

Aquaflow Solutions Pty Ltd atf

Mahogant Investments Superannuation Fund

Dear Trustees

Mahogany Investments Superannuation Fund
Audit Engagement Letter

Objectives and Scope of the Audit

You have requested that we audit the financial statements of the SMSF for the year ended 30 June 2021. We are pleased to confirm our acceptance and understanding of this engagement by means of this letter.

Our audit will be performed in accordance with Australian Auditing Standards, the *Superannuation Industry (Supervision) Act 1993* (SISA) and the *Superannuation Industry (Supervision) Regulations* (SISR) with the objective of expressing an opinion on the financial report and the fund's compliance with the specified requirements of the SISA and the SISR.

Our Responsibilities

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 as to 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 implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error, as well as evaluating the overall presentation of the financial report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatement may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

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 will, however, communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.

Trustees' Responsibilities

Our audit will be conducted on the basis that the trustee(s) acknowledge and understand that they have responsibilities:

- For the preparation of the financial report that gives a true and fair view in accordance with the Australian Auditing Standards, other mandatory reporting requirements and the SIS Act and SIS Regulations is that of the trustee(s);
- For such internal control as the trustee(s) determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and
- To provide us with:

- Access to all information of which the trustees are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
- Additional information that we may request from the trustees for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

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

Australian Auditing Standards require that we determine whether the financial reporting framework applied in the preparation of this special purpose of financial report is acceptable. If we determine the financial reporting framework to be unacceptable, we will not be able to undertake the audit engagement unless the framework is amended and then determined to be acceptable.

If a qualified audit report is to be issued following the completion of our audit, we will advise the details to you in a timely manner and prior to the issue of our report.

Audit of SIS Compliance

For the year ended 30 June 2021, we are required to form an opinion in respect of compliance with certain aspects of SIS. Our report must refer to the following sections and regulations:

Sections: 17A, 35AE, 35B, 35C(2), 52, 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, 13.22C

Report on Significant Matters

Under section 129 of the SISA we are required to report to you in writing. If during the course of, or in connection with, our audit, we become aware of any contravention of the Act or Regulations which we believe has occurred, is occurring or may occur.

We are also required to report to the ATO, as regulator, any contravention of the SISA and the SISR, where we believe the contravention may affect the interests of the members of beneficiaries of the fund.

In addition, we are also required under section 130 to report to you if we believe the superannuation fund may be, or may be about to become, in an unsatisfactory financial position. If we are not satisfied with your response as trustee(s) as to the action taken to rectify the situation or we receive no response, we are obliged to report the matter to the ATO.

A failure on the part of the trustee to rectify these breaches to the satisfaction of the ATO may result in significant penalties to the trustee and the fund itself.

In addition to our report on the financial statements, we will also report to you any material weaknesses in the fund's system of accounting and internal control which come to our notice during the course of our audit.

Quality Control

The conduct of our audit in accordance Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your expressed consent.

Our audit files may, however, be subject to review as part of the quality control review program of Regulators and or Professional Bodies which monitors compliance with professional standards by its members.

We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us as your auditor.

Independence/Conflict of Interest

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the superannuation fund and other related parties, rotation of audit partners, business relationships, employment relationships, and the provision of non-audit services in accordance with professional statement APES 110 – Code of Ethics for Professional Accountants.

Outsourced Services

We do not use any outsourced services in overseas locations when conducting client assignments.

Data Storage

We use data storage located in the office but it may be replicated to other locations.

Accepting our services as part of this engagement agreement indicates your acceptance of the use of outsourced services, cloud hosted software and outsourced data storage under the conditions outlined above.

Limitation of Liability

Our firm’s liability to you or any other user of the audit report is limited by a Scheme approved under Professional Standards Legislation.

Other

We would appreciate acknowledgement of terms and conditions set out in this letter. Please note that this letter will be effective for future years unless the terms of the engagement are altered by future correspondence.

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.

If you have any queries in relation to this please contact me.

To: MR ANTHONY BOYS

I/We hereby confirm your appointment as Auditor under the above terms of engagement.

