

KURT REYNOLDS BAYLY SUPERANNUATION FUND

SUPERANNUATION FUND

AUDIT REPORT

SELF MANAGED SUPERANNUATION FUND

Name of auditor	SUZANNE MCINTOSH
Address of auditor	2/ 69 TENNANT STREET FYSHWICK ACT 2609
Name of auditing firm	TRIBE STRATEGIC ACCOUNTANTS
SMSF Auditor Number (SAN)	100042564
Professional association	INSTITUTE CHARTERED ACCOUNTANTS
Professional registration number	90073
Name of SMSF	Kurt Reynolds Bayly Superannuation Fund
ABN of SMSF or TFN of SMSF	90 313 845 577
Year of income being audited	30 JUNE 2017

PART A: FINANCIAL AUDIT

OPINION

I have audited¹ the special purpose financial report of the Kurt Reynolds Bayly Superannuation Fund comprising the statement of financial position as at 30 June 2017, and the operating statement, a summary of significant accounting policies and other explanatory notes.’

In my opinion, the financial report presents fairly in all material respects, in accordance with the accounting policies described in the notes to the financial report:

The financial position of the fund at 30 June 2017 and the results of its operations for the year then ended.

BASIS FOR OPINION

My audit has been conducted in accordance with Australian Auditing Standards.² My responsibilities under those standards are further described in the *Approved SMSF Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. I am independent of the SMSF in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to this audit and as required by the *Superannuation Industry (Supervision) Regulations 1994* (SISR). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTER – BASIS OF ACCOUNTING

I draw attention to the notes of the financial report, which describes the basis of accounting. The financial report has been prepared to assist Kurt Reynolds Bayly Superannuation Fund meet the requirements of the SMSF’s governing rules, the *Superannuation Industry (Supervision) Act 1993* (SISA) and the SISR. As a result, the financial report may not be suitable for other purposes and should not be distributed to parties other than the trustees. My opinion is not modified in respect of this matter.

RESPONSIBILITIES OF SMSF TRUSTEES FOR THE FINANCIAL REPORT

Each SMSF trustee (individual trustee or director of the corporate trustee) is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the SMSF’s governing rules, the SISA and the SISR. Each trustee is also responsible for such internal controls as they determine are necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustees are responsible for assessing the fund’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees intend to wind-up the fund or have not realistic alternative but to do so.

Each SMSF trustee is responsible for overseeing the fund’s financial reporting process.

²The Australian Auditing Standards issued by the Auditing and Assurance Standards Board.

Approved SMSF AUDITOR'S responsibilities for the audit of the financial report³

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of trustees taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of an internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of trustees' 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. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial report or if such disclosures are inadequate, to modify my opinion. 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.
- 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.

I have communicated with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I may identify during the audit.

³ For a Disclaimer of Opinion, replace this section with: "My responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report. I am independent of the SMSF in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code."

PART B: COMPLIANCE ENGAGEMENT

Opinion

I have undertaken a reasonable assurance engagement on Kurt Reynolds Bayly Superannuation Fund's compliance, in all material respects, with the applicable provisions of the SISA and the SISR as listed below ("the listed provisions") for the year ended 30 June 2017.

Sections: 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109, 126K

Regulations: 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14, 13.18AA

In my opinion, except for the matter(s) referred to below (*) each trustee of Kurt Reynolds Bayly Superannuation Fund has complied in all material respects, with the listed provisions, for the year ended 30 June 2017.

Basis for OPINION (If qualified)

[Include a description of the matter giving rise to the qualified/adverse opinion] ()*

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 believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my *[qualified/adverse] (*)* opinion.

INDEPENDENCE AND QUALITY CONTROL

I have complied with the independence and other ethical requirements relating to assurance engagements, and applied Auditing Standards 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.

SMSF TRUSTEES' RESPONSIBILITIES

Each SMSF trustee is responsible for complying with the listed provisions and for the identification of risks that threaten compliance with the listed provisions, controls which will mitigate those risks and monitoring ongoing compliance.

