
- 12.6. Any term of this Agreement which is wholly or partially void or unenforceable is severed to the extent that it is void or unenforceable. The validity or enforceability of the remainder of this Agreement or term is not affected.
- 12.7. Neither party will be liable for any failure to perform its obligations (other than an obligation to pay) under this Agreement to the extent that performance is delayed, prevented, restricted or interfered with for any reason beyond the reasonable control of that party.
- 12.8. Nothing in this Agreement is intended to constitute a fiduciary relationship, relationship of employment, or an agency, partnership, franchise or trust.
- 12.9. A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- 12.10. The term "including" is not a term of limitation.
- 12.11. We:
 - a) will perform the Services in accordance with our Human Rights Policy, available at www.kpmg.com.au;
 - b) are undertaking an ongoing process to identify Modern Slavery risks in our operations and supply chain; and
 - c) will report on the Modern Slavery risks in our operations and supply chain in our annual modern slavery statement, in accordance with our obligations under the Modern Slavery Act.
- 12.12. The supply of the Services may involve us receiving a percentage-based referral fee or value added commission.

13. Definitions

Agreement means these terms and the engagement letter provided with these terms.

Assisting Parties means (i) Member Firms; and (ii) our third party



contractors and suppliers, including those who assist us in performing the Services and those engaged to facilitate and support Member Firms' businesses.

Business Purposes means to enable Member Firms, including with the assistance of Assisting Parties: (i) to provide and enhance services and deliverables to clients (including you); (ii) to develop thought-leadership, expertise and know-how; and (iii) to derive non-attributable insights and provide benchmarking services.

Confidential Information means information disclosed in connection with this Agreement which by its nature is confidential, is designated as confidential, or which the recipient knows or reasonably ought to know is confidential, but does not include information that is in the public domain without a breach of confidence, is obtained from a third party without an obligation of confidence, or is independently developed without breach of this Agreement.

Deliverable means any advice, recommendation, information or other deliverable made available to you in any form, whether electronic, digital, hard copy or otherwise (including any draft).

Eligible Recipient has the meaning given to that term in the *Corporations Act 2001* (Cth) and the *Taxation Administration Act 1953* (Cth).

Entity means an organisation of any nature (whether incorporated or not) including any partnership or company.

KPMG Global Organisation means, as applicable, any or all of: KPMG International Limited (an English company limited by guarantee); KPMG International Services Limited (an English company limited by guarantee); KPMG International Cooperative (a Swiss entity); and their respective subsidiaries.

Member Firms means us, KPMG Global Organisation, and any Entities that are: (i) members of KPMG Global Organisation (**Members**); (ii) parties to a participation agreement which permit to be part of the KPMG network (**Sublicensees**); or (iii) directly or

indirectly, wholly or dominantly owned or controlled by any Member, Sublicensee or KPMG Global Organisation.

Modern Slavery means conduct defined as "modern slavery" in the Modern Slavery Act.

Modern Slavery Act means the *Modern Slavery Act 2018* (Cth).

Personal Information has the meaning given to that term in the *Privacy Act 1988* (Cth).

Personnel means the partners, officers, employees, contractors, secondees and agents of us and our Assisting Parties.

Proportionate Liability Legislation means any legislative provisions relating to proportionate liability which are applicable to a claim, which would be applicable to the claim if it were made in a court, or which would be applicable to the claim if it were an apportionable claim.

Services means the services and Deliverables that we provide to you in connection with the engagement letter.

Taxable Supplies has the meaning given to that term in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Urgent Relief means urgent injunctive, interlocutory or declaratory relief in respect of a Dispute or the enforcement of a payment due under this Agreement.

Use means collect, use, access, modify, transfer, sublicense and disclose.

We, us (or derivatives) means the KPMG contracting party identified in the engagement letter, except in clauses 3.4, 5.4, 6.5, 8.1, 8.2, 8.3, 8.4 and 9.3(b) where they mean Member Firms.

Your Materials means any information, materials, systems, technology or equipment provided or made available to us by you or by third parties on your behalf in the performance of the Services.



KPMG CLARA Terms & Conditions

This document sets out KPMG CLARA's Terms and Conditions. It sets out our respective responsibilities, rights and obligations.

1. We employ commercially reasonable security measures to protect your KPMG CLARA site and the information stored therein. We employ the following measures to limit the potential for intrusions, loss of information and/or other risks:
 - Limited access - Access to your KPMG CLARA site is limited to persons identified on an approved user list. This list is limited to select KPMG professionals and your officers and employees involved in the Engagement ("Authorised Users").
 - Protected Infrastructure - Authorised Users can only gain access to the KPMG CLARA site by providing their user name and password.
 - Protected Architecture - KPMG CLARA is located on a server in a secured environment.
 - Where KPMG CLARA contains links to third party web sites over which KPMG has no control, we make no representations or warranties regarding the content of such site and do not guarantee that such third party web sites will be free from viruses.
 - Data located in KPMG CLARA site will be stored on a server located in Singapore. You agree that information relating to you or that you provide to us, including confidential information and Personal Information (as defined in the *Privacy Act 1988* (Cth)), may be transferred, stored and accessed by third party service providers performing administrative and clerical tasks and located within Australia or outside Australia in one or more of the countries referred to in our Privacy Policy available at www.kpmg.com.au.
2. We grant to you a non-exclusive, royalty free limited and revocable license to access and use, and permit your Authorised Users to use KPMG CLARA and to access the content posted on KPMG CLARA solely for the purpose of the Engagement. You will promptly notify us of any Authorised User who should no longer have access to KPMG CLARA.
3. You acknowledge that SharePoint is the property of Microsoft Corp. KPMG International Cooperative has been granted a license from Microsoft Corp. to use SharePoint, on which KPMG CLARA has been built as an application that KPMG International own the rights to, and, amongst other things, to make it available for use by KPMG member firms and to permit such member firms to make it available for use by their clients. You acknowledge that except for the limited license granted to you by us, you acquire no right or interest of any kind in or to KPMG CLARA or any KPMG Content. You agree not to license, sell or otherwise profit from KPMG CLARA. You also agree not to disassemble, reverse engineer or in any other way modify KPMG CLARA and not to hack into or otherwise attempt to access other areas of KPMG CLARA or the KPMG Network to which it has not been granted access.
4. If KPMG's relationship with you terminates for any reason, the use of KPMG CLARA by your Authorised Users will immediately terminate and we will deactivate or delete related User accounts, unless otherwise required by applicable law or professional standards to maintain such accounts.
5. We reserve the right to terminate your access to KPMG CLARA for any reason including in the event KPMG becomes aware of any unauthorised use of KPMG CLARA by your Authorised Users or breach by your Authorised Users of the terms and conditions herein. Upon such termination of access, you shall immediately take all necessary steps to cease further use of KPMG CLARA by your Authorised Users.
6. You agree not to provide access to KPMG CLARA to any person other than your Authorised Users and will promptly notify us if you become aware of any event or action which might reasonably impair KPMG CLARA's security.
7. Your agents, contractors and professional advisers may be granted access to KPMG CLARA with our prior written permission, which can be withheld in our sole discretion. If we permit your agents or contractors to have access, they will be required to agree to these KPMG CLARA Terms and Conditions and shall be deemed an Authorised User.
8. You agree to comply with all KPMG security, technology and risk management policies, rules, and guidelines relating to the use of KPMG CLARA that KPMG has provided in writing to you from time to time. If you do not agree to new or changed policies, then you will immediately advise KPMG and KPMG may, in its sole discretion, terminate your use of KPMG CLARA. You further agree to promptly notify KPMG if you become aware of any event or action which might reasonably impair KPMG CLARA's security, such as improper access to the password of an Authorised User. You acknowledge the Security Statement attached below as item B.
9. Both the company and KPMG acknowledge and agree that they are exclusively responsible for all content posted on KPMG CLARA by their Authorised Users. Each party will ensure that all such content for which it is responsible complies with all applicable laws, regulations and authority; that the content is not defamatory or indecent; and that the content will not infringe the intellectual property or data privacy rights of any third party.
10. By posting content on KPMG CLARA, each party consents to the use and sharing (including across national borders) of such content for any legitimate purpose relating to the Engagement. In relation to any content provided by your Authorised Users, you warrant that you have given all necessary notifications and obtained all necessary consents and licenses to enable:
 - a) you to disclose that content to us; and
 - b) you and us to transmit the personal information on KPMG CLARA from Australia to Singapore.
11. You acknowledge that we may disclose any and all content on KPMG CLARA to the extent we are bound to comply with any law.
12. You acknowledge that access to KPMG CLARA may be suspended, limited, denied or disabled at any time and that content contained in KPMG CLARA may not be recoverable. You are responsible for ensuring that your Authorised Users retain copies of all content posted by them on KPMG CLARA. KPMG has no responsibility for recovering or providing to you any documents or content contained in KPMG CLARA.
13. If you breach any of your obligations under these terms and conditions and any claim is made or threatened against a KPMG Party by a third party, (including claims that content posted by your Authorised Users infringes the intellectual property rights of third parties), you shall indemnify the KPMG Party, and reimburse the KPMG Party for, and protect the KPMG Party against, any loss, damage, expense or liability incurred by the KPMG Party which results from or arises from or is connected with any such breach and any such claim. If any payment is made by you under this clause you shall not seek recovery of that payment from the KPMG Party at any time. In this clause "you" includes all Authorised Users and "the KPMG Party" includes each and all partners, members, directors, employees and agents of the KPMG Party together with any entity controlled by or associated with the KPMG Party.
14. The following words or phrases used in these terms have the meanings set out in this clause:
 - Engagement** means the Services or Purpose described in the letter incorporating these Terms by reference.
 - KPMG** means the Australian Partnership of KPMG or any of its associated entities (as defined in section 50AAA of the *Corporations Act 2001* (Cth)).
 - KPMG Content** means content posted on KPMG CLARA by a KPMG.
 - KPMG Party** means KPMG and KPMG International Cooperative.

KPMG CLARA Security Statement

1. The KPMG CLARA application is a collaboration tool provided by KPMG International Cooperative (along with KPMG Australia engaged by you, collectively herein, "KPMG") that allows a group of users to access a virtual data repository for the purpose of sharing information and engaging in online discussions.
2. KPMG acknowledges the importance of maintaining effective controls over the confidentiality of the information contained in KPMG CLARA, and has therefore taken certain steps to provide protection against unauthorised access. KPMG CLARA is configured to utilise complex password for user authentication, firewalls to control access to the system, and encryption to secure data transmissions.
3. You are responsible for ensuring that Authorised Users take appropriate measures to prevent unauthorised users from gaining access to the environment, including not disclosing or sharing their user names or passwords with any other person.
4. Based on the user's browser configuration, users will be able to utilise features such as rich-text editing, uploading, downloading, editing and reserving files. We cannot guarantee or provide any warranty against incompatibility with, disruption of, or damages to, the user's computer caused by the user's browser configuration, and further disclaim any and all warranties with respect to any reliance on the performance of the user's browser with KPMG CLARA.
5. There are inherent risks associated with information transmission over the Internet and the technical processes involved in such transmissions. Therefore, KPMG is not responsible for any breach of security of KPMG CLARA or loss of data or confidentiality arising from any unauthorised use of KPMG CLARA. Although we take reasonable steps to maintain the continuity of KPMG CLARA, we cannot guarantee and do not accept any liability for any suspension, interruption, temporary unavailability of KPMG CLARA.
6. We do not guarantee that KPMG CLARA will be free from viruses, and are not responsible for any damage caused by viruses. Users are advised to use appropriate anti-virus software.



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Toni Korsanos
Chair of the Audit and Corporate Governance
Committee
Crown Resorts Limited
Level 3, Crown Towers
8 Whiteman Street
Southbank VIC 3006

4 December 2020

Dear Toni,

Annual arrangements letter for financial year ending 30 June 2021

This letter provides more details in relation to our audit of Crown Resorts Limited (the Company) and its controlled entities (the Group) for the financial year ending 30 June 2021. It supplements our Agreement with you as set out in the Engagement Letter dated 4 December 2020 and our Terms and Conditions of Business. Please arrange for the attached copy letter to be signed on behalf of the Company, to indicate that it is in accordance with your understanding, as it forms part of our Agreement with you.

1 Audit Plan and key dates and deliverables

Our audit plan, key dates and deliverables for the financial year ending 30 June 2021 will be communicated to the Audit and Corporate Governance Committee in due course.

