

L & J De Silva Pty Ltd

ABN 74 395 259 254

Brian Roughley,  
PO BOX 205,  
GRANVILLE NSW 2142.

Dear Sir,

**PRE-AUDIT**

In preparation for your examination of the special purpose financial report of the L & J De Silva Superannuation Fund as at 30 June 2020, the Trustees have completed a detailed review of the Fund's operations and the following representations are made which are true to the best of our knowledge and belief:

We confirm we are knowledgeable on the matters contained in this representation letter.

**1. Documentation**

We acknowledge that we are responsible for providing you, as auditor, with access to all information that is relevant to the preparation of the financial report, and any additional information you may request, relevant to both the financial report and compliance audits.

**2. Protecting Assets**

We have considered the importance of safeguarding the assets of the Fund, and we confirm we have the following procedures in place to achieve this:

- a) Authorised signatories on bank and investment accounts are regularly reviewed and considered appropriate; and
- b) Tangible assets are, where appropriate, adequately insured and (where relevant) appropriately stored.

**3. Internal Control**

We note as the auditor that you are required to make enquiries regarding the internal controls in place, and we advise the following to assist you with your enquiries:

To enable you to obtain an understanding of the control environment relevant to the preparation of the financial report, it is noted that there is no formally documented set of controls, processes or structures. The Trustee operates on the basis that all relevant documentation is either provided to, or sourced (where possible) by the party charged with preparing the financial report.

It is noted that the Trustee does not have a formal process for monitoring internal controls relevant to the preparation of financial report comment save for reviewing the final reports for accuracy, and to confirm they reflect our understanding of the Fund.

The Fund does not have a formal process for identifying, estimating or assessing business risks relevant to the financial reporting objectives, and this is considered appropriate in the circumstances. Notwithstanding this assessment, should any business risks relevant to the

financial reporting objectives be identified, we will ensure they are adequately addressed, as required in the circumstances.

#### **4. Risk of Fraud**

We acknowledge the importance of placing a strong emphasis on fraud prevention.

The nature, extent and frequency of assessments undertaken by us to conclude that there is a low risk that the financial report is materially misstated due to fraud, are informal and ad hoc given the nature of the Fund, however we confirm:

- a) The Trustees are signatories on all transactions, no other party has the authority to act on behalf the Trustee;
- b) Reconciliations are undertaken by the Trustee or the Fund's accountant for both investments held and all bank accounts maintained by the Fund; and
- c) If the Trustee expects or anticipates contributions for any member, steps will be taken to monitor the timing of these receipts and to follow up any situation that might delay the deposit.

We have not identified any specific risks of fraud, however we acknowledge that if fraud existed within the Fund, the most likely areas of concern would be investments or cash being misappropriated or income or contributions being intercepted prior to being banked into the Fund bank account.

#### **5. Procedures for Identifying and Responding to Fraud**

As Trustee we believe adequate controls are in place to reduce the risk of fraud, however should fraudulent activity be identified, the Trustee would ensure all Trustees are aware of the situation and the Fund accountant and you as the auditor would be informed.

Depending on the situation, steps would be implemented to cease the fraudulent activity and further controls would be put in place to limit any future activity from affecting the Fund.

#### **6. Existence of Fraud**

We confirm we have no knowledge of any actual, suspected or alleged fraud affecting the Fund.

#### **7. Internal Controls Relevant to SISA and SISR Compliance**

We acknowledge we are familiar with the Superannuation Industry (Supervision) Act 1993 ("SISA") and Superannuation Industry (Supervision) Regulations 1994 ("SISR") provisions the Fund must comply with, and that are the subject of your audit.

Whilst contraventions may occur, we endeavour to remain up to date on the legislative requirements applicable to our Fund, and implement, where possible, internal controls to promote compliance.

#### **8. Going Concern Assessment**

The Trustee believes there are no events or conditions that exist that may cast significant doubt on the Fund's ability to continue as a going concern.

Even if the Trustee is contemplating, or moving to wind up the Fund, the Trustee believes the going concern basis is appropriate because the Fund would continue to operate on the basis that assets could be realised and liabilities discharged in the ordinary course of business.

## **9. Representations and Information from Third Parties**

We acknowledge that where documentation and other information is provided by our accountant pertaining to have Fund audit, you can rely on the information provided. We further acknowledge and consent to you liaising with our accountant to obtain additional information or to have Fund specific queries answered. We note you can rely on the information provided by our accountant in relation to your audit queries.

## **AUDIT**

In connection with your examination of the special purpose financial report of the L & J De Silva Superannuation Fund as at 30 June, 2020, we acknowledge our responsibility for ensuring the financial report is prepared in accordance with the accounting standards detailed in Note 1 to the financial statements. We confirm we have fulfilled our responsibility for the preparation of the financial report in accordance with the relevant financial reporting framework, the statutory reporting requirements to the Fund, and confirm that the financial report is free of material misstatement, including omissions, and that we have approved the financial report, as evidenced by our signature on the Trustee declaration attached to the financial report.