Approved SMSF AUDITOR'S responsibilities⁴

My responsibility is to express an opinion on the trustees' compliance, in all material respects, with the listed provisions, for the year ended 30 June 2017. ASAE 3100 *Compliance Engagements* requires that I plan and perform my procedures to obtain reasonable assurance about whether the trustee have complied, in all material respects, with the listed provisions for the year ended 30 June 2017.

⁴ For Disclaimer of Opinion, replace this section with: "My responsibility is to conduct a reasonable assurance engagement on the trustees' compliance with the listed provisions in accordance with the Standards on Assurance Engagements and to issue an assurance report. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I am independent of the SMSF in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my assurance engagement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code."

An assurance engagement to report on the trustees' compliance with the listed provisions involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on my judgement, including the identification and assessment of risks of material non-compliance.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the listed provisions for the year ended 30 June 2017.

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 the SISA and the SISR apart from those specified.

INHERENT LIMITATIONS

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 the listed provisions may occur and not be detected.

A reasonable assurance engagement for the year ended 30 June 2017 does not provide assurance on whether compliance with the listed provisions will continue in the future.

Suzanne McIntosh

A handwritten signature in black ink, appearing to read 'Suzanne McIntosh', enclosed within a large, hand-drawn oval.

DATE: 19/08/2020

APPENDIX 1 – EXPLANATION OF LISTED SECTIONS AND REGULATIONS IN COMPLIANCE ENGAGEMENT

This appendix is included to assist with the meaning of the legislation and regulations listed above

Section or Regulation	Explanation
S17A	The fund must meet the definition of an SMSF
S35AE	The trustees must keep and maintain accounting records for a minimum of five years
S35B	The trustees must prepare, sign and retain accounts and statements
S35C(2)	The trustees must provide the auditor with the necessary documents to complete the audit in a timely and professional manner; and within 14 days of a written request from the auditor
S62	The fund must be maintained for the sole purpose of providing benefits to any or all of the following: <ul style="list-style-type: none"> • fund members upon their retirement • fund members upon reaching a prescribed age • the dependants of a fund member in the case of the member’s death before retirement
S65	The trustees must not loan monies or provide financial assistance to any member or relative at any time during the financial year
S66	The trustees must not acquire any assets (not listed as an exception) from any member or related party of the fund
S67	The trustees of the fund must not borrow any money or maintain an existing borrowing (not listed as an exception)
S67A & 67B	The fund must comply with the limited recourse borrowing arrangement rules when borrowing to purchase single acquirable asset or replacement assets (not listed as an exception to the borrowing rules)
S82-85	The trustees must comply with the in-house asset rules
S103	The trustees must keep minutes of all meetings and retain the minutes for a minimum of 10 years
S104	The trustees must keep up to date records of all trustee or director of corporate trustee changes and trustee consents for a minimum of 10 years

S104A	Trustees who became a trustee on or after 1 July 2007 must sign and retain a trustee declaration
S105	The trustees must ensure that copies of all member or beneficiary reports are kept for a minimum of 10 years
S109	All investment transactions must be made and maintained at arms- length – that is, purchase, sale price and income from an asset reflects a true market value/rate of return
S126K	A disqualified person cannot be a trustee, investment manager or custodian of a superannuation fund
Sub Reg 1.06 (9A)	Pension payments must be made at least annually, and must be at least the amount calculated under Schedule 7
Reg 4.09	Trustees must formulate, regularly review and give effect to an investment strategy for the fund
Reg 4.09A	The assets of the SMSF must be held separately from any assets held by the trustee personally or by a standard employer sponsor or an associate of the standard employer sponsor
Reg 5.03	Investment returns must be allocated to members in a manner that is fair and reasonable
Reg 5.08	Member minimum benefits must be maintained in the fund until transferred, rolled over, allotted (to the member's spouse) or cashed out in a permitted fashion
Reg 6.17	Payments of member benefits must be made in accordance with Part 6 or Part 7A of the regulations and be permitted by the trust deed
Reg 7.04	Contributions can only be accepted in accordance with the applicable rules for the year being audited
Reg 8.02B	When preparing accounts and statements required by subsection 35B(1) of SISA, an asset must be valued at its market value
Reg 13.12	Trustees must not recognise an assignment of a super interest of a member or beneficiary
Reg 13.13	Trustees must not recognise a charge over or in relation to a member's benefits
Reg 13.14	Trustees must not give a charge over, or in relation to, an asset of the fund
Reg 13.18AA	Investments in collectables and personal use assets must be maintained in accordance with prescribed rules

