

12 July 2021

The Directors of Two Little Indians Pty Ltd
Two Little Indians Superannuation Fund
16 Crichton Street
YEERONGPILLY QLD 4105

Dear James & Victoria,

Audit Management Letter

We have completed the audit of the Two Little Indians Superannuation Fund for the financial year ended 30 June 2020. We wish to report to you the following matters arising from our audit:

Superannuation Industry (Supervision) Act 1993 (SISA) & its Regulations 1994 (SISR) Contraventions

No material contraventions of the SISA & SISR were identified during our audit.

Please note the contravention reported to you in our correspondence of 23 June 2020 regarding the ANZ Business Classic bank account being overdrawn on multiple occasions during the 2019 financial year. The account was not overdrawn between 23 June 2020 and the end of the financial year, so we are not required to report a contravention for the 2020 financial year.

Material Audit Adjustments

No material audit adjustments were identified during our audit.

Matters for Trustee Attention

In the course of our audit, we did not detect any instances of non-compliance.

Further Matters for Your Review

Investment Strategy

We draw your attention to SIS Regulation 4.09 which outlines the rules regarding a Fund's investment strategy. In summary, the Fund must have an investment strategy in place and review it regularly, ensuring it covers topics including risk, likely return, diversification and liquidity of investments, and also document the decision to hold or not hold insurance cover for the members.

The role of the auditor is to check you have invested in accordance with your current strategy. Auditors are not licenced to provide financial advice and are therefore we are unable to form an opinion as to whether your investment strategy will meet the personal needs of the individual members.

Assets to be disclosed at market value

In accordance with SISR Regulation 8.02B, assets must be valued in the financial statements at their market value.

Please ensure you consider the value of each asset at 30 June and document your process for determining that value. For the property at Stanley Street, this may include real estate appraisal, documenting recent comparable sales or formal valuation.

Ownership of Assets

As provided under SISR Regulation 4.09A "the assets of the SMSF must be held separately from any assets held by the trustees personally or by a standard employer sponsor or an associate of the standard employer sponsor".

I note that the following assets are recorded as owned in trust by James Greville and/or Victoria Garrett:

- ANZ Share Portfolio & bank account
- One Path life insurance policies held for both members.

There is risk associated with holding SMSF assets incorrectly, for example, in the event of professional litigation against the members or the bankruptcy of a member. In addition, there may be issues with insurance policies if a claim is made. Please contact the necessary organisations and update ownership details to the correct trustee, Two Little Indians Pty Ltd.

Dividends Receivable

We noted there were numerous unbanked dividends from ANZ and BHP, with some dating back quite a few years. We recommend you ensure direct credits are in place for the receipt of all future dividends and that you contact the necessary share registries to determine the best course of action for recovering the outstanding amounts.

We did not identify any other significant administration issues in the conduct of our audit.

This report is prepared on the basis of the limitations set out below.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures reviewed, or potential instances of fraud that may exist. Our comments should be read in the context of the scope of our work. Findings within this report may have been prepared on the basis of management representations.

This report has been prepared solely for your use as trustee of Two Little Indians Superannuation Fund and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

Should you have any queries in relation to the above matters, please do not hesitate to contact me.

Yours faithfully,
SMSF Audit Edge

A handwritten signature in black ink, appearing to read 'jflatman', with a long horizontal flourish extending to the right.

Julie Flatman
Principal