

## **Audit Representation Letter from Trustees**

### **Davinez Superannuation Fund**

**Year ended 30 June 2022**

To the auditor,

Dear Sir,

With respect to the audit of the financial statements of the above mentioned fund for the year ended stated, the following representations are made which are true and correct to the best of my (our) knowledge and belief that will address the necessary compliance requirements of the *Superannuation Industry (Supervision) Act 1993*.

#### **Preparation of the ATO Income Tax & Regulatory Return**

The information disclosed in the annual return is complete and accurate.

#### **Sole Purpose of the Fund**

The sole purpose of the Fund is to provide retirement and/or death benefits to its members and/or beneficiaries.

#### **Accounting Policies**

All the significant accounting policies of the Fund are adequately described in the Financial Statements and the Notes thereto. These policies are consistently applied unless specifically noted in the Financial Statements and Notes.

#### **Fund Books/Records/Minutes**

All financial books, records and relevant material relating to the transactions and activities of the Fund have been made available to you, including minutes of the Trustees' meetings, the Trust Deed (as amended) and the Rules of the Fund. The Financial Statements accurately disclose the Revenue and Expenses and the full extent of the Assets and Liabilities of the Fund.

#### **Asset Form**

The assets of the Fund are being held in an acceptable form suitable for the benefit of the members of the Fund, and have been stated at their net market value.

### **Ownership and Pledging of Assets**

1. The Fund has satisfactory title to all assets shown in the Financial Statements
2. Investments are registered in the name of Davinez Superannuation Fund
3. No assets of the Fund have been pledged to secure liabilities of the Fund or of any other fund or entity.

### **Investments**

1. Investments are carried in the books at their net market value.
2. Amounts stated are considered reasonable in the current market condition, and there has not been any permanent diminution in their value below the amounts recorded in the Financial Statements.
3. There are no commitments, fixed or contingent, for the purchase or sale of long term investments.
4. Investment transactions and investments held are in accordance with the Investment Strategy, which has been determined with due regard to risk, return, liquidity and diversity.
5. The Trustee(s) have complied with all the Investment Standards stipulated in the Regulations relating to the SIS Act as amended.

### **Trust Deed Amendments**

All amendments (if any) to the Trust Deed were made in order for the Fund to comply with the SIS Act, Regulations and any other applicable legislation relating to the operation and governance of the Fund.

### **Governing Rules**

The Fund is being conducted in accordance with its Trust Deed and Governing Rules.

### **Legislative Requirements**

The Fund is being conducted in accordance with the *Superannuation Industry (Supervision) Act 1993*, and the Regulations of the said Act.

### **Trustee Responsibilities**

The Trustees are aware of their responsibilities to the Members and the various regulatory bodies.

**Trustee Covenants**

The Trustee(s) have complied with all the Trustee Covenants set out in section 52 of the *Superannuation (Supervision) Act 1993*.

**Disqualified person not to act as a Trustee**

There is no reason why any Trustee should be prohibited from acting as a Trustee of this Superannuation Fund.

**Information to Members**

Information relating to the transactions and activities of the Fund has been supplied in a timely manner.

**Meetings**

Meetings have been conducted in accordance with the Trust Deed and the requirements of the SIS Act. Resolutions and issues on which the Trustee(s) have voted, or on which they were required to vote have been passed by at least a 2/3rds majority of the Trustees.

**Subsequent Events**

Since the end of the financial year stated in the Financial Statements till the date of this letter, there have been no events or transactions that would have a material effect upon the Fund either financially or operationally.

Yours faithfully,



.....  
David Chin Hao Lee



.....  
Inez Shuk Fui Lee

## ENGAGEMENT LETTER

**To: The Trustees, Davinez Superannuation Fund**

### Scope

You have requested that we audit the financial report of Davinez Superannuation Fund, which comprises the balance sheet as at 30 June 2022, and the income statement for the year then ended a summary of significant accounting policies, other explanatory notes and the trustees' declaration. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be conducted with the objective of expressing an opinion on the financial report and compliance with the *Superannuation Industry Supervisory Act 1993*.

We will conduct our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit 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 the auditor's 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 the Trustees, as well as evaluating 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 even some material misstatements may remain undiscovered. In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We take this opportunity to remind you that the responsibility for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Superannuation Industry Supervisory Act 1993* is that of the trustees. Our auditor's report will explain that the trustees are responsible for the preparation and the fair presentation of the financial report in accordance with the applicable financial reporting framework and this responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation of a financial report that is free from misstatement, whether due to fraud or error;

- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit.

**Other Matters under the *Corporations Act 2001***

*Independence*

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements of the *Corporations Act 2001*, we shall notify you on a timely basis.

We look forward to your full cooperation and make available to us whatever records, documentation and other information we request in connection with our audit.


Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial report.

Yours faithfully,

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A W Boys  
Registered Company Auditor 67793  
Dated

Acknowledged on behalf of Davinez Superannuation Fund by

  
.....  
David Chin Hao Lee

  
.....  
Inez Shuk Fui Lee

Dated 18/05/2023 .....