For and on behalf of xyz Superannuation Fund as trustee for the xyz Superannuation Fund

**Signed &
Dated**

 26/4/2022

Yours sincerely
ANTHONY BOYS – REGISTERED COMPANY AUDITOR

DATED:

Signed document to be returned to P.O. Box 3376 Rundle Mall 5000

ANTHONY BOYS
PO BOX 3376,
RUNDLE MALL 5000

Dear Antony,

Mahogany Investments Superannuation Pty Ltd
Superannuation Fund Management/Trustee Representation Letter

In connection with your audit examination of the financial report of Aquaflow Solutions Pty Ltd for the year ended 30 June 2021, hereby confirm, at your request that to best of our knowledge and belief, the following representation relating to the accounts are correct.

Financial Report

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report.

The management/trustee have determined that the fund is not a reporting entity for the year ended 30 June 2021 and that the requirement to apply Australian Accounting Standards and other mandatory reporting requirements do not apply to the fund. Accordingly, the financial report prepared is a special purpose financial report, which is for distribution to members of the fund and to satisfy the requirement of the SISA and the SISR, and to confirm that the financial report is free of material misstatements, including omissions.

Sole Purpose

The fund has been maintained for the sole purpose of providing superannuation benefits to its members and their dependents.

Superannuation Fund Books/Records/Minutes

- (a) We have made available to you all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit.
- (b) We have made available to you Minutes of all trustee(s)' meetings and the Trust Deed.
- (c) We have established and maintained an adequate internal control structure to facilitate the preparation of reliable financial statements, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- (d) We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
- (e) Records maintained during the period were in accordance with the Australian Taxation Office requirements.

Asset Form

The assets of the superannuation fund are being held in a form suitable for the benefit of the members of the fund, and have been held in accordance with the fund's investment strategy.

Ownership and Pledging of Assets

The superannuation fund has satisfactory title to all assets disclosed in the Statement of Financial Position. Investments are registered in the name of the trustee(s).

No assets of the superannuation fund have been pledged to secure liabilities of the superannuation fund or of others.

Investments

- (a) We have considered the requirement of generally accepted accounting standards in regards to impairment of assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
- (b) There are no commitments, fixed or contingent, for the purchase or sale of long-term investments that have not been disclosed in the financial statements.
- (c) The investment strategy has been determined with due regard to risk, return, liquidity, diversity and the insurance needs of fund members, and the assets of the fund are in line with this strategy.
- (d) All investments are acquired, maintained and disposed of on an arm's length basis.

Trust Deed

The superannuation fund is being conducted in accordance with its Trust Deed.

Superannuation Industry (Supervision) Act and Regulations

- (a) The fund meets the definition of a self-managed superannuation fund under the SISA.
- (b) The fund has been conducted in accordance with the SISA, the SISR and its governing rules at all times during the year. Also there were no amendments to the governing rules during the year, except as notified to you.
- (c) The fund is being conducted in accordance with the SISA and the SISR, in particular the relevant requirements of the following provisions:

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
- (d) The trustee(s) have been nominated and may only be removed in such manner and circumstances as are allowed in the Trust Deed.
- (e) The trustees are not disqualified persons under s126K of the SISA.
- (f) Any vacancy among the trustee(s) is filled in accordance with the Trust Deed.
- (g) The trustee(s) have complied with all trustee standards set out in SISR and the covenant prescribed by section 52 of the SISA.
- (h) The trustee(s) have complied with all investment standards set out in the SISA and the SISR.
- (i) Information retention obligations have been complied with.

- (j) All contributions accepted and benefits paid have been in accordance with the governing rules of the fund and relevant provisions of the SISA and the SISR.

There are no breaches or possible breaches of the SIS legislation whose effects should be considered for disclosure in the financial report or to the Australian Taxation Office.

Commitments

- (a) There are no material commitments for construction or acquisition of property, plant and equipment to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
- (b) There were no commitments for purchase or sale of securities or assets or any options given by the fund including options over share capital.