The following representations are true to the best of our knowledge and belief:

### **1. Sold Purpose**

The sole purpose of the Fund is to provide superannuation benefits for members' retirement.

### **2. Accounting Policies**

All the significant accounting policies of the Fund are adequately described in Note 1 to the financial statements and are consistent with the policies adopted last year, unless otherwise detailed in the notes to the financial statements.

### **3. Fund Books/Records/Minutes**

As agreed in the terms of the audit engagement, all financial books, records and related data have been made available to you, including relevant minutes of the Trustee meetings and this information has been retained in the appropriate format for the required period of time.

We confirm all transactions have been recorded and are reflected in the financial report.

With the exception of any data collated with regard to accounting estimates, no experts have been engaged in the preparation of documentation for your audit.

### **4. Asset Form**

The assets of the Fund are being held in a form suitable for the benefit of the member(s) of the Fund.

## 5. Ownership and Pledging of Assets

- a) The Fund has satisfactory title to all assets disclosed in the statement of financial position;
- b) No assets of the Fund have been pledged to secure liabilities of the Fund (unless the charge is permitted by the legislation) or of others; and
- c) The assets of the Fund have been kept separately from the assets of the Trustee, the employer sponsor or any associates of the employer sponsor.

## 6. Custodian Services

Where the fund engages the services of a custodian, we note:

- a) Notwithstanding the custodian is engaged to assist with the holding, safeguarding and administration of certain Fund assets, we are responsible for the investment decisions and to ensure the Fund's investment strategy is complied with;
- b) We are responsible for establishing the terms under which the custodian is engaged;
- c) Investments and other reports are received at least quarterly, or more often as required;
- d) The nature of the relationship between the Fund and the custodian engaged is consistent with the general terms of contracts of this nature.

It is noted that it is our responsibility to establish the terms under which the custodian is engaged and to ensure the investments held by the custodian are in accordance with the fund's investment strategy.

In instances where the Fund uses a custodian, we confirm we have not been advised of any fraud, non-compliance with the laws and regulations or uncorrected misstatements that would affect the financial report of the Fund.

## 7. Investments

- a) Investments as at year end are carried in the books at market value. If an accounting estimate is used to determine the value to be reported, the Trustee confirms a value was selected (based on the evidence collated) that most accurately reflects the market value of the asset. Save for the impact of events subsequent to year end, such amounts are considered reasonable in the light of present circumstances;
- b) There are no commitments, fixed or contingent, for the purchase or sale of long-term investments that have not otherwise been disclosed in the financial report;
- c) The investment strategy, after taking into account the whole of the circumstances of the Fund, has been determined with due regard to risk, return, liquidity and diversification. This is so even where investments chosen may be considered risky, may have negative, may be illiquid and may not equate to a diversified portfolio;
- d) In the event the Fund does not have a diversified portfolio, the Trustee confirms the risks associated with a lack of diversification were considered prior to making and maintaining investments;
- e) The investments held by the trustee are considered appropriate to meet the needs of the Fund member(s);

- f) Every effort has been made to ensure investments are acquired, maintained and disposed of on an arm's length basis;
- g) The investment policy and strategy is checked by the Trustees every time an investment is either purchased or sold to ensure strict compliance;
- h) No loans are made to members and the Fund is not permitted to make loans or investments in the Trustee; and
- i) Assets are not acquired from a member unless permitted by the law or the regulations.

## 8. Accounting Estimates

We note accounting estimates may be needed where the Fund invests in property, unlisted investments, collectable or other tangible assets, or where the Fund transacts with related parties.

With regard to the use of any accounting estimates, we confirm we oversee the collation of information needed to evidence the estimate(s) set. We acknowledge that any specialised skill needed with regards to accounting estimates determining conjunction with any requests by you as the auditor of the 54 this process assists in the selection of assumptions to be made, methods to be applied and sources of data to be used to determine the accounting estimate.

We do not have a formal process to identify or address the risks relating to accounting estimates. Estimates undertaken for the purpose of compliance with SISA section 109 or SISR regulation 8.02B are supported by appropriate documentation, copies of which have been supplied for audit review.

We acknowledge and understand there is a degree of estimation uncertainty. We do not believe the level of estimation uncertainty needs separate disclosure in the financial report. We confirm the methods, assumptions and data used in the making of any accounting estimates are appropriate for the preparation and presentation of the special purpose financial report.

## 9. Trust Deed

The Fund is being conducted in accordance with its Trust Deed and Governing rules, and you have been provided with copies of any updates to the governing rules made during the financial year. All amendments (if any) to that Trust Deed were made in order for the Fund to comply with the SISA, SISR and any other applicable legislation relating to the operation and governance of the Fund.