2 Scope

All controlled entities and the scope of our engagement are as detailed in Appendix One unless you notify us to the contrary.

While this letter may make reference to the related fees, the scope of these engagements are detailed in the respective engagement letters.

3 Release of electronic logo and signature

We will provide you with an electronic version of the KPMG logo and Rachel Milum's KPMG and personal signature (Electronic Logo and Signature) in order for you to



Crown Resorts Limited
 Annual arrangements letter for financial
 year ending 30 June 2021
 4 December 2020

1

reproduce our audit report, which will be prepared in accordance with the Engagement Letter dated 4 December 2020 (Audit Report), in Crown Resorts Limited's financial report for the year ended 30 June 2021 (Permitted Purpose).

We agree to provide you with the Electronic Logo and Signature for the Permitted Purpose on the condition that you acknowledge and agree that:

- the definitive version of our Audit Report is the one bearing our original manuscript signature or the one to which we have affixed our signature by the use of a secure authenticated electronic signature tool
- you will not use the Electronic Logo and Signature for any purpose other than the Permitted Purpose
- you will keep the Electronic Logo and Signature strictly confidential and only disclose them to officers and employees of Crown Resorts Limited who have a need to know for the Permitted Purpose
- you shall immediately destroy all copies of the Electronic Logo and Signature upon our request or upon completion of the Permitted Purpose, whichever occurs first
- we shall retain final editorial control over the way in which the Audit Report, including the Electronic Logo and Signature, are represented in the financial report. In particular, KPMG must be provided with a final draft of the financial report including the Audit Report for review and approval prior to publishing
- you shall electronically secure the Audit Report appearing in the final published financial report so that any ability to copy any part of it is disabled, and
- to the maximum extent permitted by law, we are not responsible to you or any other party for any loss you or any other party may suffer in connection with your use of the Electronic Logo and Signature in breach of the terms and conditions outlined in this letter.

4 Fees

Our agreed fees for the year ending 30 June 2021, exclusive of the Goods and Services Tax, out of pocket expenses and a Technology and Administration Charge (██████████). Our fee is in relation to the entities and scoping set out in Appendix One.

An analysis of the composition of this fee, and the factors considered in determining the fee, was detailed in our proposal for the provision of External Audit services (our Proposal).

4.1 Assumptions

Our agreed fee and assignment of professional staff is based on our understanding of the engagement and its associated timetable as agreed by you. Details of our engagement team and key deliverables are listed in Appendix Two. In preparing our



Crown Resorts Limited
Annual arrangements letter for financial
year ending 30 June 2021
4 December 2020

1

audit fee we have made a number of critical assumptions which are summarised below. Should these assumptions not remain valid, we may be unable to meet your deadlines or deliver the audit for the agreed fee. We will inform you should such issues arise.

We have made a number of critical assumptions being:

- The financial reports are prepared in accordance with the entity's accounting policies which are in accordance with Australian Accounting Standards (principles and disclosure requirements)
- The mutually agreed timetable will be adhered to. We have assigned the necessary resources to meet this timetable however delays in the commencement of the audit caused by Crown or the availability of information will increase our costs and may impact our ability to meet deadlines
- Accounting and other business issues that may impact on our consideration of the financial report will be brought to our attention sufficiently early to allow time for proper research and analysis of accounting options well in advance of the end of the reporting period
- Our fee makes some allowance for the consideration of accounting issues and the review of client prepared accounting papers as disclosed in our Proposal. Our fee does not include the provision of formal written advice on accounting issues. Due to the complexity of Australian Accounting Standards, it may be necessary to engage senior technical specialists in addition to those already disclosed – we will advise you prior to engaging these specialists. Specialist technical staff are charged at standard hourly rates which are substantially higher than the blended average rate reflected in our fee proposal. Information requirements set out in our audit requirements letter will be available in soft copy at the commencement of the audit (or as otherwise agreed)
- Relevant staff will be available during the audit to assist with the provision of explanations and documentation, including if applicable, in relation to components of the group
- We have assumed that management / senior personnel review the pro forma and completed financial reports in detail before being provided to KPMG and that we will review two drafts of the financial reports of each entity for which an audit opinion or review conclusion is to be issued
- We will receive the necessary clearances etc. from other auditors with respect to their work on related entities on a timely basis
- No significant unforeseen events or exceptional circumstances (e.g. significant changes to the nature of your operations or the regulatory environments in which you operate).



Crown Resorts Limited
 Annual arrangements letter for financial
 year ending 30 June 2021
 4 December 2020

1

We will present our final costs to you at the conclusion of the audit together with any proposed adjustment to the audit fee for changes in the scope of our audit procedures.

We will advise Crown in advance of any services to be provided which are outside of scope of the engagement fee.

4.2 Instalment arrangements

The fee amount agreed in respect of the financial year ended 30 June 2021 will be due in accordance with the following table:

Due date	Cumulative percentage	Amount payable
December 2020		
April 2021		
July 2021		

5 COVID-19

COVID-19 has the potential to materially and adversely affect our ability to provide the Services under the Agreement.

Each party will co-operate with the other in implementing reasonable mitigation measures to enable us to perform the Services in a way that seeks to limit the risk or potential impact related to COVID-19.

If the performance of the Services is delayed or otherwise adversely affected by COVID-19 or any circumstances related to COVID-19 (including, without limitation, unavailability of personnel), we will not be liable for any failure to perform the Services and the time for performance of the Services will be extended by any such reasonable period as is advised by us.

If COVID-19, or any circumstances related to COVID-19, result in the parties being unable to put in place service performance mitigation measures that we consider appropriate or we conclude that we are not able to perform the Services, either party may terminate the Agreement by providing 5 business days' notice in writing.



Crown Resorts Limited
*Annual arrangements letter for financial
year ending 30 June 2021
4 December 2020*

We look forward to working with you. Please do not hesitate to contact us if you require clarification of the above matters.

Yours faithfully

A handwritten signature in blue ink that reads 'KPMG'.

KPMG



Rachel Milum
Partner

Enclosures:
Acknowledgement copy
Appendix One



Crown Resorts Limited
*Annual arrangements letter for financial
year ending 30 June 2021
4 December 2020*

1

Acknowledgment

The arrangements included in the above letter have been read and understood and I am authorised to accept them for and on behalf of Crown Resorts Limited.

Signed:

Name:

Position:

Date:



Crown Resorts Limited
 Annual arrangements letter for financial
 year ending 30 June 2021
 4 December 2020

1

Appendix One

The controlled entities covered by our procedures for the year ending 30 June 2021 are:

Audit and review opinions		
Entity	Scope	Period
Crown Resorts Limited	Public	30 June year end
		31 December half-year

Other controlled entities:

Significant controlled entities and those that are party to a Deed of Cross Guarantee with the parent entity are set out below as disclosed in Note 29 of 30 June 2020 annual report. Note: KPMG will continue to monitor with management the legal entity structure of the Group pursuant to the applicable accounting standards. All of Crown Resorts Limited controlled subsidiaries are subject to this Annual Arrangements letter:

Artra Pty Ltd Australia
 Aspinall's Club Limited
 Betfair Pty Ltd
 Betfair Australasia Pty Ltd
 Burswood Limited
 Burswood Nominees Ltd
 Burswood Resort (Management) Ltd
 Capital Club Pty Ltd
 Club Gaming Pty Ltd
 Crown Asia Investments Pty Ltd
 Crown Australia Pty Ltd
 Crown Capital Golf Pty Ltd
 Crown Cyprus Pty Ltd
 Crown CCR Group Holdings One Pty Ltd
 Crown CCR Group Holdings Two Pty Ltd
 Crown CCR Group Holdings General Partnership
 Crown CCR Group Investments One LLC
 Crown CCR Group Investments Two LLC
 Crown CCR Holdings LLC
 Crown CPS Holdings Pty Ltd
 Crown Digital Holdings Pty Ltd
 Crown Entertainment Group Holdings Pty Ltd
 Crown (Gaming Technology) Holdings Pty Ltd
 Crown Gateway Luxembourg Pty Ltd
 Crown Group Finance Limited



Crown Resorts Limited
*Annual arrangements letter for financial
 year ending 30 June 2021
 4 December 2020*

1

Crown Resorts International Holdings Ltd
 Crown Investment Holdings LLC
 Crown Management Holdings Pty Ltd
 Crown Management Pty Ltd
 Crown Melbourne Limited
 Crown North America Holdings One Pty Ltd
 Crown North America Investments LLC
 Crown Overseas Investments Pty Ltd
 Crown Queensbridge Development Pty Ltd
 Crown Queensbridge Holdings Pty Ltd
 Crown Queensbridge Property (Hotel) Pty Ltd
 100 Crown Queensbridge Property (Residential) Pty Ltd
 Crown Queensbridge Nominees One Pty Ltd
 Crown Queensbridge Nominees Two Pty Ltd
 Crown Sydney Pty Ltd
 Crown Sydney Gaming Pty Ltd
 Crown Sydney Holdings Pty Ltd
 Crown Sydney Property Pty Ltd
 Crown Training Pty Ltd
 Crown US Investments LLC
 Crown UK Investments Ltd
 Crown (Western Australia) Pty Ltd
 Crown (Western Australia) Finance Holdings Pty Ltd
 Crown (Western Australia) Finance Pty Ltd
 DGN Games LLC
 Flienn Pty Ltd
 Gender Fitness Pty Ltd
 Jade West Entertainment Pty Ltd
 Jemtex Pty Ltd
 Melbourne Golf Academy Pty Ltd
 PBL Overseas (CI) Pty Ltd
 PBL (CI) Finance Pty Ltd
 Pennwin Pty Ltd
 Publishing and Broadcasting (Finance) Ltd
 Royal Gaming Pty Ltd
 Renga Pty Ltd
 Sociologic Games Limited



AGENDA ITEM 2:
KPMG F21 Audit Plan



Crown Resorts Limited

External audit plan for the
year ending 30 June 2021

Issued: December 2020



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Toni Korsanos
Chairman, Audit and Corporate Governance Committee
Crown Resorts Limited
Level 3, Crown Towers
8 Whiteman Street
Southbank VIC 3006

4 December 2020

Dear Chair and Committee Members,

Audit Plan for Crown Resorts Limited for the year ending 30 June 2021.

We are pleased to present our first Audit Plan for Crown Resorts Limited ("Crown") and its controlled entities ("the Group") for the year ending 30 June 2021.

We have held introductory and planning meetings with management during November 2020. Our initial assessment of Crown's risks arising from such meetings is reflected in this Audit Plan. We would welcome your views and challenge of these.

Ensuring that we are focused on the key areas of your business

The Group is operating in a challenging environment with the ongoing Inquiry, significant business disruption due to COVID-19, continual evolution of regulatory frameworks and heightened public scrutiny. Our Audit Plan is tailored to reflect our view of the key areas and risks of your business, including:

- An assessment of the impact of recent emerging global risks (i.e. coronavirus) and the impact of potential future risks;
- Monitoring the outcome of the Inquiry with a continual focus on the recommendations and the impact on the Group's audit approach;
- A focus on the Group's ongoing remediation activity and its ability to respond swiftly to the AUSTRAC inquiry;
- Auditing the second year of AASB 9, with continued focus on the recoverability of receivables particularly given the Group's announcement re future dealings with Junket operators; and

- Alignment where possible of our audit approach with the Group's digitalisation journey.

Our audit approach is designed to ensure we issue an high quality, appropriate and independent opinion in compliance with the auditing standards.

Commitment to getting the basics right through transition

Through the transition period and beyond, our commitment is to get the basics right. Transitioning to a new auditor is a significant change and our plan is to minimise disruption.

While there has been some delays to the transition timeline suggested in our proposal due to not engaging early at the request of management until after the FY20 AGM coupled with the COVID-19 lockdown, our highest priorities will continue to include:

- robust review of the EY 2020 Audit file and liaison with that audit team;
- thorough assessment of the Group's internal control environment, including detailed testing of key financial systems and processes;
- timely reporting on, and resolution of, accounting issues;
- diligent independence and compliance management; and
- high quality and timely reporting to the Audit and Corporate Governance Committee.

We look forward to presenting this Plan for discussion on 9 December 2020.