Taxation

- (a) We have calculated income tax expense, current tax liability, deferred tax liability and deferred tax asset according to the definitions of taxable income and allowable deductions. We have calculated and recognised all other applicable taxes according to the relevant tax legislation.
- (b) There are no activities that invoke the anti-avoidance provisions of any applicable tax legislation.

Borrowings

The trustees have not borrowed money on behalf of the superannuation fund with the exception of borrowings which were allowable under the SIS Act and the SIS Regulations.

Related Parties

- (a) The fund has not made any loans to, or provided financial assistance to members of the fund or their relatives.
- (b) No asset has been acquired from a member or related party other than as permitted under the SISA and the SISR.
- (c) Related party transactions and related amounts receivable or payable have been properly disclosed in the financial statements.
- (d) All related party transactions have been conducted on commercial terms as if the transaction was undertaken on an arms length basis in accordance with section 109 of the SIS Act, **AND** those related party transactions do not contravene *practical Compliance Guidelines* issued by the Regulator regarding non arms length Income and non arms length expenditure.

Accounting Misstatement Detected by Audit

There has been no misstatement noted by audit during the course of the current year audit.

Insurance

The superannuation fund has an established procedure whereby an officer reviews at least annually the adequacy of insurance cover on all assets and insurable risks where relevant. This review has been

performed and where it is considered appropriate, assets and insurable risks of the superannuation fund are adequately covered by insurance.

Accounting Estimates

We confirm the significant assumptions used in making accounting estimates are reasonable.

Fair Value Measurements and Disclosures

We confirm that significant assumptions used in fair value measurements and disclosures are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the fund.

Going Concern

In the opinion of the trustees there are reasonable grounds to believe that the superannuation fund will be able to:

- Pay its debts as and when they fall due.
- Continue as a going concern for the foreseeable future.

We, therefore, confirm that the going concern basis is appropriate for the financial report.

Events after Balance Sheet Date

We are not aware of any events that have occurred between the financial reporting date to the date of this letter that we need to disclose or recognise in the financial report.

Comparative Information

We confirm that there have been no restatements made to correct a material misstatement in the prior period financial report that affects the comparative information.

Fraud and Error

- (a) There has been no:
 - (i) Fraud, error, or non-compliance with laws and regulations involving management or employees who have a significant role in the internal control structure.
 - (ii) Fraud, error, or non-compliance with laws and regulations that could have a material effect on the financial report.
 - (iii) Communication from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
- (b) The superannuation fund has disclosed to the auditor all significant facts relating to any frauds or suspected frauds known to management that may have affected the superannuation fund.
- (c) The superannuation fund has disclosed to the auditor the results of its assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (d) The superannuation fund has disclosed to the auditor the results of its assessment of the risk that the financial report may be materially misstated as a result of fraud.

Legal Matters

We confirm that all matters that may result in legal action against the fund or the trustees in respect of the fund, have been discussed with a solicitor and brought to the attention of the auditor so that a solicitor's representation letter may be obtained.

General

- (a) Neither the superannuation fund nor any Trustees have any plans or intentions that may materially affect the book value or classification of assets and liabilities at balance sheet date.
- (b) The superannuation fund accepts responsibility for the implementation and operations of accounting and internal control systems that are designed to prevent and detect fraud and error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- (c) There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.
- (d) The superannuation fund has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.

We understand that your examination was made in accordance with the Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the fund taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Additional Matters

There are no additional matters.

Signed by the Directors of Aquaflow Solutions Pty Ltd as Trustee for the Mahogany Investments Superannuation Pty Ltd



