

**Approved SMSF auditor details:**

Terri Scott  
Tax & Super Audits  
PO Box 167 Wyong NSW 2259  
SAN 100 008 106

To the SMSF trustees of **YYY Fund**

**Part A: Financial report**

**Opinion**

I have audited the special purpose financial report of YYY Fund comprising the statement of financial position as at 30 June 2020, and the operating statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

In my opinion, the financial report presents fairly in all material respects, in accordance with the accounting policies described in the Notes to the financial report, the financial position of the fund at 30 June 2020 and the results of its operations for the year then ended.

**Basis for Opinion**

My audit has been conducted in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Approved SMSF Auditor's Responsibilities for the Audit of the Financial Report* section of this report. I am independent of the SMSF in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to this audit and as required by the *Superannuation Industry (Supervision) Regulations 1994 (SISR)*. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of Matter - Basis of accounting**

I draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist YYY Fund meet the requirements of the SMSF's governing rules, the *Superannuation Industry (Supervision) Act 1993 (SISA)* and the SISR. As a result, the financial report may not be suitable for other purposes, and should not be distributed to parties other than the trustees. My opinion is not modified in respect of this matter.

**Responsibilities of SMSF trustees for the financial report**

Each SMSF trustee (individual trustee or director of corporate trustee) is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the SMSF's governing rules, the SISA and the SISR. Each trustee is also responsible for such internal controls as they determine are necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustees are responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees intend to wind-up the fund, or have no realistic alternative but to do so.

Each SMSF trustee is responsible for overseeing the fund's financial reporting process.

**Approved SMSF auditor's responsibility for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of trustees taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit 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 fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of trustees' 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 fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

## **Part B: Compliance engagement**

### **Opinion**

I have undertaken a reasonable assurance engagement on YYY Fund's compliance, in all material respects, with the applicable provisions of the SISA and the SISR as listed below ("the listed provisions") for the year ended 30 June 2020.

Sections: 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109, 126K

Regulations: 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14, 13.18AA

In my opinion, each trustee of YYY Fund has complied, in all material respects, with the listed provisions, for the year ended 30 June 2020.

### **Basis for Opinion**

I have conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Independence and quality control**

I have complied with the independence and other ethical requirements relating to assurance engagements, and applied Auditing Standards ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

### **SMSF trustees' responsibilities**

Each SMSF trustee is responsible for complying with the listed provisions and for the identification of risks that threaten compliance with the listed provisions, controls which will mitigate those risks and monitoring ongoing compliance.

### **Approved SMSF auditor's responsibilities**

My responsibility is to express an opinion on the trustees' compliance, in all material respects, with the listed provisions, for the year ended 30 June 2020. ASAE 3100 *Compliance Engagements* requires that I plan and perform my procedures to obtain reasonable assurance about whether the trustee have complied, in all material respects, with the listed provisions for the year ended 30 June 2020.

An assurance engagement to report on the trustee's compliance with the listed provisions involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on my judgement, including the identification and assessment of risks of material non-compliance.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the listed provisions for the year ended 30 June 2020.



These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SISA and the SISR apart from those specified.

**Inherent limitations**

Due to the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the listed provisions may occur and not be detected.

A reasonable assurance engagement for the year ended 30 June 2020 does not provide assurance on whether compliance with the listed provisions will continue in the future.

**SMSF Auditor's name**

Terri Scott

**SMSF Auditor's signature**

*Terri Scott*

Principal, Tax & Super Audits  
Chartered Accountant  
ASIC Approved SMSF Auditor  
SMSF Specialist Auditor™ (SSAud)



**Date - 28 February 2021**

## Appendix 1 – Explanation of listed sections and regulations in compliance report

This appendix is included to assist trustees with the meaning of the legislation and regulations listed above

