

SUPERANNUATION AUDIT ASSISTANCE PTY LTD

22 May 2019

The Trustees,
Amore's Super Fund,
1/1355 Gympie Road
Aspley QLD 4034

Dear Sir / Madam,

RE: AUDIT MANAGEMENT LETTER
Amore's Super Fund

I wish to advise I have conducted an independent audit of the financial report of Amore's Super Fund (the Fund) for the year ended 30 June 2018 in order to express an opinion on it.

I have complied with the ethical responsibilities and independence requirements in accordance with the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) as required by the *Superannuation Industry (Supervision) Act 1993 (SISA)* and *SIS Regulations (SISR)*.

Auditors are encouraged by the Australian Taxation Office (ATO) to issue management letters at the completion of each audit as a means of advising the trustee of any matters noted during the course of the audit.

Audit Procedure

My audit has been conducted in accordance with Australian Auditing Standards. My assurance engagement to report on the fund's compliance with the applicable requirements of SISA and SISR involved performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements.

My audit work comprises of examination of evidence supporting the amounts and other disclosures in the financial report, on a test basis, in order 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.

Audit Methodology

My audit team applied Australian Standard on Quality Control 1 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.



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My audit work involved examination, again on a test basis, of evidence supporting compliance with requirements of SISA and SISR. These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of SISA and SISR apart from those specified in the audit report.

My audit of the financial report was to evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures and to evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Internal Controls, Materiality & Reasonable Assurance

I have conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

I exercise professional judgment and maintain professional scepticism throughout the audit. My audit work also involved the review and obtain an understanding of internal controls and systems in order to design my audit plan and procedures that are appropriate in the circumstance. Accordingly, my examination may not have identified all the weaknesses that may exist in the Fund.

My audit objective was to obtain, reasonable assurance about whether the financial report as a whole is free from material misstatement and identify and assess the risks, whether due to fraud or error of any material misstatement. I designed and performed audit procedures in response to those risks, and obtained audit evidence that were sufficient and appropriate to provide a basis for my opinion.

Due to the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with audited provisions of SISA and SISR may occur and not be detected.

Fund Investments

In conducting my audit, I have not checked liquidity of any of the Fund's assets, the nature or class of investments, nor their suitability to the Fund's investment strategy. If any asset's capital is lost, I will not be responsible for any damages under section 12GF of Australian Securities and Investments Commission Act 2001.

You are responsible for investing the Fund's assets and you should take full care of those investments. It is my duty of care to inform you, if in my opinion, I notice any investments are not recoverable. Please note many investments are complex in nature and I am not trained to analyse each investment, hence you should not entirely rely on my opinion.

I am not required to form an opinion and report to you if the Fund is making or likely to make an economic loss or the Fund's assets are getting damaged or likely to get damaged due to conduct of any other person who you rely for investment decisions or appoint as custodians or investment manager. My audit was limited to this Fund's financial report and not to entities where this Fund invests such custodian services, unrelated trusts and companies, or other similar entities.

Going Concern

My audit procedure included appropriate use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern.

My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

Member Statements

I note the member statements attached to the financial report have not been audited, as this is outside the scope of our audit engagement. Whilst I do complete an audit of the movements in the member account during the financial year being audited, I am unable to provide an opinion as to the accuracy of historical components and eligible service date information that relates to transactions that occurred in prior years.

Conclusion

I advise I have come across, during the course of my audit, matters I believe should be brought to your attention. I am obliged by Section 129 & 130 of SISA to report any contravention to the ATO and a separate notice under Section 129 to be sent to you with a list of all contraventions reported to the ATO.

The main asset of the Self-Managed Superannuation Fund is a Gold Coast Holiday Unit financed via a Limited Recourse Borrowing Arrangement. In holiday letting the agent is required to supply the property owner detailed dissection of rental income received by tenant and the expenses deducted to reconcile the gross rent to the owner payments. The information supplied only covers half the financial year. I have requested additional details and the accountants say that this is all you have available.

As a result of this you are in breach or possible breach of the following SIS Act regulations:

- **S.35C(2) – The Trustee must provide the auditor with the necessary documents to complete the audit**
- **S.65 and S.62 – The trustee must not provide financial assistance to any member or relative**
- **S.62 – The Sole Purpose Test – The fund and its assets are established solely to provide benefits to fund members upon their retirement, or upon reaching a prescribed age, or to the dependents in the case of a member's death before retirement.**
- **S.109 – All transactions must be made and maintained at arms-length.**

There is nothing being reported to the ATO at this time. I will require a Statutory Declaration signed by all the Directors of Amore's Holding Pty Ltd stating that there were no breach of the abovementioned SIS Act Regulations and that there was no private use of the super fund assets by the fund members or directors of the corporate trustee or any relative of the fund members or directors.

Should you wish to discuss anything regarding the above, please do not hesitate to contact the undersigned.

Yours faithfully,
Superannuation Audit Assistance Pty Ltd

A handwritten signature in black ink, appearing to read 'T Nasmyth', is centered within a light gray rectangular box.

Mr Thomas Nasmyth