Yours faithfully,

Rachel Milum
Partner

Simon Bramwell
Director

cc: Alan McGregor, Chief Financial Officer
John Salomone, Chief Financial Officer – Australia Resorts



Contents

1.	Executive summary	4
2.	Audit risk matrix	5
3.	Response to key audit risks	6
4.	Audit materiality	7
5.	Global audit scoping	8
6.	Your team and fee	9
7.	Communication and collaboration	10
Appendices		
1.	Audit focus areas and risk drivers	12
2.	Independence	14
3.	KPMG Non-Audit service engagements	15
4.	Fraud risks	16
5.	ASIC focus areas	17
6.	Enhancement of financial disclosures	18
7.	Parliamentary Joint Committee (PJC)	19
	<ul style="list-style-type: none"> • Final Report into Regulation of Auditing in Australia • 10 Recommendations from the PJC Final Report 	

RACHEL MILUM
Lead Partner

Tel: [REDACTED]
Mob: [REDACTED]

SIMON BRAMWELL
Director

Tel: [REDACTED]
Mob: [REDACTED]

2



Executive summary



Our audit

In developing our 2021 Audit Plan we have considered the Group's key strategic and operational priorities along with external factors relevant to the business.

Our FY21 audit approach is "risk based" and focuses on meeting all financial statement, regulatory and compliance obligations. Our risk assessment takes into account the industry, economic, internal and regulatory pressures faced by the Group.

Our **bespoke audit approach** has been designed for Crown by embedding expertise in areas such as AML and IT into the core audit team aligning to your business risks and the audit risks identified.

We consider **audit quality** is not just about reaching the right opinion, but how we reached that opinion. It is about the processes, the thoughts and integrity behind the formal audit report.

The COVID-19 outbreak and stringent government responses have caused significant business interruption, volatility in capital markets and a deteriorating macroeconomic environment. We understand that the business has experienced significant loss of profit and business disruption. The impact is expected to continue for the foreseeable future. We have tailored the audit plan to reflect the extraordinary circumstances for the current year.

Materiality

Materiality for planning purposes for the Group was determined with reference to a normalised profit before tax and has been set at \$20.0m.



Focus on key issues

Key areas of audit focus

- Valuation of intangible assets
- Valuation of trade receivables
- Revenue – Table and Machine gaming
- Capitalised development

For further detail regarding the key audit risks and focus areas refer to page 5.

Emerging matters

We continue to monitor the current and potential emerging matters and how they may impact the business risks, audit risks and audit approach. These matters include:

- ILGA Inquiry
- AUSTRAC Investigation
- Impact of COVID-19
- Status of ongoing legal matters including class actions
- Compliance with laws and regulations
- Economic, political & regulatory uncertainty due to Brexit impacts
- Cyber security
- Changing market trends and consumer preferences
- Increased social awareness and shift in market expectations - Climate risk and associated financial reporting disclosures and modern slavery and associated public statement



Audit scope

Components in scope

We have planned our audit scoping on the relative risk, complexity and materiality of operations across the Group and how they contribute to the key audit risks.

The Group Audit team perform full scope audits over the significant components Crown Melbourne, Perth and Sydney.

For Crown Aspinalls, Betfair and DGN audit procedures over certain account balances will be performed for the purposes of the Group's audit opinion in addition to their local statutory and regulatory requirements. These procedures will be performed by the Group Audit Team and KPMG UK.

Areas audited at a group level

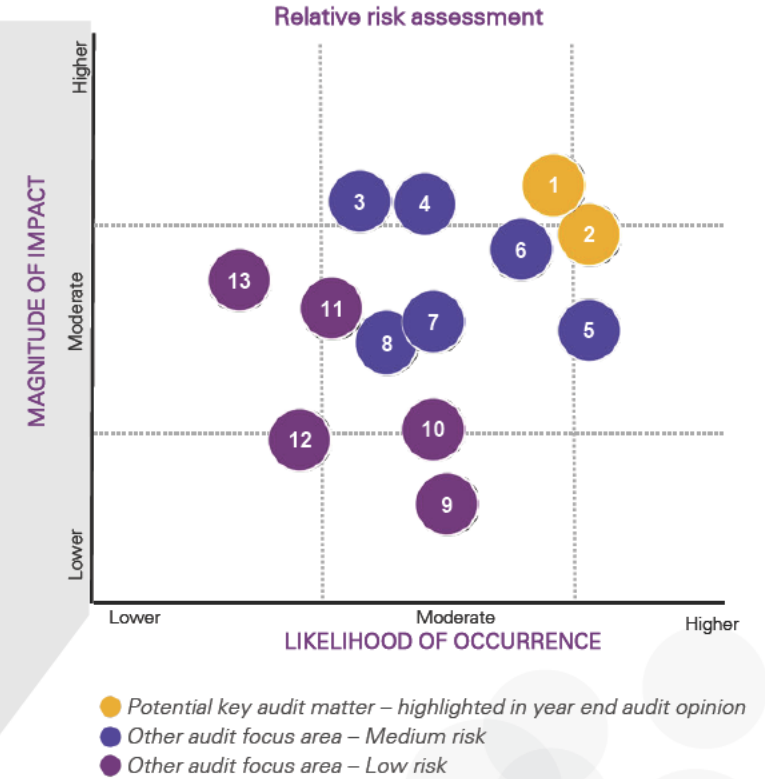
Reflecting Crown's corporate structure and approach, several audit risk areas will be addressed centrally by the Group engagement team, including:

- Valuation of trade receivables;
- Valuation of assets;
- Equity investments;
- Taxation;
- Treasury;
- Manual, IT general and application controls, where appropriate;
- Consolidation; and
- Financial statement disclosures.

Audit risk matrix

We have conducted a preliminary assessment of the financial reporting and audit risks (including fraud risks) that impact the financial statements, based on our understanding of the macroeconomic and business risks, Crown’s operations and the emerging business challenges. This risk assessment supports the planning and scoping of our audit procedures and is intended to convey an impression of relative financial statement risk. This is an assessment for inherent risk before the consideration of the mitigating controls. As part of this process, we have identified the areas that in our judgement are of most significance to the current year audit – Key Audit Matters (KAMs). The potential KAMs for FY21 include the valuation of trade receivables and the valuation of intangible assets. KAMs will be re-assessed throughout the audit and at year end. In Appendix 1 we have included further detail on the key drivers of these risks for the Group.

Audit risk		Risk rating
Macroeconomic risk	1 Economic stability – discretionary spend post COVID-19	High
	2 Social sentiment – government response	High
	3 Black swan event (what’s next?)	High
Crown’s – top business risks	4 Valuation of Property, Plant and Equipment	High
	5 Revenue Recognition	High
	6 Provisions / Contingent Liabilities	High
	7 Executive Remuneration & related party transactions	High
	8 Capital management and covenants	High
	9 Employee entitlements and compliance (including Government assistance programs)	Medium
	10 Valuation of equity accounted investments	Medium
	11 Taxation	Medium
	12 AASB 16 Leases	Medium
	13 Financial Reporting	Medium



● Potential key audit matter – highlighted in year end audit opinion
 ● Other audit focus area – Medium risk
 ● Other audit focus area – Low risk

Audit risk rating/relative audit effort: Lower ● Moderate ● Higher ●

Executive summary | Audit risk matrix | **Response to key audit risks** | Audit materiality | Global audit scoping | Your team and fee | Communication and collaboration | Appendices

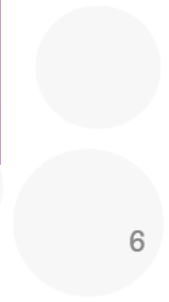
Response to key audit risks

Our FY21 audit approach will be “risk based” and focuses on meeting all financial statement requirement of the Group. As noted our risk assessment takes into account the industry, economic, business specific risks, regulatory pressures and emerging matters such as the ILGA inquiry faced by the Group in conjunction with the degree of management judgement involved. Where transactions are more routine in nature and possess a lower degree of management judgement a controls based approach will be taken. When higher degrees of management judgement are apparent a more substantive approach will be taken given the relative subjectivity. We have considered the ongoing inquiries with ILGA and AUSTRAC and highlighted the degree of influence these matters may have over our audit approach.

Audit Risk, and Accounts and / or Disclosures in Focus	Risk rating	Regulator / Investor Scrutiny	Inquiry audit impact	Key Audit Matter	Degree of Management Judgement	Approach	
						Controls	Substantive
1 Carrying value of intangible assets	Higher	High	High	★ Probable	Low to High	Substantive	Substantive
2 Carrying value of trade receivables	Higher	High	High	★ Probable	Low to High	Substantive	Substantive
3 Crown Sydney and Queensbridge-including Capitalised development	Higher	High	High	⊗ Unlikely	Low to High	Substantive	Substantive
4 Valuation of Property, Plant and Equipment	Higher	High	High	⊗ Unlikely	Low to High	Substantive	Substantive
5 Revenue Recognition	Higher	Medium	Medium	⊗ Unlikely	Low to High	Substantive	Substantive
6 Provisions / Contingent Liabilities	Higher	Medium	Medium	★ Potential	Low to High	Substantive	Substantive
7 Executive Remuneration & related party transactions	Higher	High	High	⊗ Unlikely	Low to High	Substantive	Substantive
8 Capital management and covenants	Moderate	Medium	Medium	⊗ Unlikely	Low to High	Substantive	Substantive
9 Employee entitlements and compliance	Moderate	Medium	Medium	⊗ Unlikely	Low to High	Substantive	Substantive
10 Equity accounted investments	Moderate	Medium	Medium	⊗ Unlikely	Low to High	Substantive	Substantive
11 Taxation	Moderate	Medium	Medium	⊗ Unlikely	Low to High	Substantive	Substantive
12 AASB 16 Leases	Moderate	Medium	Medium	⊗ Unlikely	Low to High	Substantive	Substantive
13 Financial Reporting	Moderate	Medium	Medium	⊗ Unlikely	Low to High	Substantive	Substantive

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Audit Materiality

Audit materiality is driven by the requirements of auditing and accounting standards. Materiality is used to set the scope of audit procedures and to assess potential adjustments to the financial statements. We evaluate qualitative and quantitative factors when determining whether information is material to the financial statements as a whole. As a result of COVID-19 we have normalised the materiality benchmark (profit before tax) using a retrospective averaging method for the current year. The average benchmark is more representative of the normal continuing operations of the Group. This approach appears to have been taken in prior year based on our review of EY FY2020 files.


Materiality determines:

- The entities that are in-scope for Group audit procedures;
- The processes and controls we review;
- The amount of work we do on individual account balances; and
- The amount of work performed on financial statement disclosures, however certain disclosures are always considered to be material based on qualitative factors (e.g. remuneration disclosures).

We will report separately to the Audit & Corporate Governance Committee (ACGC) individual errors greater than \$1M relating to balances and disclosures that are adjusted and unadjusted.


We will continuously re-assess our materiality thresholds during the financial period and update them to reflect developments within the Group's financial reporting risk profile and COVID-19. Where we deem it necessary to adjust materiality we will communicate revised thresholds to the ACGC.

We design our audit procedures to detect material misstatements. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial and any errors significant by nature.



Quantitative considerations

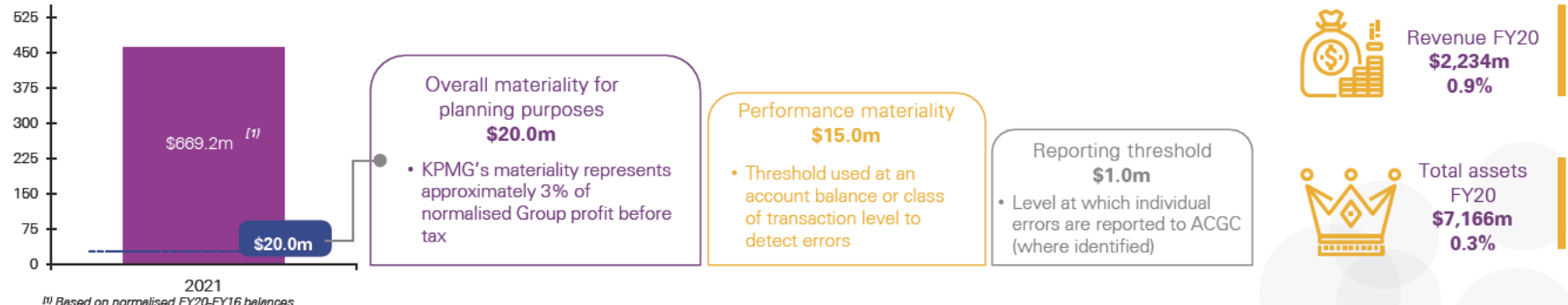
- Australian auditing standards presume that an amount less than 5% of profit before tax is not material to the overall financial report.