Sec/Reg.	Explanation
S17A	The Fund must meet the definition of an SMSF
S35AE	The trustees must keep and maintain accounting records for a minimum of five years
S35B	The trustees must prepare, sign and retain accounts and statements
S35C(2)	The trustees must provide the auditor with the necessary documents to complete the audit in a timely and professional manner; and within 14 days of a written request from the auditor.
S62	The fund must be maintained for the sole purpose of providing benefits to any or all of the following: <ul style="list-style-type: none"> <li>• fund members upon their retirement;</li> <li>• fund members upon reaching a prescribed age;</li> <li>• the dependents of a fund member in the case of a member's death before retirement</li> </ul>
S65	The trustees must not loan monies or provide financial assistance to any member or relative at any time during the financial year
S66	The trustees must not acquire any assets (not listed as an exemption) from any member or related party of the fund
S67	The trustees of the fund must not borrow any money or maintain an existing borrowing (not listed as an exemption)
S67A & 67B	The fund must comply with the limited recourse borrowing arrangement rules when borrowing to purchase single acquirable or replacement asset (not listed as an exception to the borrowing rules)
S82-85	The trustees must comply with the in-house asset rules
S103	The trustees must keep minutes of all meetings and maintain the minutes for a minimum of 10 years
S104	The trustees must keep up to date records of all trustee or director of corporate trustee changes and trustee consents for a minimum of 10 years
S104A	Trustees who became a trustee on or after 1 July 2007 must sign and retain a trustee declaration
S105	The trustees must ensure copies of all member or beneficiary reports are kept for a min. of 10 years
S109	All investment transactions must be made and maintained at arm's length - that is, purchase, sale price and income from an asset reflects a true market value/rate of return
S126K	A disqualified person cannot be a trustee, investment manager or custodian of a super fund
Sub Reg 1.06 (9A)	Pension payments must be made at least annually, and must be at least the amount calculated under Schedule 7
Reg 4.09	Trustees must formulate, regularly review and give effect to an investment strategy for the fund
Reg 4.09A	The assets of the SMSF must be held separately from any assets held by the trustee personally or by a standard employer sponsor or an associate of the standard employer sponsor
Reg 5.03	Investment returns must be allocated to members in a manner that is fair and reasonable
Reg 5.08	Member minimum benefits must be maintained in the fund until transferred, rolled over, allotted (to the member's spouse) or cashed out in a permitted fashion
Reg 6.17	Payments of member benefits must be made in accordance with Part 6 or Part 7A of the regulations and be permitted by the trust deed
Reg 7.04	Contributions can only be accepted in accordance with the applicable rules for the year being audited
Reg 8.02B	When preparing accounts and statements required by subsection 35B(1) of SISA, an asset must be valued at its market value
Reg 13.12	Trustees must not recognise an assignment of a super interest of a member or beneficiary
Reg 13.13	Trustees must not recognise a charge over or in relation to a member's benefits
Reg 13.14	Trustees must not give a charge over, or in relation to, an asset of the fund
Reg 13.18AA	Investment in collectables and personal use assets must be maintained in accordance with prescribed rules



28 February 2021

The Trustee  
YYY Fund  
C/- Dodd Accounting  
3 / 2-6 Hunter Street  
PARRAMATTA NSW 2150

Dear Iouri, Svetlana, & Vitali

**SMSF Audit Management Letter**

I wish to advise that the audit of **YYY Fund** (the fund) for the year ended 30 June 2020 has recently been completed.

Auditors are encouraged by the Australian Taxation Office to issue management letters at the completion of each audit as a means of advising the trustee of any matters noted during the course of the audit.

My audit work involves examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report in order to form an opinion as to whether, in all material respects, the financial report is fairly stated in accordance with the accounting policies described in the notes thereto. Further, my audit work involves examination, again on a test basis, of evidence supporting compliance with certain requirements of the Superannuation Industry (Supervision) Act 1993 and the Superannuation Industry (Supervision) Regulations 1994 (SIS).

I advise that I encountered the following matters during the course of the audit that I believe should be brought to your attention.