19th August 2020

The Trustee
Kurt Reynolds Bayly Superannuation Fund

Dear Director,

KURT REYNOLDS BAYLY SUPERANNUATION FUND

MANAGEMENT LETTER

YEAR ENDED 30 JUNE 2017.

We advise that we have now completed our audit examination of the Fund in respect of the year ended 30th June 2017. The Audit Report is included with the financial statements.

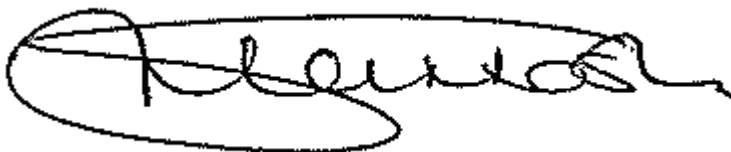
We are pleased to advise that there were no issues noted during the audit process. We do however note that the Fund has not adhered to the lodgement due dates, as a result your Fund has been removed from Superfund lookup.

Having a status of 'Regulation details removed' means:

- APRA funds won't roll over any member benefits to the SMSF
- Employers won't make any super guarantee contribution payments for members of the SMSF.

Should you have any queries regarding the above please contact our office.

Yours faithfully,



SUZANNE McINTOSH
Approved SMSF Auditor
Tribe Strategic Accountants Pty Ltd

1 July 2016

The Trustee
Kurt Reynolds Bayly Superannuation Fund

Dear Trustee

Audit Engagement Letter

The Objective and Scope of the Audit of Kurt Reynolds Bayly Superannuation Fund

You have requested that we act as auditor of Kurt Reynolds Bayly Superannuation Fund ("the Fund") as of, and for the year ended 30 June 2017. We are pleased to confirm our acceptance of the appointment and would now like to set out our understanding of the terms of this engagement:

1. Audit of the financial report, which comprises the statement of financial position as at 30 June 2017 and the operating statement, a summary of significant accounting policies and other explanatory notes and the Trustee's Declaration for the year ended 30 June 2017; and
2. Audit of the compliance during the same period with the requirements of the *Superannuation Industry (Supervision) Act 1993* ("SISA") and the *Superannuation Industry (Supervision) Regulations 1994* ("SISR") specified in the approved form auditor's report as issued by the ATO, which are sections: 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109, 126K of the SISA and regulations: 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14 and 13.18AA of the SISR.

Our audit will be conducted pursuant to the SISA with the objective of our expressing an opinion on the financial report and the Fund's compliance with the specific requirements of the SISA and SISR.

The Responsibilities of the Auditor

We will conduct our audit of the financial report in accordance with Australian Auditing Standards and our compliance engagement in accordance with applicable Standards on Assurance Engagements, issued by the Auditing and Assurance Standards Board (AUASB). These standards require that we comply with relevant ethical requirements relating to audit and assurance engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement, whether due to fraud or error, and that you have complied, in all material respects, with the specified requirements of the SISA and SISR.

In accordance with Section 35C of the SISA, the financial report of a regulated superannuation fund must be audited by an approved auditor. The auditor must give the trustee a report on the special purpose financial report in the approved form within the prescribed time after the year of income to which the financial report relates.

Audit of the Financial Report

An audit of the financial report involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report 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. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

An audit of the financial report also includes evaluating the appropriateness of the financial reporting framework, accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report. Due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and

internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

In making our risk assessments, we consider controls relevant to the Fund's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.

