

MANAGEMENT LETTER

STRICTLY CONFIDENTIAL

Director(s) of trustee company
Jonkap Superannuation Fund
319C Edgecliff Road
WOOLLAHRA NSW 2025

Date: 13 August 2019

Dear Jonathan,

General management letter with regards to our audit for the year ended 30 June 2019.

We have finalised our audit examinations of the books and records of the above superannuation fund for the year ended 30 June 2019.

Auditors are encouraged by ATO to issue management letter at completion of each SMSF audit as a mean to advise of any matters noted during the course of audit.

My audit work involves the review of only those systems and controls adapted by the trustee on which I wish to rely for the purposes of determining my audit planning and procedures.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SISA and the SISR for the year ended 30 June 2019.

Accordingly, my examination may not have identified all the control and weaknesses that may exist in the fund.

We would like to bring the following matter at your attention:

KEY MATTERS

CASH IN BANK - WITH AUTHORISED DEPOSIT TAKING INSTITUTIONS - VALUE \$471,158

We have observed that some of the cash is held with ADIs. The Australian Government has guaranteed deposits up to \$250,000 in one single Authorised Deposit-taking Institutions (ADIs).

We did not obtain independent bank confirmations instead checked the closing balance at the year end in the bank statement. Please let us know if you want us to obtain confirmation we will perform this test for you which may incur additional time and cost to you.

UNSECURED LOAN - VALUE \$80,751

We have observed that the fund had loaned \$80,751 to a member of the fund as at 30 June 2019. A loan to a member is an in-house asset. In-house assets cannot be more than 5% of the superfund's total assets. We recommend that the member continue to make repayments to this loan in order to maintain the in-house asset ratio under 5%. Trustees of the fund are required to ensure that at the end of each financial year, the level of in-house assets is still less than 5% of the fund. If the market value of an in-house asset increases or the value of the fund's assets decrease, the Trustees may need to dispose some of the fund's in-house assets to ensure the fund is complaint.

PROPERTY - VALUE \$1,200,000

We have observed that the fund has invested in property, with market value of \$1,200,000 as at 30 June 2019. Fund assets must be valued at current market value, either by the fund's Trustees or independent professional valuers.

We did not obtain independent confirmations of the value of the property. We relied on the letter from Niemeyer Management dated 20 June 2019 for the market valuation.

Please note that, Auditors are not qualified to assess the valuation of unsecured loans, unlisted companies, trusts or joint ventures. It is the responsibility to appoint appropriate values and perform feasibility studies and ensure the value recorded in the financial statement is correct based on the valuation report trustees had obtained. Our audit may not identify the correct valuation stated in the financial statement.

Please note that we have not audited the members account statements attached to the financial report as this is outside the scope of our audit engagement. While we do complete the thorough audit of the movements in the members accounts during the financial being audited, we are unable to provide opinion to the accuracy to the historical member components and eligible service date information that relates to the transactions that have occurred in prior years.

We also do not express an opinion on the accuracy of the preparation of the tax return. It is the responsibility of the client and/or his tax agent to ensure accurate preparation of tax return as per taxation law on the basis of audited financial and may include other information.

It is a legal requirement that you receive, read and understand key documents like engagement letter, representation letter, management letter and audit report.

Please do not hesitate to contact me if you have any queries or would like to discuss this/these matter(s).

Yours faithfully



CARL DUMBRELL

SMSF Auditor's

Dated: 13 Aug 2019