**Investment Strategy – Insurance consideration**

I note that the fund's Investment Strategy dated 10 June 2014 does not contain a consideration of insurance for the members of the fund in accordance with SIS regulation 4.09, which requires trustees to formulate, regularly review, and give effect to an investment strategy that has regard to funds circumstances including:

- a) risk and likely return from investments
- b) composition of investments including diversification
- c) liquidity of investments and cash flow requirements
- d) ability to discharge existing and prospective liabilities
- e) whether to hold a contract of insurance cover for member/s

SIS Regulation 4.09(2)(e) was introduced on 7 August 2012, to require trustees to at least consider whether life insurance for members is appropriate as part of the investment strategy.

I note that on 17 February 2021, the trustees documented their decision in a trustee meeting minute, thereby correcting the above matter,

#### **Trustee Declarations – ATO approved form**

Notwithstanding the trustees signed Consents to Act dated 10 June 2014, we were not provided with evidence to support that this appointment was in accordance with the SIS section 104A requirement that trustees appointed on or from 1 July 2007 sign and date a Trustee Declaration in the approved form (NAT 71089) within 21 days from their appointment.

I note that on 17 February 2021, each individual trustee executed a Trustee Declaration in the approved form, supported by a trustee minute, thereby correcting the above matter,

Trustees are responsible for safeguarding the statutory records of the fund and should ensure that the trustee declarations are retained for as long as they are relevant, and in any case for at least 10 years.

#### **Other matters**

Our role as auditor is limited to expressing an opinion on the financial report of the fund as a whole and the compliance of the fund under SIS.

During the course of the audit we review the draft SMSF annual return to be lodged with the ATO, where it is provided. Our review is limited to assessing whether any tax liability or refund noted in the financial report is materially misstated. Our scope does not extend to verifying the accuracy of all sections of the SMSF annual return.

Our review of the member statements attached to the financial report is limited to assessing the reasonableness of movements and allocations made during the financial year being audited, and does extend to verifying the accuracy of historical member components and information relating to transactions that have occurred in previous years.

Should you wish to discuss the above, please do not hesitate to contact the undersigned.

Yours faithfully

**Terri Scott**

*Terri Scott*

Principal, Tax & Super Audits  
Chartered Accountant  
ASIC Approved SMSF Auditor  
SMSF Specialist Auditor™ (SSAud)





Tax & Super Audits  
Terri Scott Accounting

## TAX INVOICE

YYY Fund  
Dodd Accounting  
Unit 3, 2-6 Hunter St  
PARRAMATTA NSW 2150  
ABN: 42 755 262 973

**Invoice Date**  
28 Feb 2021

**Invoice Number**  
I003816

**Reference**  
DOD

**ABN**  
30 168 710 772

Terri Scott Accounting Pty Ltd  
PO Box 167 Wyong  
NSW 2259  
hello@terriscott.com.au  
02 4355 4812

Description	GST	Amount AUD
YYY FUND		
SMSF Audit Attend to the audit of the financial statements of the SMSF and its' compliance with the SIS Act & Regulations for the year ended 30 June 2020	10%	600.00
Disbursement: NSW Title Search - 92/200508	10%	25.00
Less: Fee reduction per quote given in email dated 26/10/2020	10%	(50.00)
	INCLUDES GST 10%	52.27
	<b>TOTAL AUD</b>	<b>575.00</b>

### Due Date: 14 Mar 2021

PAYMENT OPTIONS:  
Direct Credit to our bank account in name of Terri Scott Accounting Pty Ltd  
BSB: 082-356  
ACC: 29-279-1464  
REF: Invoice #

## PAYMENT ADVICE

To: Terri Scott Accounting Pty Ltd  
PO Box 167 Wyong  
NSW 2259  
hello@terriscott.com.au  
02 4355 4812

**Customer** YYY Fund  
**Invoice Number** I003816  
**Amount Due** 575.00  
**Due Date** 14 Mar 2021  
**Amount Enclosed**

Enter the amount you are paying above