Qualitative considerations

Establishing materiality is a matter of professional judgment, particularly when evaluating qualitative considerations such as:

- What is the key measure focused on by users of the financial statements?
- Is the measure an "underlying" or "continuing" metric?
- Does the misstatement reflect professional judgement or is it a clear calculation error?
- What materiality would users expect?



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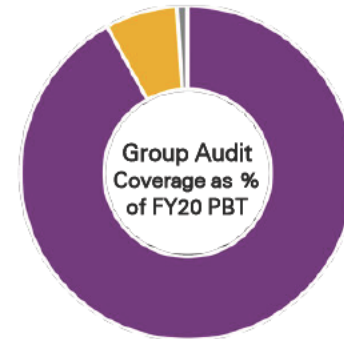
Executive summary Audit risk matrix Response to key audit risks Audit materiality **Global audit scoping** Your team and fee Communication and collaboration Appendices

Global audit scoping

In order to respond to the assessed risks of material misstatement in the Group financial statements, we plan and determine the type of work to be performed over the Group's components. Components defined for the purposes of the financial statement audit may not directly align to the Group's operating segments. More work and audit evidence is gathered over components significant to the Group's financial statements. We assess a component's significance to the Group by evaluating both the financial impact and inherent risk to the Group's financial statements. Components are audited to lower levels of materiality to mitigate aggregation risk for the Group's financial statements as a whole.

Our preliminary scoping is undertaken using Crown's FY20 actuals. We continue to reassess our scoping and classification of the Group's components throughout the year given the emerging matters such as COVID-19 and their impacts on the business.

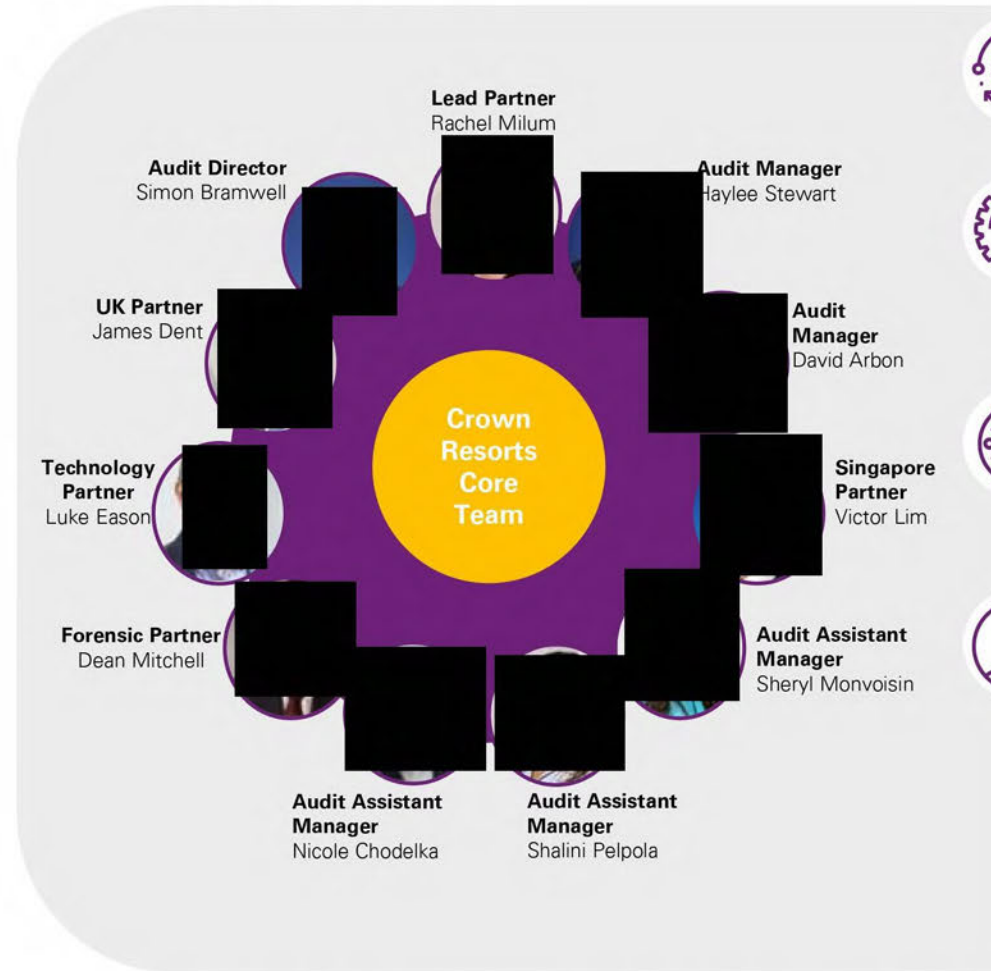
Coverage %		
Group Audit coverage by audit activity	FY20 PBT	FY20 Total Assets
Scope A – Full scope audit - Crown Melbourne - Crown Perth - Crown Sydney	92%	93%
Scope B – Audit of account balance(s) - Crown Aspinals - Betfair - DGN	7%	4%
Scope C – Procedures performed by Group Team - Equity Accounted Investments for Aspers, Nobu and Chill gaming	1%	3%
	100%	100%
Procedures performed by		
Group Team	98%	98%
KPMG Component auditors	2%	2%



- To address the significant risk at each of these components, we will perform:
- Scope A: a full-scope audit;** These components are subject to standalone audits planned and performed applying a lower component materiality in accordance with Australian Auditing Standards (AUASB) and applicable legal and regulatory requirements.
 - Scope B: audit of account balance(s); or** For components that are not financially significant to the Group but contain a significant risk, we often perform audit procedures over the account balance(s) associated with the significant risk, confirming that our audit response is sufficient to address that significant risk. For example, Revenue recognition.
 - Scope C: specified audit procedures.** Specified audit procedures are those designed by the group team and are performed on identified accounts / disclosures such as equity accounted investments. These procedures are designed to confirm there are no significant risks of material misstatement in the Group Financial statements.

Executive summary Audit risk matrix Response to key audit risks Audit materiality Global audit scoping **Your team and fee** Communication and collaboration Appendices

Your team and fee



Fee

Our agreed global audit fee for FY21 is [REDACTED]. Scope changes may be negotiated with management should circumstances that were not contemplated as part of the fee setting process arise.



Half year review approach

We will adopt a centralised approach to the half year review where all review procedures will be conducted by KPMG Melbourne.

Given management’s assessment that indicators of impairment are apparent we will perform detailed procedures over their half year valuation assessment of Crown’s CGUs.

We will hold discussions with regional management either face to face when possible or via teleconference if COVID-19 does not permit.



Local statutory audits performed by KPMG

Other KPMG teams are also involved in the audit of Crown’s entities for local statutory purposes in Australia and in the following countries:



United Kingdom



Singapore



Specialist team members

The following specialists further support the core audit team:

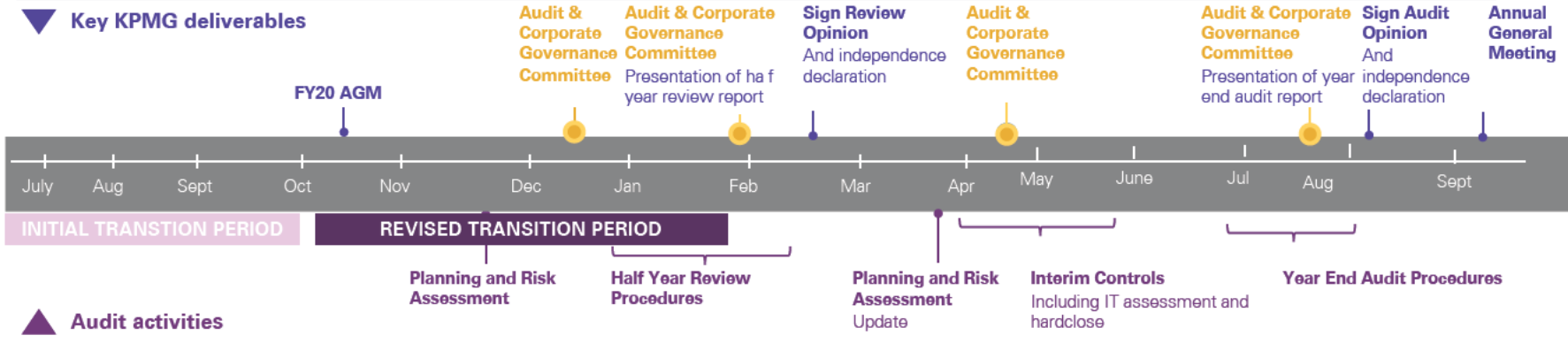
- ✓ Pat Stebbens – Technical Accounting
- ✓ Ian Jedlin – Business Valuations
- ✓ Ben Opie - Taxation
- ✓ Jeremy Allen - AML/CTF
- ✓ Nick Ridelagh – Sustainability
- ✓ Carl Fredirkson – Risk & Surveillance
- ✓ Tasha Makletow – RSA Review
- ✓ Nina Spicca - Workplace Relations & Payroll
- ✓ Brad Peake - Cyber Security
- ✓ Richard Boele – Corporate Social Responsibility

2



Communication and collaboration

Open and timely communication and reporting to Crown will underpin the quality of our audit. This communication will be both formal audit reporting, and ongoing two-way communication with the ACGC and management. We understand that it is important to you that you are kept informed of issues arising throughout the audit and that we are available as your sounding board as business issues arise.



Transition

As a result of unforeseen circumstances due to COVID-19 in conjunction with a request from management to not engage prior to the FY20 AGM a number of the proposed transition steps have been postponed beyond the timeline contemplated in our proposal. We remain accountable to deliver these to you on a revised timeline. This revised timeline does not impact the FY21 audit execution or the quality of our audit.

Transition milestones	Proposal Timelines (2020)	Status / Revised Date (2020/2021)
Provide disclosure insights and pre-issuances review	July	Dec
Launch our Client Ready App	July	Jan
Shadowing EY through the year end	July	Unable to complete due to COVID-19
Joint planning and "get to know you" session	Aug	Redesigned due to COVID-19
Discussion with EY Team	Aug	Completed
EY FY20 file review	Aug	Completed
Finalise FY2021 audit plan	Sept	Dec
Formalise audit appointment	Oct	Completed pending signed engagement letter
Rachel and Simon to visit all Australian sites	Oct	Postponed due to COVID-19 (Jan/Feb)
Assurance Mapping	Oct	Jan



Appendices

1	Audit focus areas and risk drivers	12
2	Independence	14
3	KPMG Non-Audit service engagements	15
4	Fraud risks	16
5	ASIC focus areas	17
6	Enhancement of financial disclosures	18
7	Parliamentary Joint Committee (PJC)	19
	• Final Report into Regulation of Auditing in Australia	
	• 10 Recommendations from the PJC Final Report	



Appendix 1: Audit focus areas and risk drivers

Audit risk	Audit Risk Rating	Focus areas and risk drivers
1 Valuation of intangible assets		<ul style="list-style-type: none"> Indicators of impairment have been detected at 31 December 2020 leading to full valuation assessments being performed by management at half year. The timing of delivery of the ILGA Inquiry findings may impact the outcome of the half year valuation assessments pre issuance of the half year results to the market. The determination of fair value and value in use requires management to make estimates and assumptions about expected future outcomes in an environment with significant economic uncertainty. This is a key area of focus for ASIC. A number of CGU's have limited headroom and 30 June 2020 assessments indicate the valuation conclusions are highly sensitive to adverse changes. Increased risk of indicators of impairment resulting from COVID-19, ILGA inquiry, Moody's downgrade and other emerging matters. Impairment realised for DGN, Aspinall's and Nobu at 30 June 2019 and 2020 respectively.
2 Valuation of trade receivables		<ul style="list-style-type: none"> Significant management estimate and judgement is involved in the assessment of recoverability of receivable balances as each entail bespoke risks and uncertainties overlaid with the ongoing accounting complexity resulting from AASB 9 and related disclosures. Increased valuation risk as a result of Crown reassessing its dealings with Junket operators until the end of FY21. Increased uncertainty resulting from COVID-19 impacts.
3 Crown Sydney and Queensbridge- including Capitalised development		<ul style="list-style-type: none"> Accounting treatment for capitalisation of projects under construction for Sydney and Queensbridge and the ongoing recoverability of construction assets. Financial and disclosure outcomes of the Inquiry. Conversion of apartment sales Crown Sydney. Approval of development plans for Queensbridge.
4 Valuation of Property, Plant and Equipment		<ul style="list-style-type: none"> Increased risk of indicators of impairment of specific PPE assets resulting from COVID-19, ILGA inquiry, Moody's downgrade and other emerging matters.
5 Revenue Recognition		<ul style="list-style-type: none"> Varied revenue streams encompassing differing revenue recognition considerations per AASB 15. Heightened risk of erroneous revenue recognition due to continuous operations and VIP gaming patrons. Higher levels of scrutiny and compliance as a result of state based regulators, ATO and AUSTRAC. Increased risk of fraud from patrons and/or gaming staff due to the quantum of revenue streams and the relative complexity of accounting in relation to those streams.
6 Provisions/ Contingent Liabilities		<ul style="list-style-type: none"> Uncertainty relating to current and potential Inquiry outcome and litigations or claims and the impact on potential provisions and contingent liability disclosures.
7 Executive Remuneration & related party transactions		<ul style="list-style-type: none"> Increased regulatory and shareholder focus on executive remuneration. Quantity of related party transactions, including increased regulatory focus on historical CPH transactions and engagement Higher complexity in measurement and valuation of long term incentive plan valuations. Restructuring and deferral of executive bonus structure.
8 Capital management and covenants		<ul style="list-style-type: none"> Ongoing monitoring of compliance with bank covenant's. Risks associated with the Moody's Credit Rating downgrade and the ongoing impact of COVID-19. Financing required for Sydney construction.

