

The Trustees
Teakle Family Super Fund
49 Carnoustie Circuit
Marrara NT 0812

31 January 2018

Dear Trustees

SUPERANNUATION FUND AUDIT

We have completed the audit of the Teakle Family Super Fund (the fund) for the year ended 30 June 2017. We propose to issue an audit report on the financial statements of the fund and on the fund's compliance with the Superannuation Industry (Supervision) Act & Regulations 1993 (SIS).

The audit report issued is in the form approved by the Australian Taxation Office (ATO).

Responsibilities of the Auditor

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by the trustees and on the fund's compliance with SIS as outlined in our audit engagement letter. The audit of the financial statements and the fund's compliance with SIS does not relieve the trustees of their responsibilities.

Responsibilities of the Trustees

The trustees of the fund are responsible for the maintenance of SIS compliance at all times during the year.

The trustees of the fund are responsible for the preparation of the fund's financial statements and the adoption and selection of appropriate accounting policies for the fund and making accounting estimates that are reasonable in the circumstances.

The trustees of the fund are responsible for the design and implementation of appropriate systems of internal control to control and manage the transactions of the fund, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Significant Findings from the Audit

The financial statements of the fund have been prepared to meet the trustees' reporting obligations under SIS. The accounting policies adopted by the fund have been described in Note 1 to the financial statements. Our audit has been conducted to ensure that the financial statements present fairly the transactions, assets and liabilities of the fund in accordance with these accounting policies.



Our audit work and audit opinion do not consider the appropriateness of the valuation policies adopted by the trustees, except to the extent required by Australian Auditing Standards.

During the course of the audit we have not identified that any of the accounting policies are inconsistent with the accounting policies detailed in Note 1 to the financial statements.

We have not encountered any significant difficulties during the conduct of the audit.

During the conduct of the audit we have not identified any significant deficiencies in internal control.

Auditor Reporting – SIS Compliance

We have not identified any further matters that are required to be reported to the trustees, including any SIS contraventions or errors or misstatements in the financial statements.

Investment Strategy

The investment strategy of the fund is required to be reviewed regularly and must evidence that the trustees have considered the following:

- Risk and return of investments
- Liquidity needs of the fund/members
- The need for investment/asset diversification
- The insurance needs of fund members.

As auditor we are also required to ensure that the trustees have invested in accordance with the Investment Strategy.

We recommend you review the investment strategy to ensure that it appropriately responds to the economic climate, the expectations of beneficiaries and the fund's current position.

Valuation of Investments

The trustees are required each year to ensure that all superannuation fund investments are carried at Market Value. While this is not a requirement for an independent valuation to be conducted, the trustees must evidence that the annual financial statements carry assets at market value determined by reference to an objective and supportable valuation approach.

Investment naming conventions

Regulation 4.09A of SIS requires the trustees of the fund to keep the money and other assets of the fund separate from personal and business assets of the members. In practice, this is achieved and evidenced by ensuring the name of the fund is included in the title to the assets.

To ensure compliance with SIS, we recommend that the trustees ensure that all assets are held in the name of the fund or clearly held on trust for the fund.

Insurance Policies held by the fund

From 1 July 2014 any new personal insurance policies taken out by a superannuation fund must conform with a SIS conditions of release. In practice this means that insurance policies held by a superannuation fund can only be:

- Life insurance



- TPD insurance (with occupation definition of any occupation)
Existing insurance policies can continue to be held by a superannuation fund.

Independence

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the Australian professional accounting bodies in relation to the audit of the financial statements.

Yours faithfully

BDO Audit (NT)

A handwritten signature in black ink, appearing to be 'C Taziwa'.

C Taziwa
Partner

APPENDIX 1 - ATO PENALTY REGIME

SIS Provision	Description	Penalty Units
Subsection 34(1)	Trustees must ensure that prescribed operating standards are complied with	20 Penalty units \$3,400
Section 35B	Trustees must ensure that the SMSF prepares annual financial statements (and from 1 July 2012, the financial statements will be required to carry assets at market value)	10 penalty units \$1,700
Subsection 65(1)	Trustees of a SMSF cannot lend money or give other financial assistance using the resources of the SMSF, to members or relatives of members of the SMSF	60 penalty units \$10,200
Subsection 67(1)	Trustees must not cause a SMSF to borrow money or maintain an existing borrowing of money.	60 penalty units \$10,200
Subsection 84(1)	Trustees must take all reasonable steps to ensure that the in-house-asset provisions are complied with.	60 penalty units \$10,200
Subsection 103(1)	Trustees must keep for at least 10 years minutes of all meetings of the trustees at which matters affecting the SMSF were considered.	10 penalty units \$1,700
Subsection 103(2)	(as above, except as it applies to a single director of a corporate trustee entity of a SMSF)	10 penalty units \$1,700
Subsection 103(2A)	Trustees must retain for at least 10 years, a copy of elections in relation to the in-house-asset transitional rules (re-investment into geared unit trusts to the quantum of borrowings)	10 penalty units \$1,700
Subsection 104(1)	Trustees must keep up to date records of trustees (directors), changes to trustees (directors) and consents of trustees (directors). Copies of records must be kept for at least 10 years.	10 penalty units \$1,700
Subsection 104A(2)	Trustees (directors) appointed after 30 June 2007 must complete an ATO trustee declaration within 21 days of being appointed as a trustee (director). The declaration must be retained for 10 years	10 penalty units \$1,700
Subsection 105(1)	Trustees must ensure that copies of member or beneficiary reports are retained for 10 years.	10 penalty units \$1,700



SIS Provision	Description	Penalty Units
Subsection 106(1)	Trustees are required to notify the regulator of a significant adverse event affecting the SMSF immediately.	60 penalty units \$10,200
Subsection 106A(1)	Trustees are required to notify the ATO in writing if they know that a SMSF has ceased to be a SMSF	20 penalty units \$3,400
Subsection 124(1)	Trustees must only appoint investment managers in writing	5 penalty units \$850
Subsection 160(4)	Trustees subject to an education direction must comply with that direction within the prescribed time frame	5 penalty units \$850
Subsection 254(1)	Trustees must provide information to the ATO on request by the regulator	5 penalty units \$850
Subsection 347A(5)	Where a SMSF has been nominated to form part of a statistical survey by the ATO, trustees must ensure that the information is provided as requested We need to be aware of these deadlines & the consequences for clients	5 penalty units \$850