Director / Trustee

26/9/2022

Director / Trustee

Mahogany Investments Superannuation Fund

Investment Summary Report at 30th June 2021

Investment	Units	Cost Per Unit	Total	Market 30.6.21 Per Unit	Total
Cash/Bank Accounts					
CBA Direct Investments	1	1,154,237.96	1,154,237.96	1,234,872.65	1,234,872.65
			<u>1,154,237.96</u>		<u>1,234,872.65</u>
Shares in Listed Companies (Australia)					
ARB Corporation Limited	13,850	3.000	45,000.00	43.190	598,181.50
Commonwealth Bank Limited	1,000	50.060	50,060.01	99.870	99,870.00
	1,000	72.600	72,687.12	99.870	99,870.00
	670	73.500	49,304.09	99.870	66,912.90
	2,000	73.615	159,229.57	99.870	199,740.00
ANZ	1,700	29.000	49,359.16	28.150	47,855.00
BKI	10,000	1.641	16,408.80	1.620	16,200.00
REH - Reece Ltd FPO	10,000	10.000	100,120.00	23.610	236,100.00
	3,948	7.600	30,000.00	23.610	93,212.28
			<u>542,168.75</u>		<u>1,457,941.68</u>
			<u>1,696,406.71</u>		<u>2,692,814.33</u>

These notes should be read in conjunction with the attached Compilation Report

Liability limited by a scheme approved under Professional Standards Legislation

Mahogany Investments Superannuation Fund
Year Ended 30th June 2021

<u>Date Sold</u>	<u>Coy.</u>	<u>No. Sold</u>	<u>Sale Price</u>	<u>Date Purc.</u>	<u>Cost price</u>	<u>Profit</u>	<u>M/V 2020</u>
04.6.21	ARB	1000	44,946.00	11.08.06	3,000.00	\$ 41,946.00	17,950.00
15.6.21	ARB	150	7,015.05	11.08.06	450.00	\$ 7,015.05	2,692.50
			<u>51,961.05</u>		<u>3,450.00</u>	\$ 48,961.05	<u>20,642.50</u>
			Less 1/3 discount			\$ 16,320.35	-3,453.11
			Net taxable gain			\$ 32,640.70	
			Tax @15%			\$ 4,896.11	
			Write back of Market Value for shares sold				17,189.39

Mahogany Investments Superannuation Fund

Change in Market Value for the year ended 30th June 2021

Investment	Units		Cost		2020 Market Value		2021 Market Value		2021 Market Value		2021 Change Value
	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	
Cash/Bank Accounts	1	1,234,872.65	1,154,237.96	1,154,237.96	1,234,872.65	1,154,237.96	1,234,872.65	1,234,872.65	1,234,872.65	1,234,872.65	\$80,634.69
											0
Shares in Listed Companies (Australia)											
ARB Corporation Limited	13,850	\$41,550.00	\$17.95	\$248,607.50	13,850	\$43.19	\$598,181.50	\$349,574.00			
ARB Corporation Limited	1,000	\$3,000.00	\$17.95	\$17,950.00	SOLD						
ARB Corporation Limited	150	\$450.00	\$17.95	\$2,692.50	SOLD						
Commonwealth Bank Limited	1,000	\$50,060.01	\$69.42	\$69,420.00	1,000	\$99.87	\$99,870.00	\$30,450.00			
Commonwealth Bank Limited	2,000	\$159,229.57	\$69.42	\$138,840.00	2,000	\$99.87	\$199,740.00	\$60,900.00			
ANZ	1,700	\$49,359.16	\$18.64	\$31,688.00	1,700	\$28.15	\$47,855.00	\$16,167.00			
CBA	1,000	\$72,660.00	\$69.42	\$69,420.00	1,000	\$99.87	\$99,870.00	\$30,450.00			
CBA	670	\$49,304.09	\$69.42	\$46,511.40	670	\$99.87	\$66,912.90	\$20,401.50			
BKI	10,000	\$16,408.80	\$1.39	\$13,850.00	10,000	\$1.62	\$16,200.00	\$2,350.00			
REH	10,000	\$100,120.00	\$9.19	\$91,900.00	10,000	\$23.61	\$236,100.00	\$144,200.00			
REH	3,948	\$30,000.00	\$9.19	\$36,282.12	3,948	\$23.61	\$93,212.28	\$56,930.16			
		\$572,168.75		\$767,161.52			\$1,457,941.68	\$711,422.66			
		\$0.00		\$0.00			\$0.00	\$0.00			
		\$572,168.75		\$767,161.52			\$1,457,941.68	\$711,422.66			