**MINUTES OF ANNUAL GENERAL MEETING OF THE TRUSTEE OF THE  
DAVINEZ SUPERANNUATION FUND ON 10 MAY 2023**

**HELD AT:** 11 Hawker Close, Kardinya WA 6163

**PRESENT:** David Chin Hao Lee  
Inez Shuk Fui Lee

**MINUTES OF PREVIOUS MEETING:** The minutes of the previous meeting were read and confirmed.

**PURCHASE OF ASSETS:** It was resolved that having regard to the composition of the fund's existing Investments, the fund's investment strategy and its present liquidity, the purchase of the assets identified in the schedule hereto be confirmed.

**ALLOCATION OF NET INCOME:** It was resolved that the net income of the fund be proportionally allocated to members based on the members' opening balances and movements in their accounts during the year.

**REPORTS AND STATEMENTS:** The Financial Statements for the year ended 30 June 2022 were tabled.

It was resolved that:

- (a) The Balance Sheet, Income Statement and Notes thereto, Auditor's report and Members Statements be adopted by the trustees and the trustees be authorised to sign the Trustee Declaration,
- (b) The Income Tax and Regulatory Return be signed by the trustees and
- (c) The Trustees Declaration be adopted and signed by the trustees.

**INVESTMENT STRATEGY:** The investment strategy was reviewed with due regard to risk, return, liquidity and diversification of investments.

**CLOSURE:** There being no further business to discuss the meeting was closed.

**SIGNED as a true record.**



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David Chin Hao Lee

## Davinez Super Fund

### Trustee's Declaration

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The directors of Davinez Pty Ltd have determined that the fund is not a reporting entity and that the special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

In the opinion of the directors of the trustee company:

- (i) the financial statements and notes to the financial statements for the year ended 30 June 2023 present fairly, in all material respects, the financial position of the Superannuation Fund at 30 June 2023 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements; and
- (ii) the financial statements and notes to the financial statements have been prepared in accordance with the requirements of the trust deed; and
- (iii) the operation of the Superannuation Fund has been carried out in accordance with its trust deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993 and associated Regulations during the year ended 30 June 2023.

Signed in accordance with a resolution of the Board of Directors of the trustee company by:



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David Chin Hao Lee , (Director)



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Inez Shuk Fui Lee , (Director)

Date 18/05/2023

# **Investment Objectives and Strategy for the Davinez Superannuation Fund**

## **1 Introduction**

The purpose of this document is to record the investment objectives and strategy formulated by the Trustees (David Chin Hao Lee and Inez Shuk Fui Lee directors of Davinez Pty Ltd) of the Davinez Superannuation Fund ('the Fund') in relation to the investment of the assets of the Fund.

## **Background**

Under Paragraph 52B(2)(f) or Paragraph 52C(2)(f) of the Superannuation Industry (Supervision) Act 1993 ("SIS Act"), the Trustees are required to take into account all of the circumstances of the Fund in formulating the objectives and strategy of the Fund, including, but not limited to the following:

- i. the risk involved in making, holding and realising, and the likely return from, the Fund's investments having regard to its objectives and its expected cash flow requirements;
- ii. the composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the entity in being exposed to risks from inadequate diversification;
- iii. the liquidity of the Fund's investments having regard to its expected cash flow requirements; and
- iv. the ability of the Fund to discharge its existing and prospective liabilities.

The Trust Deed of the Fund provides the Trustees with broad authority to invest the Fund's assets.

Prohibited investments (which are either specifically spelt out in the Trust Deed or are deemed to apply because of legislation) are as follows:

- i. Loans to members;
- ii. Assets acquired from members (limited exceptions apply);
- iii. In-house assets exceeding 5% of the value of the Fund.



## **Investment objectives**

The investment objectives of the Fund are created in compliance with Paragraph 52B(2)(f) or Paragraph 52C(2)(f) of the SIS Act to fulfil the principal objective of maximising member returns, with specific regard to the following:

- i. The prudent management of risk in holding and realising investments, with consideration to the likely return, the Fund's objectives, and the expected cash flow requirements.
- ii. Ensuring the composition of the Fund's investment portfolio is appropriately diversified through the application of exposure limits for individual asset classes.
- iii. Ensuring there are sufficient assets providing an appropriate level of liquidity to meet benefit and liability payments as they fall due and in accordance with the Trust Deed.
- iv. Maintaining sufficient cash flow to discharge administration expenses and other outgoings.
- v. Regularly assessing the opportune balance between short term returns and long term growth in excess of the CPI; tailored to member's expectations and circumstances.
- vi. Considering the provision of insurance cover for one or more members of the Fund.
- vii. Preserving the capital of the fund where possible through the investment cycle, particularly in regard to assets with moderate to high volatility.
- viii. Providing member benefits for retirement.