Audit risk rating: Lower Moderate Higher

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Appendix 1: Audit focus areas and risk drivers (cont.)

	Audit risk	Audit Risk Rating	Focus areas and risk drivers
9	Employee entitlements and compliance (including government assistance programs)		<ul style="list-style-type: none"> Higher complexity in estimation and judgement of employee leave entitlements including annual leave, long service leave and bonuses given enterprise bargaining agreements and evolving legislative requirements. Risks associated with the accounting treatment and the tax implication of Government assistance programs. Significant worker compensation self cover provisioning.
10	Equity accounted investments		<ul style="list-style-type: none"> Recoverability of the carrying value of equity accounted investments. Management judgement involved and the ongoing impact of COVID-19.
11	Taxation		<ul style="list-style-type: none"> Risks associated with elements of judgement required for tax provisioning and disclosures. Higher complexity due to global footprint and cross-jurisdictional tax exposure.
12	AASB 16 Leases		<ul style="list-style-type: none"> Accounting for lease modifications including rental deferrals and abatements due to COVID-19. Judgement and estimation required for determination of lease term and the incremental borrowing rate.
13	Financial Reporting		<ul style="list-style-type: none"> The preparation of general purpose financial statements and related disclosures will be subject to significant levels of stakeholder scrutiny. Management key estimates and judgements surrounding Group accounting interpretations and applications.

Audit risk rating

Lower Moderate Higher



Appendix 2: Independence

We have strict rules and protocols to ensure we maintain our independence from the Group, including an annual declaration from all staff and a pre-approval process for non-audit services.



Audit independence

KPMG recognises the importance of auditor independence. Our policy states ***“Independence is fundamental to our audit practice and to every practice area in our firm. It is core to our risk management framework and processes”***.

We have a range of formal policies and procedures to ensure independence and to maintain freedom from conflict of interest including:

- *KPMG Independence Compliance System (KICS)* KPMG’s global database to record and check all investments of partners, managers and relevant staff
- *Sentinel*
Global database used to track and approve prospective services
- *Annual sign off*
Written declaration by all partners and professional staff

Our internal standards are consistent with those required by Australian and international requirements. We will confirm our independence to the Audit Committee at the year end meeting.

In addition to the systems above, we will establish a number of processes with Crown which ensures our independence is always front of mind:

- Independence confirmations received from all team members prior to commencement on Crown engagements, including from teams providing any non-audit services; and
- Semi-annual declaration of independence from all team members.



Confirming independence

We confirm that, as at the date of this report, we have complied with the ethical requirements regarding independence and are in a position to provide an unqualified section 307C Lead Auditors Independence Declaration required under the Corporations Act 2001.



Process for approval of non audit services

KPMG maintains a global database called “Sentinel” to assist in the evaluation and approval process of non audit services. Sentinel is a database of all clients which must be accessed prior to a local partner being able to commence an engagement.

KPMG will ensure that the Group’s management and/or the ACGC has provided formal approval, in accordance with the Group’s approval hierarchy, prior to KPMG lead audit partner providing approval via Sentinel. In addition, KPMG will notify Crown when they receive a non-audit service request via Sentinel to confirm Crown is aware of the services being procured.

KPMG will report all non-audit service engagement, open and closed, during the financial period in scope to the Audit and Corporate Governance Committee through their formal reports. We communicate Crown’s non audit policy to all locations.



Systems of internal quality control procedures

KPMG International’s monitoring and compliance programs comprise a number of elements that together form a system of quality performance and compliance to meet the requirements of ISQC-1:

- facilitate the implementation and maintenance of consistent strategies, policies, standards of work and conduct by member firms; and
- support the quality and risk management structure of member firms.

The three major elements are the Quality Performance Review Program (QPR) – Functional engagement reviews performed to assess engagement performance, Risk Compliance Program (RCP) – A cross-functional review of the member firm’s risk management policies and Global Compliance Review (GCR) – Reviews to assess compliance with selected KPMG International policies and procedures.

Appendix 3: KPMG Non Audit Service Engagements

Service	Entity	Description	\$'000's (AUD)	Services approved by Crown or ACGC (per approval matrix)	Services approved by KPMG	Status
Tax – R&D	Chill Gaming Pty Ltd	KPMG will provide advice and recommendations with regards managements R&D tax claims and documentation	[REDACTED]			
Tax – R&D	Crown Resorts Pty Ltd	KPMG will provide advice and recommendations with regards managements R&D tax claims and documentation				
Modern Slavery & ESG Reporting	Crown Resorts Pty Ltd	KPMG have provided a human rights briefing to Crown Resorts Limited Board – September 2020; KPMG will continue to provide ad-hoc advice on modern slavery statement preparation and planning for modern slavery and human rights activities for the financial year ending June 2021 based on time and expenses.				
Modern Slavery & ESG Reporting	Crown Resorts Pty Ltd	KPMG will provide advisory services (i.e. limited to analysis, observations and recommendations) of Crown's procurement and IT functions so that they can manage and run a data analytic tool that considers modern slavery and human rights risk in relation to suppliers. This involves: <ul style="list-style-type: none"> • Providing training to help Crown's Procurement and IT to manage the tool; • Acting at Crown's direction to perform mechanical updates to the tool over time such as adjusting ratings, inputs and building new functionalities; • Offering industry insights, such as workshops to help advance Crown's thinking or understanding of expectations, opportunities, industry approaches; • Offering high level observations or recommendations on the report outputs of running the data analytics. All advice will be high-level in nature. It will not be so detailed as to be considered direction.				

2

Engagement status: Ongoing Not started Completed

Services approval status: Approved Pending Not Approved

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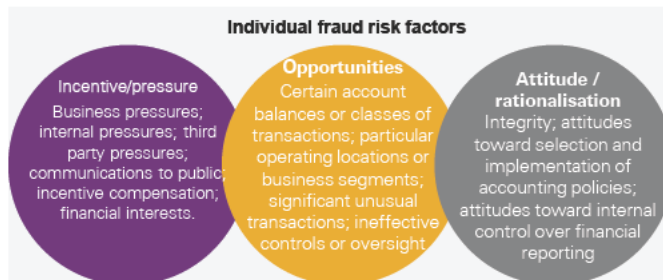
Appendix 4: Fraud risks

The Group's responsibility

It is the responsibility of the Directors and management to ensure that appropriate accounting and internal control systems that are designed to prevent and detect fraud and error are implemented and are operating effectively.

KPMG's responsibility

In our role as external auditors, it is our responsibility to conduct the audit in accordance with Australian Auditing Standards and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.



Fraud risk factors considered	Audit response
<ul style="list-style-type: none"> Physically disbursed Group (different legal and cultural jurisdictions) One-off transactions Challenging market conditions Variable reward scheme 	<ul style="list-style-type: none"> Discussion and communication with operations and local audit teams Evaluation of the design of mitigating controls Review of reward schemes
<ul style="list-style-type: none"> Manual input or computation (e.g. Share based payment, tax calculations, use of spreadsheets) Revenue recognition Management override of controls 	<ul style="list-style-type: none"> Testing of the effectiveness of controls Assess risk of management override of controls Perform substantive audit procedures
<ul style="list-style-type: none"> Management estimates and judgements (e.g. valuation considerations, provisions, revenue recognition) Local fraud risks considered relevant by the local audit team 	<ul style="list-style-type: none"> Evaluate all audit evidence Communicate findings to management and the ACGC Discuss status of significant reported business conduct issues

2



Appendix 5: ASIC focus areas



Impairment of non-financial assets

Entities adversely impacted by COVID-19 may have indicators of impairment that require impairment testing of more non-financial assets as compared to the past.

Given the uncertainties in the current environment:

- Probability weighted scenarios may be used to determine fair value and value in use estimates.
- Discount rates used in a discounted cash flow model should factor in modelling risk arising from this.

Key assumptions in developing the estimate should be appropriately challenged.



Disclosures in the OFR and non-IFRS measures

Disclosures between the financial report and Operating Financial Review (OFR) should be consistent and complementary with each other.

The OFR should provide an overview of the key drivers of the results and financial position, including key risks, management strategies and future prospects. This includes disclosure of both significant COVID-19 and non-COVID-19 factors.

Non-IFRS profit measures should not be presented in a potentially misleading manner.

The impact of the new leases standard on non-IFRS measures such as EBITDA, and net tangible assets should also be clearly disclosed.



Expected credit losses (ECLs) on loans and receivables

In the current environment, past models and historical experience are unlikely to represent current expectations, and the approach in determining ECLs may need to be revised.

Current information about the circumstances of borrowers or debtors should also be obtained to better understand:

- any short term liquidity issues
- financial condition
- earning capacity



Solvency and going concern

The solvency statement in the directors' declaration concerns the company's capacity to pay debts which it has incurred as at the time of that declaration.

Directors must have reasonable grounds for believing that the company will be able to pay its debts as and when they fall due.

Therefore, the work to assess going concern may not be sufficient to address solvency.

Directors should question the information presented by management to support both going concern and solvency. This should include:

- Assessing the reasonableness of key underlying assumptions.
- The reliability of processes used to produce the information.
- Ensuring consistency with the entities business and its environment, including the markets in which it operates.

Caution should be applied when relying on temporary relief, and legal and professional advice may be required when this is the basis for solvency.



ASIC areas of focus



Estimates and accounting policy judgements

Disclosures of estimates, key sources of uncertainty and accounting policy judgements are:

- entity specific
 - included in the financial statements.
- Information about:
- estimation uncertainties
 - key assumptions and judgements
 - scenario and sensitivity analysis



Value of other assets

Other assets which may be impacted by COVID-19 include:

- Inventories – how has changes in demand and inventory levels impacted the value of these assets?
- Deferred tax assets – how probable will these be realised in light of the current environment?

Appendix 6: Enhancement of financial disclosures

Climate-related and other emerging risks disclosures

The Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AuASB) recently released a joint bulletin on Climate-related and other emerging risks disclosures: assessing financial statement materiality using AASB/AuASB Practice Statement 2. This bulletin asks reporters and auditors to consider how climate-related risks should be reflected within the financial statements.

The bulletin notes, "Climate-related risks are currently predominantly discussed outside the financial statements, if at all. However, qualitative external factors such as the industry in which the entity operates, and investor expectations may make such risks 'material' and warrant disclosures when preparing financial statements, regardless of their numerical impact."

This bulletin represents a further increase in environmental related reporting, and unlike the Taskforce on climate related financial disclosures (TCFD) proposals, is squarely focused on whether the disclosure should be included in the financial statements themselves.

Could investors reasonably expect climate-related risks have a significant impact on the entity and would that risk qualitatively influence investor's decisions, regardless of the quantitative impact on the financial statements?



Users' expectations

Investors could reasonably expect that climate-related risks or other emerging risks have a significant impact on the entity. If information on climate-related risks not already disclosed, should they be?



Impairment of non-financial assets

Exposure to climate-related risks could be an indicator of impairment. How is this factored into recoverable amount calculations?



Financial instrument risk exposures

Price risk of investments in industries exposed to climate-related risks. What is exposure and how is risk being managed?