Increase (Decrease) from previous year

\$711,422.66

Notional Tax on Notional Capital Gain

\$106,713.40

Adjusting Journal

General Journal

Mahogany Investments Superannuation Fund

Year Ended 30th June 2021

Dates	Details	Ref	DR	CR	
30/06/2021	Dr Income Tax Refundable	GJ1	10749.58		✓
	Cr Franking Credits (Dividends) Received	GJ1		10749.58	✓
	(Being Franking Credits on Dividends Received)				
30/06/2021	Dr Shares in Listed Australian Companies	GJ2	703039.16		✓
	Cr Increase in Mkt Value	GJ2		703039.16	✓
	(Change in Mkt Value for 2021)				
30/06/2021	Cr Income Tax Credit	GJ3		116605.60	✓
	Dr Income Tax Payable - 15% of \$55194.93	GJ3	9892.20		✓
	Dr Deferred Tax (FITL) - 15% of \$711422.66	GJ3	106713.40		✓
	(2021 Income Tax expense)				
04/05/2021	Dr ATO Supervisory Levy	GJ4	518.00		✓
	Cr Tax Refundable(Supervisory Levy)	GJ4		518.00	✓
	Being levy charged in 2018 & 2019 ATO refunds				
04/05/2021	Dr Provision for Income Tax	GJ5	11990.24		
	Cr Income tax Payable	GJ5		20530.68	
	Being offset of 2020 Frank. Crs. On assessment				
30/06/2021	Dr Wtite back of Change in M/V on shares sold	GJ6	17192.50		
	Cr Shares in Listed Coys.(Change in Market Value)	GJ6		17192.50	
03/03/2021	Dr Provision For Income Tax	GJ7	8540.44		
	Cr Income tax refundable	GJ7		8540.44	
	being offset of 2019 Frank. Crs.				
30.6.21	Dr Income Tax Refundable	GJ8	7.43		
	Cr Interest(ATO)	GJ8		7.43	
	Being interest credited by ATO				

868642.95 877183.39

Mahogany Investments Superannuation Fund

For the year ended 30th June 2021

Trial Balance	01.07.2020		Journal & Non Cash Postings		Bank Postings		Journal & Non Cash Postings		As at 30/6/21	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
CBA Main Acc	1,154,237.96		83,709.19	3,074.50			1,234,872.65			
CBA Term Deposits	0.00		0.00	0.00			0.00			
Formation Costs	1,206.00						1,206.00			
Income Tax Refundable	14,612.31		5,560.41	5,503.79	10749.58	5,503.79	259.00	1,4,5	14,038.69	
Income Tax Payable										
Franking Credit	0.00								0.00	
Tax Withheld										0.00
PAYG Instalments		0.00								
Commerical Property										0.00
Shares in Listed Coys. @ Cost	572,168.75			3,450.00			568,718.75			
Add/Less Change in Market Valu	194,992.77		711,422.66	106,713.40			906,415.43			
Deferred Taxation		29,248.92								135,962.32
S/Crs		0.00								0.00
Prov. For Income Tax		5,503.79								9,891.68
Frank Mahony - Members A/c		1,902,465.09			5,503.79	9,891.68				1,902,465.09
Current Year Earnings										0.00
Capital Gain			51,961.05	3,450.00						48,511.05
Dividends Received			25,082.36							0.00
Franking Credits						10,749.58		1		25,082.36
Other income										10,749.58
Bank Interest Received			1,105.37							1,105.37
Non-Deduct. Contrib.			0.00							0.00
Proceeds Retail Offer										
Increase in Market Value					711,422.66			2		711,422.66
Bank Charges										
Audit Fee			0.00							0.00
Accounts Fee			660.00							660.00
ATO Levy			2,414.50				259.00			2,414.50
Income Tax Expense					9,891.68					9891.68
Def Tax Adjustment					106,713.40					106,713.40

Transfers

1,937,217.79	1,937,217.80	86,783.69	847,731.11	847,731.11	259.00	259.00	2,845,190.10	2,845,190.11
	-0.01	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01