We are required to communicate the planned scope and timing of our audit, and we note the scope of our audit will be sufficient to perform our duties as the auditor of the fund. The timing of the audit will be dictated by the provision of relevant documentation to commence the audit. We are also required to communicate the significant risks identified. Generally speaking, the auditing standards require a presumption that revenue recognition and management override of controls are significant risks. Should other significant risks be identified as part of our audit, we will communicate these to you.

Basis of Accounting

We are required by the Australian Auditing Standards to include an Emphasis of Matter paragraph in our audit report, and we note the anticipated wording will be:

Without modifying my opinion, we draw attention to note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist the fund meet the requirements of the SMSF's governing rules, the Superannuation Industry (Supervision) Act 1993 and the Superannuation Industry (Supervision) Regulations 1994. As a result, the financial report may not be suitable for another purpose.

Compliance Engagement

A compliance engagement involves performing audit procedures to obtain audit evidence about the Fund's compliance with the provisions of the SISA and SISR specified in the ATO's approved form auditor's report.

Our compliance engagement with respect to investments includes determining whether the investments are made for the sole purpose of funding members' retirement, death or disability benefits and whether you have an investment strategy for the Fund, which gives due consideration to risk, return, liquidity, diversification and the insurance needs of members managers. Our procedures will include testing whether the investments are made for the allowable purposes in accordance with the investment strategy, but not for the purpose of assessing the appropriateness of those investments to the members.

The Responsibilities of the Trustees

We take this opportunity to remind you that it is the responsibility of the trustees to ensure that the Fund, at all times, complies with the SISA and SISR as well as any other legislation relevant to the Fund. The trustees are also responsible for the preparation and fair presentation of the financial report.

Our auditor's report will explain that the trustees are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies used are consistent with the financial reporting requirements of the Fund's governing rules, comply with the requirements of the SISA and SISR and are appropriate to meet the needs of the members. This responsibility includes:

- Establishing and maintaining controls relevant to the preparation of a financial report that is free from misstatements, whether due to fraud or error. The system of accounting and internal controls should be adequate in ensuring that all transactions are recorded and that the recorded transactions are valid, accurate, authorised, properly classified and promptly recorded, so as to facilitate the preparation of reliable financial information. This responsibility to maintain adequate internal controls also extends to the Fund's compliance with SISA and SISR including any Circulars and Guidelines issued by a relevant regulator to the extent applicable. The internal controls should be sufficient to prevent and/or detect material non-compliance with such legislative requirements.
- Selecting and applying appropriate accounting policies;
- Making accounting estimates that are reasonable in the circumstances; and
- Making available to us all the books of the Fund, including any registers and general documents, minutes and other relevant papers of all Trustee meetings and giving us any information, explanations and assistance we require for the purpose of our audit. Section 35C(2) of SISA requires that Trustees must give to the auditor any document that the auditor requests in writing within 14 days of the request.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit.

Our auditor's report is prepared for the members of the Fund and we disclaim any assumption of responsibility for any reliance on our report, or on the financial report to which it relates, to any person other than the members of the Fund, or for any purpose other than that for which it was prepared.

Independence

We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of APES 110 *Code of Ethics for Professional Accountants*, as issued by the Accounting Professional and Ethical Standards Board, in relation to the audit of the Fund. In conducting our audit of the financial report and compliance engagement, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

Report on Matters Identified

Under section 129 of the SISA, we are required to report to you in writing if, during the course of, or in connection with, our audit, we become aware of any contravention of the SISA or SISR which we believe has occurred, is occurring or may occur. Furthermore, you should be aware that we are also required to notify the Australian Taxation Office (ATO) of certain contraventions of the SISA and SISR that we become aware of during the audit, which meet the tests stipulated by the ATO, irrespective of the materiality of the contravention or action taken by the trustees to rectify the matter. Finally, under section 130 we are required to report to you and the ATO if we believe the financial position of the Fund may be, or may be about to become unsatisfactory.

You should not assume that any matters reported to you, or that a report that there are no matters to be communicated, indicates that there are no additional matters, or matters that you should be aware of in meeting your responsibilities. The completed audit report may be provided to you as a signed hard copy or a signed electronic version.