Expected credit losses (ECLs)

Actual or expected adverse changes in the regulatory, economic or technological environment of the borrower could result in a significant change in the borrower's ability to meet its debt obligations. How is this considered when assessing ECLs?



Useful life of asset

Estimated useful lives of assets impacts amortisation and depreciation recognised. Do climate-related risks impact the useful life of property, plant and equipment?



Fair Value measurement

Key assumptions are used when measuring at fair value. How is climate-related risk factored into calculations?



Onerous contracts

Onerous contract provisions are required where the unavoidable costs of meeting obligations under a contract exceed the economic benefits received. Are onerous contract provisions required or impacted due to potential loss of revenues or increased costs under different climate-related risk situations?



Provisions and contingent liabilities

A provision requires best estimates and key assumptions to be made in its measurement and recognition. Have potential climate-related risks been taken into account in determining the best estimate of a provision and is this disclosed? Is there potential litigation and fines/penalties due to stricter environmental and other regulations?



Appendix 7: Parliamentary Joint Committee (PJC)

Final Report into Regulation of Auditing in Australia

The Parliamentary Joint Committee on Corporations and Financial Services (PJC) has released its [final report](#) into the Regulation of Auditing in Australia following on from its [interim report](#) of February 2020.

The PJC's final, bipartisan report makes 10 clear and balanced recommendations to improve audit quality and build trust in the audit profession. Many of the recommendations are consistent with ideas presented in our own Inquiry submission.

We welcome the reconsidered implementation timeframes, which reflect the tremendous impact of the COVID-19 pandemic on business.

The Federal Government will now consider the report recommendations for legislative approval, a process that will most likely take a number of months. Any reform will be subject to further consultation and must pass both houses of parliament before entering into law.

Recommendation 7 (mandatory audit tendering) and 9 (a form of SOX internal controls reporting) have been retained in the final report, but with an acknowledgement that they will require further consideration regarding timeframes and thresholds.

We will remain actively engaged with the Federal Government as it considers the report recommendations, and to assist Government in achieving sensible reform whilst recognising the impact on companies that may be impacted in the current environment.









2



Appendix 7: Parliamentary Joint Committee (PJC)



10 Recommendations from the PJC Final Report

Recommendation	Potential Impact on Crown	KPMG Observations
 <p>1. ASIC to review its reporting of audit inspection program ASIC to review the manner in which it publicly reports periodic findings of its audit inspection program; and develop and implement, by end of the 2020-21 reporting period of its inspection program, a revised framework for reporting inspection findings, with a focus on the transparency and relative severity of identified deficiencies.</p>	Low	We have been seeking this for some time. The inclusion of a relative severity scale is consistent with practice in several other jurisdictions
 <p>2. Introduce legislation to require publication of audit firm inspection reports Introduce legislation by end of FY 2020-21, a requirement that ASIC publish all future individual audit firm inspection reports on its website after the adoption of a reporting framework referred to in Recommendation 1.</p>	Low	We already publicly release our inspection reports, having been the first firm to do so voluntarily in 2019.
 <p>3. Introduce defined categories and disclosures for audit and non-audit services and list prohibited services Financial Reporting Council (FRC), together with ASIC, by end of FY 2020-21, to oversee consultation, development and introduction under Australian standards of:</p> <ul style="list-style-type: none"> I. defined categories and fee disclosure requirements for audit and non-audit services; and II. a list of non-audit services that audit firms are explicitly prohibited from providing to an audited entity. 	Low	This has received broad support from many stakeholders to help drive consistency. It will require some thought and engagement with industry.
 <p>4. Expand auditor's independence declaration <i>Corporations Act 2001 (Corps Act)</i> be amended to expand the auditor's independence declaration to require the auditor to specifically confirm that no prohibited non-audit services have been provided.</p>	Low	We are supportive of the recommendation, and have systems in place to facilitate such reporting.
 <p>5. Revise Code of Ethics to safeguard that an audit partner is not incentivised for selling non-audit services Australian Professional and Ethical Standards Board (APESB) to consider revising APES 110 Code of Ethics to include a safeguard that no audit partner can be incentivised, through remuneration advancement or any other means or practice, for selling non-audit services to an audited entity.</p>	Low	This is consistent with our current firm policy.
 <p>6. Introduce new disclosure requirement for audited entities to disclose auditor tenure in annual financial reports FRC, by end of FY 2020-21, to oversee the revision and implementation of Australian standards to require audited entities to disclose auditor tenure in annual financial reports. The disclosure should include both the length of tenure of the entity's external auditor, and of the lead audit partner.</p>	Low	Data to be gathered in relation to this disclosure is readily available, which we can assist with.

Executive summary
Audit risk matrix
Response to key audit risks
Audit materiality
Global audit scoping
Your team and fee
Communication and collaboration
Appendices

Appendix 7: Parliamentary Joint Committee (PJC)

10 Recommendations from the PJC Final Report

Recommendation	Potential Impact on Crown	KPMG Observations
 <p>7. Legislate a mandatory tendering regime Amend <i>Corporations Act</i> to implement a mandatory tendering regime such that entities required to have their financial reports audited under the <i>Corps Act</i> must:</p> <ul style="list-style-type: none"> I. undertake a public tender process every ten years; or II. if an entity elects not to undertake a public tender, it must provide an explanation to shareholders in its annual report as to why this has not occurred. <p>The final report acknowledges that a staggered implementation timeline may be necessary to avoid market disruption.</p>	<p>Low</p>	<p>The report makes it clear that this is not a statement that entities must change auditors every ten years, but rather a recognition that boards should not 'set and forget' arrangements with their auditor. The PJC has recognised beginning this regime in 2022 is not realistic in light of the changed economic circumstances, and has therefore recommended consideration of an appropriate timeline for staggered implementation in order to avoid any unintended consequences of a rapid implementation schedule. KPMG welcomes reconsideration of implementation timeframes, considering the significant impact of the COVID-19 pandemic on business.</p>
 <p>8. Review reporting requirements re: prevention and detection of fraud and management's assessment of going concern FRC to oversee a formal review, to report by the end of FY 2020-21, of the sufficiency and effectiveness of reporting requirements under Australian standards in relation to:</p> <ul style="list-style-type: none"> I. the prevention and detection of fraud; and II. management's assessment of going concern. 	<p>Low</p>	<p>We are supportive of the recommendation, which may help address the "expectation gap" regarding auditor obligations in these two key areas.</p>



2



Executive summary Audit risk matrix Response to key audit risks Audit materiality Global audit scoping Your team and fee Communication and collaboration Appendices

Appendix 7: Parliamentary Joint Committee (PJC)

10 Recommendations from the PJC Final Report

Recommendation	Potential Impact on Crown	KPMG Observations
 <p>9. Entities to establish and maintain an internal controls framework for financial reporting <i>Corporations Act</i> to be amended such that entities required to have their final reports audited under the <i>Corporations Act</i> must establish and maintain an internal controls framework for financial reporting and should require that:</p> <ul style="list-style-type: none"> I. management evaluate and annually report on the effectiveness of the entity’s internal control framework; and II. the external auditor to report on management’s assessment of the entity’s internal control framework. 	<p>High</p>	<p>This may significantly impact Crown in the implementation phase and in relation to ongoing external reporting. The final report acknowledges that the current economic conditions mean the Government will need to consider both appropriate timelines and thresholds (for example, in terms of entity size and type) with respect to the requirement to establish and maintain an internal controls framework for financial reporting. It recognises that now may not be the time to impose additional transitional costs on business. We agree with this position.</p>
 <p>10. Make digital financial reporting standard practice in Australia The Australian Government to take appropriate action to make digital financial reporting standard practice in Australia.</p>	<p>High</p>	<p>Adoption of digital financial reporting such as XBRL has been slow in Australia compared to some overseas jurisdictions. Whilst we support the recommendation in principle, practical implications around adoption will need to be considered.</p>

2



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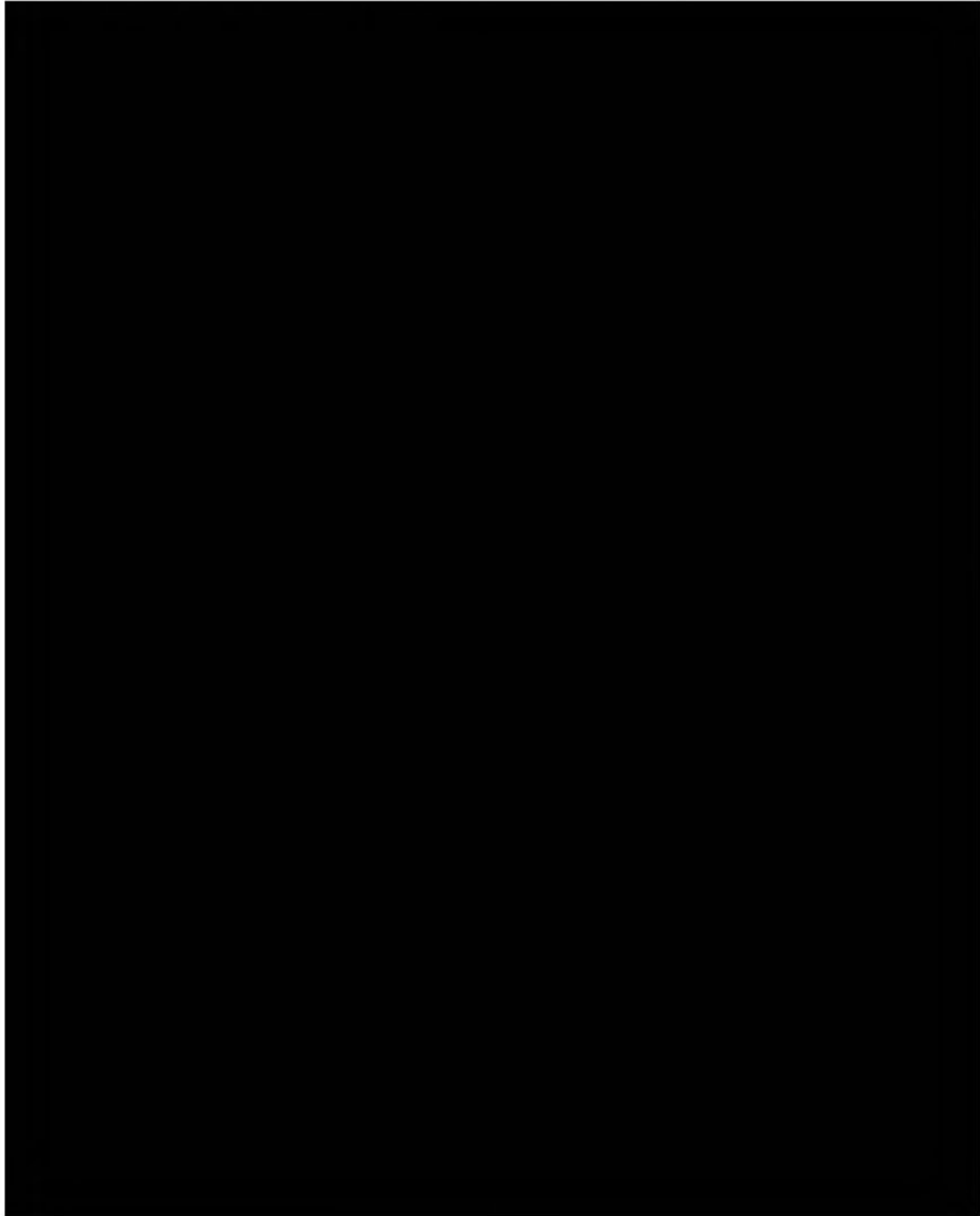
AGENDA ITEM 3:
Accounting Issues



