



09 November 2021

The Trustees  
Newtons Nest Egg Superannuation Fund  
16/81 Birtinya Bvd  
BIRTINYA QLD 4575

Dear Trustees

**RE: AUDIT MANAGEMENT LETTER**

I wish to advise that the audit of Newtons Nest Egg Superannuation Fund for the year ended 30 June 2021 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 audit.

My audit work involves an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report 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 an 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 would like to bring the following to your attention.*

**Unlisted Investments**

I noticed that the fund has the following investments in unlisted entities:

<u>Investment</u>	<u>No. shares/units</u>	<u>Cost</u>	<u>Value in Accounts at 30 June 2021</u>
GreatSouthland Ltd	NA	\$ 1,043,830.31	\$ 1,043,830.31
MacroLend	NA	\$ 200,600.00	\$ 200,600.00

I am limited in my ability to accurately value unlisted private companies without a formal valuation. Accordingly, as the evidence available to me was limited, my audit procedures in respect to the above investments had to be restricted. I am therefore unable to express an opinion on the value or recoverability of your investment in the above unlisted entities.

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### Recommendation

I suggest that the trustees give careful consideration to the recoverability of the above-mentioned assets, and any future unlisted investments, to ensure that comfort can be obtained around the valuation and recoverability of these assets.

### Investment in GreatSouthland Ltd

During the year, the superfund has made further investments of \$85,248.00 in the promissory notes of GreatSouthland Ltd. However, the amount has not been transferred from a superfund bank account instead the investments are accounted as the non-concessional contribution of members in the books of the superfund. I recommend trustees to make any investments directly from the superfund bank account to avoid any compliance breach of SIS provisions.

Further, I have been provided with a copy of the promissory note agreement with note number GSL-NewSF-01-740000 dated 09.12.2019, confirming the principal loan amount of \$740,000.00, however, as per the Promissory Note Taxation Statement for the period from 1/07/2020 - 30/06/2021 total outstanding promissory note balance was \$1,043,830.32 as of 30.06.2021. Considering that the above promissory note is due to maturity on the second anniversary of the effective date, i.e., 9/12/2022. I request the trustee to send me a copy of the Notice sent to GreatSouthland Ltd, indicating the intention to either redeem the loan or roll over the loan for a further term as indicated in the second part of the above promissory note agreement for my verification.

### Investments in Macrolend

I noticed that as per the Macrolend convertible certificate dated 09.12.2019 the notes are due to conversion on any public listing of Corearth Holdings Pty Ltd or Kradle software Pty Ltd or within 14 days of Corearth Holdings Pty Ltd or Kradle Software Pty Ltd becoming a limited company. The trustees advised that *"the IPO is likely to be late 2022 or early 2023 but there are several accelerants which may bring it forward. If Konnect goes according to plan, we could go earlier. It's hard to say until we get it out onto the market."* I request trustees to send me a status of conversion as soon as the information available.

Except above, I advise that I have not encountered any matters during my audit that I believe should be brought to your attention.

If you would like to discuss any matters, please do not hesitate to contact me.

Regards,

A handwritten signature in blue ink, appearing to read 'Umesh Manek', is written over a light blue circular watermark.

**Umesh Manek**

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