## 10. Legal and Regulatory Framework

Unless otherwise identified during your audit, the Fund is in compliance with the requirements of the relevant Income Tax Assessment Act. The Fund is being conducted in accordance with the SISA and SISR (with the exception of any contraventions as identified by you as the auditor) and we specifically confirm:

- a) We have provided you with all information relevant to the compliance engagement;

- b) The directors of the corporate Trustee have been nominated, have consented to act and may only be removed in such manner and circumstances as are allowed in the governing rules;
- c) No director of the corporate Trustee is a disqualified person;
- d) The Trustee has applied with the investment standards set out in SISA;
- e) Information retention obligations have been complied with;
- f) The Trustee has not entered into any contract or done anything else that would prevent it from properly performing or exercising its functions and powers;
- g) The Trustee is a constitutional corporation and the F has lodged an election to be regulated by the ATO;
- h) No Trustee has received any remuneration from the Fund.
- i) The Trustee has complied with all the Trustee See covenants set out in section 52 of SISA.

We acknowledge we are responsible for complying with the Listed Provisions (per the audit engagement letter), including the identification of risks that might threaten Fund compliance. We are responsible for designing and maintaining internal controls to mitigate these risks, including the risk of fraud in the hope that these risks do not hamper the Fund's ability to comply with the Listed Provisions.

All known instances of non-compliance or suspected non-compliance with the applicable laws and regulations, whose effects should be considered when preparing the financial report, or that impact your obligation to report certain matters to the Australian Taxation Office have been disclosed to you.

We confirm the Fund has complied with the provisions of any laws and regulations that may have a direct effect on the determination of material amounts and disclosures in the financial report, other than those you have been advised.

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

## 11. Internal Controls

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud. We do not have an internal audit function, however, we have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report and to ensure that the assets of the Fund are safeguarded from fraud or error. We have assessed the risk that the financial report may be materially misstated as a result of fraud and advise that we have no knowledge of any actual, suspected or alleged fraud affecting the Fund. There have been no irregularities that could allude to a fraud affecting the Fund.

We confirm we have not received any communication parties connected to the Fund relating to any allegations of, or suspected cases of, fraud, that might affect the financial report for the Fund.

There are no specific risks arising from the information technology utilised by the Fund that require attention by the Trustee.

To monitor internal controls over financial reporting, we review all reports provided by the information technology systems utilised by the Fund for accuracy. This assists in determining if the information is sufficiently reliable for financial report.

## **12. Contributions**

Concessional and non-concessional contributions, if any, received by the Fund have been reviewed in line with the limits imposed by the legislation, taking into account contributions paid to other superannuation funds.

Correspondence from the member(s) has been received and recorded by the Trustees for all contributions from the member(s).

To the best of our knowledge, non-concessional contributions received are in line with member specific contribution caps.

Any excessive contributions will be dealt with as required by either the legislation or as advised by the ATO.

## **13. Member Balances**

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

All assets of the Fund have been acquired and used for the sole purpose of generating retirement benefits in accordance with SISA, the Trust Deed of the Fund and the Investment Strategy of the Fund.

All pension payments (if any) and all withdrawal of funds from the accounts of the Fund have been made in accordance with statutory limitations imposed by the legislation governing the Fund and all withdrawals of funds have been in accordance with SISA.

## **14. Legal Matters**

The Trustees confirm you have been advised of all significant legal matters, and that all known actual or possible litigation and claims have been adequately accounted for, and been appropriately disclosed in the financial report.

Any minutes of meetings with the Fund's legal counsel have been provided for audit review.

## **15. Related Parties**

All related parties and related party transactions (if any) have been brought to your attention, and have been appropriately accounted for. We confirm the effect of any related party relationships or transactions do not cause the financial report to be misleading.

## **16. Capital subsequent Events**

The Trustee has no formal procedures for the identification of subsequent events, however, we monitor investments and markets information relevant to the Fund on an ongoing basis.

Other than those reported, there are no events subsequent to year end, nor any new litigation or claims referred to the Fund's legal counsel, that would require adjustment to, or disclosure in, the financial report.

We further note that there are no subsequent events that could have significant effect on the Fund's compliance and therefore on your opinion for the compliance engagement.

**17. Going Concern Assumption**

We confirm we have no knowledge of any events or conditions that would cast significant doubt on the Fund's ability to continue as a going concern.

**18. Timing of Representations**

It is taken that the above representations are applicable to the 2020 audit of the Fund. Should this representation letter be signed on a date other than when the audit report is signed, we note that the above representations are still appropriate, relevant and accurate to the date on which your audit report is signed should this not be the case, we shall inform you prior to the finalisation of your audit, and the signing of your audit report.

Yours faithfully,

L & J De Silva Pty Ltd

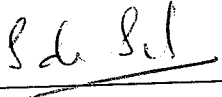
Signed:



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Laknath De Silva

Signed:



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Jane De Silva