Crown Resorts Limited Audit Committee Key Accounting Issues – 9 December 2020

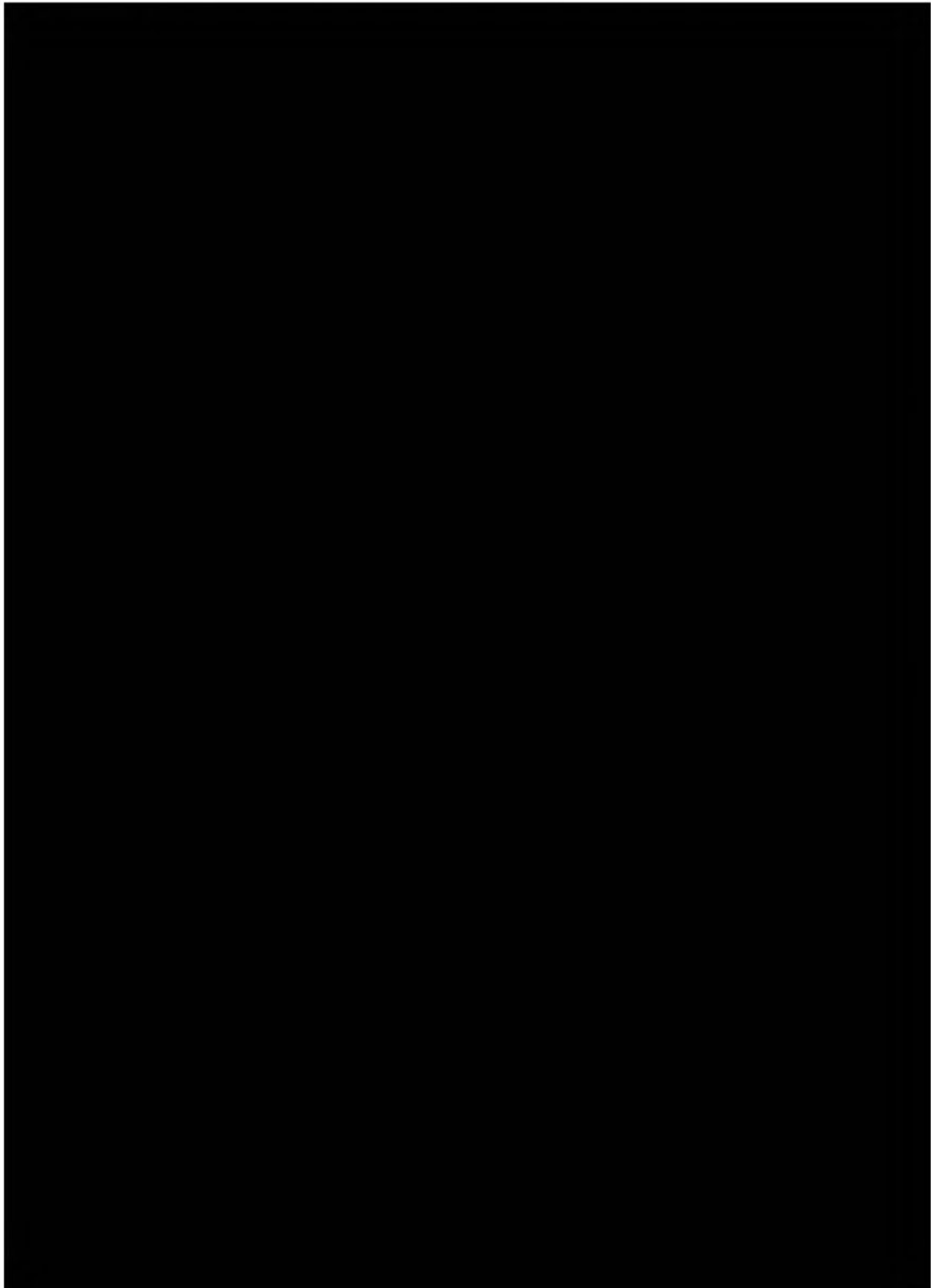
Introduction

This paper discusses the key accounting issues expected to arise in relation to the upcoming half year results for the period ended 31 December 2020. This is an abridged version of the final paper that will be presented at the February meeting, highlighting Crown's assessment and initial views on the key accounting issues.





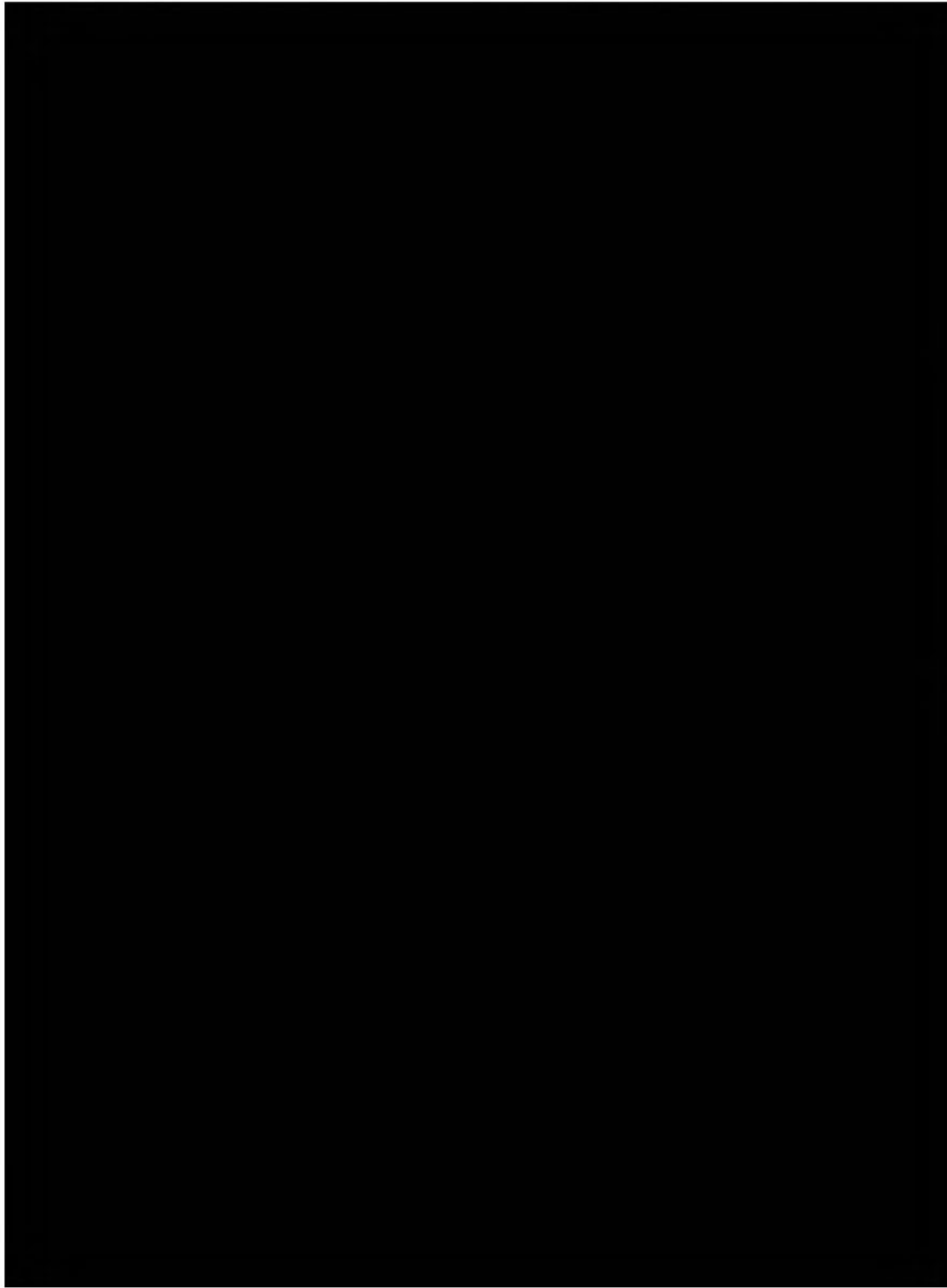
Crown Resorts Limited Audit Committee
Key Accounting Issues – 9 December 2020



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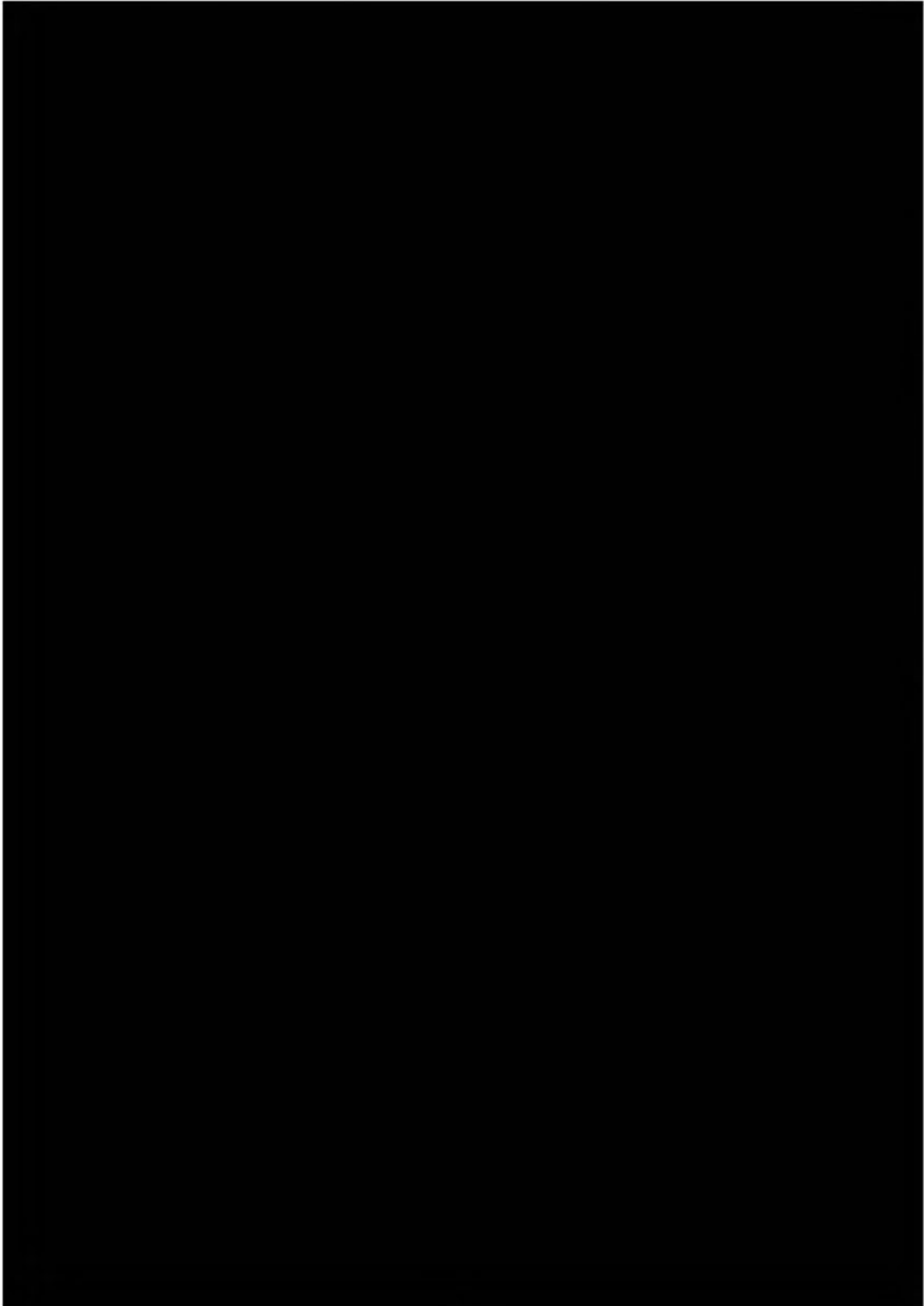
Crown Resorts Limited Audit Committee
Key Accounting Issues – 9 December 2020