## **Investment strategy**

### **Trustee considerations**

The investment strategy in fulfilling the objectives has been formed to reflect current market conditions and the requirements of the members, which were assessed based on a number of factors including:

- i. The risk tolerance of members;
- ii. Asset class preferences and diversification;
- iii. Income and cash flow requirements;

- iv. The members' retirement objectives;
- v. Contributions made by members;
- vi. The time the members have until they retire;
- vii. Market risk, legislative risk, liquidity risk and inflation risk.

### **Member preferences and risk tolerances**

With the obligation to be prudent and exercise a degree of care, skill and diligence under the SIS Act, Trustees need to carefully consider the Fund's level of acceptable risk. The differing expectations and risk tolerance profiles of the Fund's members can be assessed by the Trustees in determining the mix of asset classes they choose to adopt in the Fund's investment strategy.

There is always a degree of uncertainty and risk inherent in each investment, exacerbated by unpredictable economic and financial factors to create variable returns. The resulting fluctuations in the return on investment (ROI) will affect the level of benefit on withdrawal, hence it is acknowledged that the associated risk and returns are ultimately borne by the Fund members. However, these risks may be managed or reduced by spreading the investments across a range of assets to minimise the variability of investment returns. This strategy is referred to as diversification.

### **Diversification**

Diversification can be achieved by including assets with differing patterns of return in the Fund's portfolio, often through a mix of Australian and international investments and across different asset classes as opposed to a single asset type. Diversifying between asset classes will reduce concentration and underperformance risk. The size of the fund in terms of the dollar value held will also affect diversification decisions.

### **Asset allocation**

In assembling a portfolio of assets there are three broad types of investments to consider in line with the objectives and cash flow requirements of the Fund:

- i. **Defensive assets:** e.g. cash and term deposits that are highly secure with a low risk of capital loss.
- ii. **Moderately defensive assets:** eg Government bonds, investment grade corporate bonds and subordinated debt, which have fixed income characteristics with added costs and varying degrees of risk.

- iii. **Growth assets:** e.g. Australian and International equities, property trusts, direct property, commodities, currencies, collectibles, and derivatives, which offer the highest potential for return, yet involve the trade off of high volatility and the risk of capital loss.

It is important to consider that whilst growth assets are expected to yield a higher total return over the longer term than defensive assets, the associated volatility is higher, increasing the likelihood of a poor or negative return in the short term.

Acquiring real estate through the Fund often involves borrowing through a limited recourse borrowing arrangement to fund the acquisition. It is important when considering a direct property investment to first assess the property and rental valuations so that the Trustees are satisfied the price reflects true market value and constitutes a prudent investment on an arm's length basis. A number of factors need to be considered as the value of property often limits the liquidity of assets available and capacity to diversify.

### **Liquidity and cash flow requirements**

A sufficient cash balance in the Fund's bank account needs to be maintained in order to meet its outgoings when they fall due. In addition, Trustees will ensure that the sufficient liquid assets are held, whereby they can easily be sold in the event of an obligation falling due or to meet unexpected cash flow requirements.

### **Ability of fund to meet its obligations**

All existing and prospective liabilities of the Fund will be met through maintaining sufficient cash flow to discharge administration expenses and other outgoings. The members are entitled to the accumulation of contributions and earnings in the members' account on withdrawal.

Depending on the phase each member is in, prospective liabilities of the Fund may include:

- i. expenses that are paid on a semi regular basis;
- ii. pension liabilities paid on a regular or irregular basis;
- iii. tax liabilities paid on an annual or instalment basis;
- iv. death benefits from the unexpected death of a member; and
- v. where a death benefit nomination requires benefit payments to beneficiaries.

The Fund will be able to meet its obligations to the members at these times due to the composition and liquidity of its investments.

## Indicative asset allocation

It has been determined that the following spread of investments is appropriate for the Fund. The strategic ranges can be reviewed regularly as circumstances change:

Asset Class	Strategic Ranges	
	From %	To %
Cash	0	100
Fixed Interest	0	75
Australian Shares	0	50
International Shares	0	50
Property	0	100
Other	0	50

The Trustees may vary the investments of the fund within the strategic ranges without having to alter the investment strategy.

It is also recognised that market fluctuations may sometimes cause the asset allocation to exceed or fall below the stated percentages temporarily.

## Cash reserves

The Trustees may maintain a reserve for the purpose of smoothing investment returns credited to members or the payment of fund expenses. The assets backing the reserve will be invested in accordance with the investment objectives and strategy applicable to the other fund assets.

## Insurance for members

The Trustees have considered the circumstances and needs of the members and have concluded in consultation with the members and financial planner Ray Ong that the existing life insurances for David and Inez are adequate. The trustees have determined that additional life cover for Inez is preferable and are working with Ray Ong to increase her cover.

Ownership of the TAL (Super) Accelerated Protection Life Cover will be transferred to the fund which will enable the fund to pay for ongoing premiums.

## Review


The Trustees may review this strategy as required. Regular reviews will be conducted annually.

## Signature

Signed by the Trustee(s):



22 /11 /2018



22 /11 /2018