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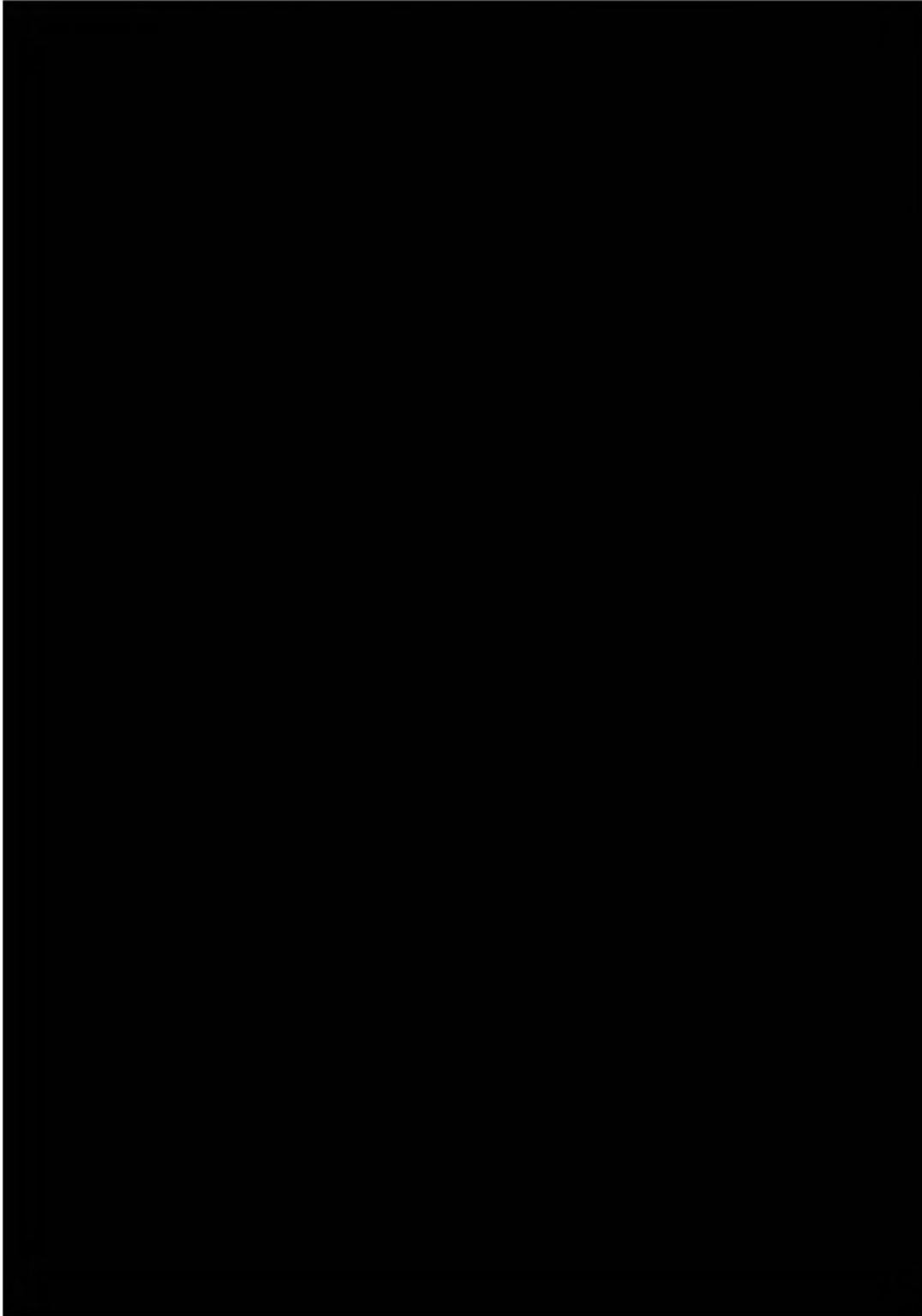
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Key Accounting Issues – 9 December 2020



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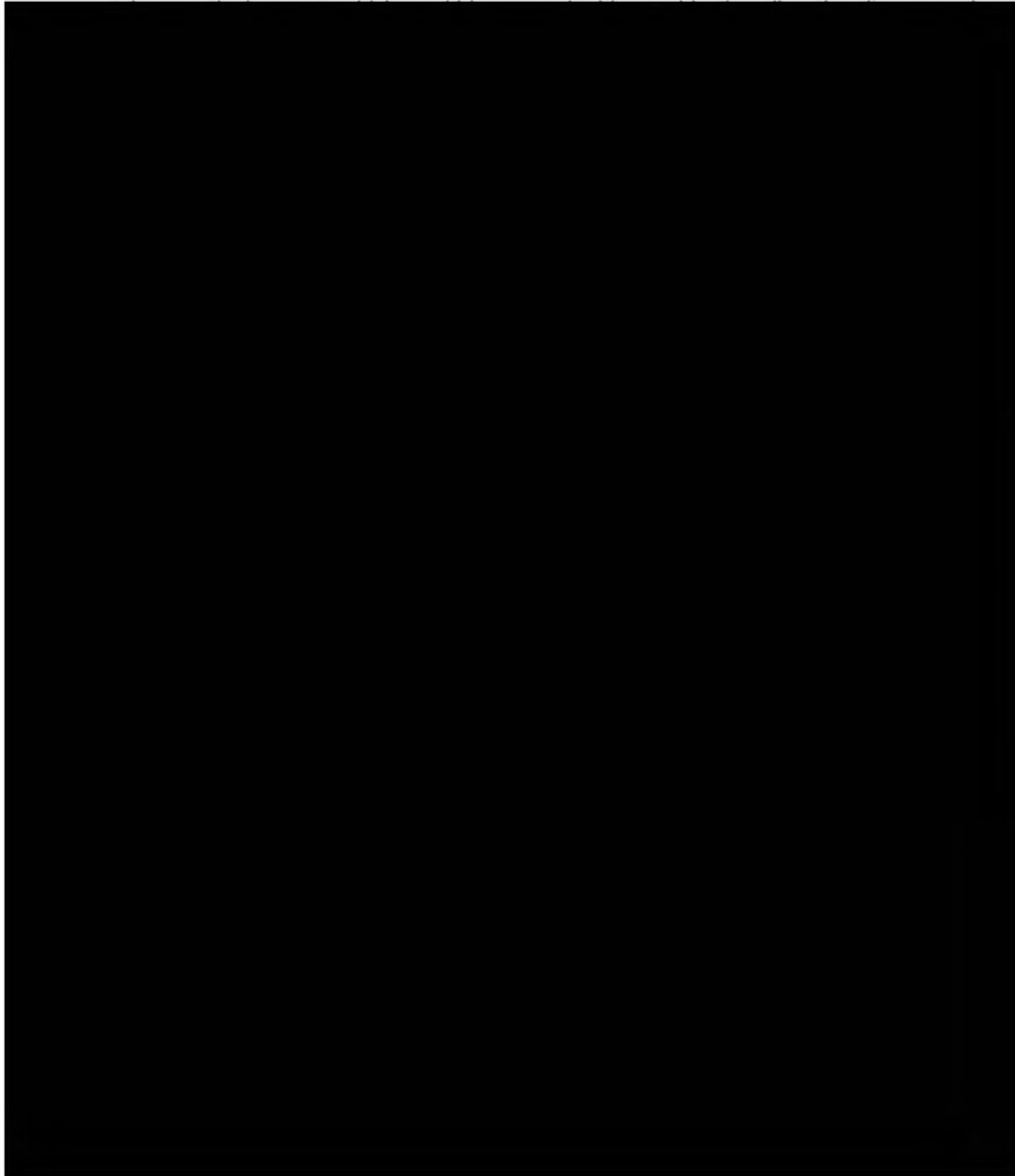
Crown Resorts Limited Audit Committee
Key Accounting Issues – 9 December 2020



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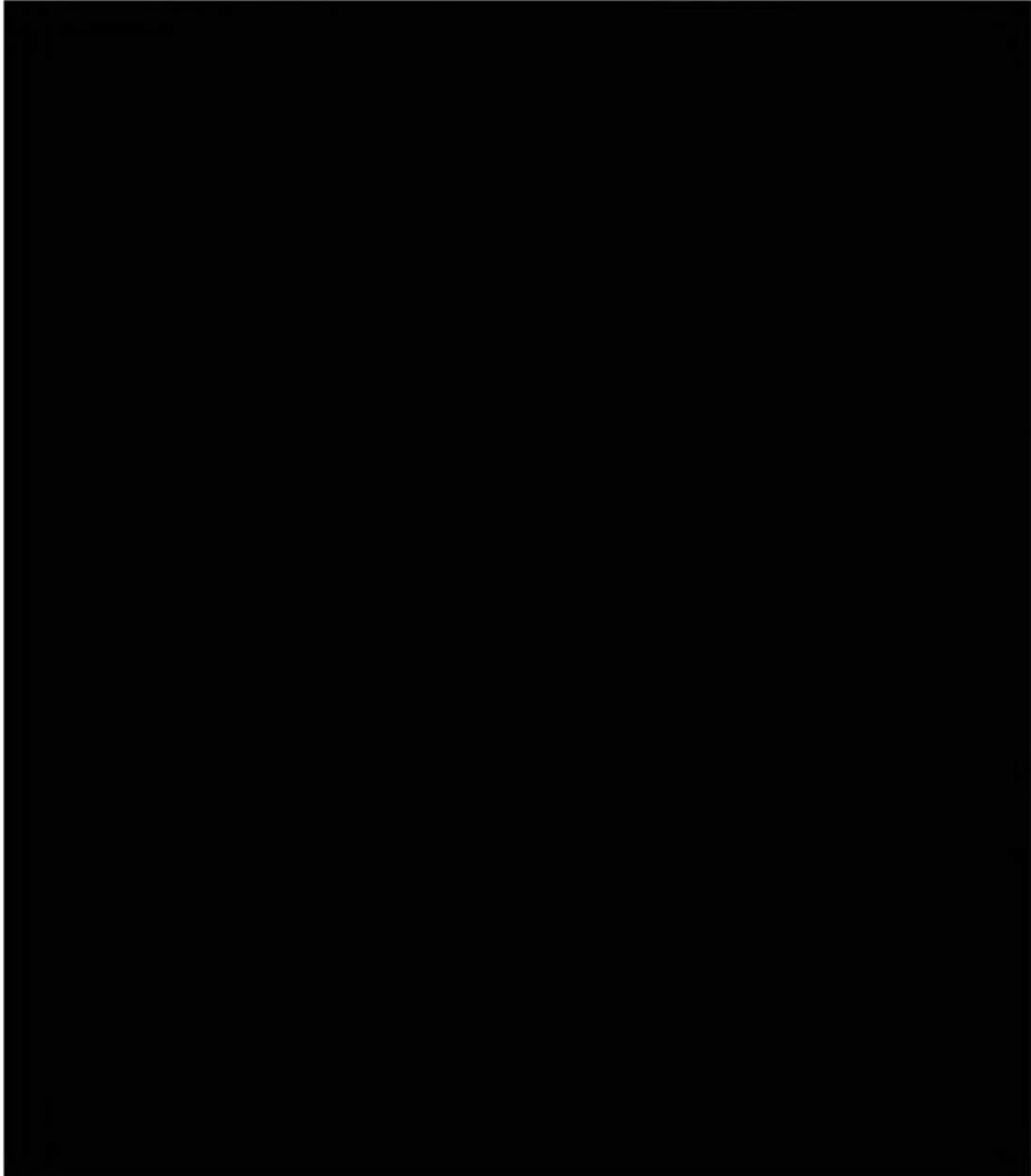
Crown Resorts Limited Audit Committee
Key Accounting Issues – 9 December 2020



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Crown Resorts Limited Audit Committee
Key Accounting Issues – 9 December 2020



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AGENDA ITEM 4:
GST Grouping

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



REDACTED - PRIVILEGE




REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



REDACTED - PRIVILEGE





AGENDA ITEM 5:
GST Matter



Audit and Corporate Governance Committee Memorandum

To: Audit and Corporate Governance Committee
From: Alan McGregor
Date: 7 December 2020
Subject: GST Matter

Dear Committee Members,

As previously reported to the Board, on 10 September 2020, her Honour Justice Davies of the Federal Court of Australia handed down judgment in favour of Crown and Burswood in these proceedings. The proceedings concern the GST treatment of commissions and win and loss rebates in respect of foreign patrons who attend Crown's casinos as part of a junket. Her Honour found that commissions and win and loss rebates form part of the gambling supplies Crown and Burswood make and should be included in their global GST amount. Her Honour's judgment was in respect of two sample tax periods out of 100 tax periods in dispute.

On 2 November 2020, the Commissioner of Taxation filed a Notice of Appeal to the Full Court of the Federal Court of Australia in respect of the two sample tax periods. The Court has advised that the appeals in respect of the two sample tax periods will be listed for hearing between 3 May 2021 and 28 May 2021 in the May 2021 Full Court sitting period. Crown will be contacted by the Court in February 2021 regarding arrangements for the hearing of these appeals.

In relation to the remaining 98 tax periods, Crown and the Commissioner have agreed a protocol to enable her Honour's judgment to extend to all of the remaining periods. Crown has produced requested documentation to the Commissioner for a further four sample tax periods. The Commissioner is currently reviewing this material and if the Commissioner is satisfied with it, it is anticipated that orders will be made in favour of Crown and Burswood in relation to the remaining 98 tax periods by February 2021. It is expected that the Commissioner will file an appeal in relation to these orders as well. Any such further appeal should be heard concurrently with the appeals in respect of the two sample tax periods.