Report on Other Matters

We are required to inform you of certain uncorrected misstatements identified during the audit, and we must obtain representations from you acknowledging the uncorrected misstatements have been brought to your attention and that you have considered the effects of these misstatements to be either material or immaterial individually and in aggregate to the financial report.

Confidentiality

In conducting this engagement, information acquired by us in the course of the engagement is subject to strict confidentiality requirements. That information will not be disclosed by us to other parties except as required or allowed for by law, or with your express consent.

Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our audit files may, however, be subject to review as part of the compliance program of a professional accounting body, the Australian Taxation Office (ATO) or the Australian Securities and Investment Commission (ASIC). We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under these programs. Should this occur, we will advise you. The same strict confidentiality requirements apply under these programs as apply to us as your auditor.

Electronic Communication

Unless otherwise agreed with you, we may correspond by means of the Internet or other electronic media or provide information to you in electronic form. We may also deliver our audit report or other key audit documentation in electronic form. Unless agreed otherwise, we may accept any correspondence received containing electronic signatures as having been signed by yourselves. Where you request to receive electronically any report or correspondence containing opinions or advice, we will not be responsible for any unauthorised copying, interception, interference or delivery failure of the transmission. While it is our policy to check our email correspondence and other electronic information with anti-virus software, we similarly cannot guarantee that transmissions or other electronic information will be free from infection. You should not rely upon any opinions or advice transmitted electronically unless confirmed by a letter signed by a partner or other authorised signatory of RSM Australia Pty Ltd.

Quality Control

The conduct of our audit in accordance with Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Our audit files may, however, be subject to review as part of the quality control review program; including reviews by the Australian Securities and Investments Commission ("ASIC") or Chartered Accountants Australia and New Zealand ("CAANZ") which monitor compliance with professional standards by its members, reviews in respect of ISO 9001 certification and our internal quality control reviews. We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under these programs. The same strict confidentiality requirements apply under these programs as apply to us as your auditor.

Limitation of Liability

As a firm participating in a scheme approved under Professional Services Legislation, our liability may be limited under the scheme.

Fees

We look forward to full co-operation with you and we trust that you will make available to us whatever records, documentation and other information we request in connection with our audit. Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus direct out of pocket expenses, or as otherwise agreed.

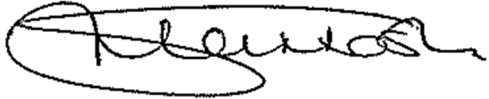
Other

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit.

Prior to our accepting this appointment as auditor, we may be obligated to contact your previous auditor. We may also need to request documentation, that may be contained in the audit file of your previous auditor. Your signature below permits us to do this and permits the previous auditor to provide that information to us. Should you not wish for us to contact your previous auditor, please contact us for further discussion.

Yours faithfully



SUZANNE McINTOSH
Approved SMSF Auditor
Tribe Strategic Accountants

19th August 2020

Please acknowledge below that you have read and understood the above engagement letter.

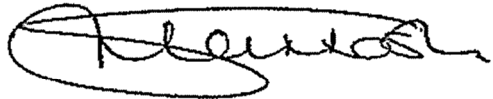
Kurt Bayly
Director
Kurt Enterprises Pty Ltd

Dated

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit.

Prior to our accepting this appointment as auditor, we may be obligated to contact your previous auditor. We may also need to request documentation, that may be contained in the audit file of your previous auditor. Your signature below permits us to do this and permits the previous auditor to provide that information to us. Should you not wish for us to contact your previous auditor, please contact us for further discussion.

Yours faithfully



SUZANNE McINTOSH
Approved SMSF Auditor
Tribe Strategic Accountants

Dated

Please acknowledge below that you have read and understood the above engagement letter.

Kurt Reynolds Bayly
Kurt Bayly
Director
Kurt Enterprises Pty Ltd

19-08-2020
Dated

19th August 2020

Suzanne McIntosh
Tribe Strategic Accountants
GPO Box 554
CANBERRA ACT 2601

Dear Madam,

This representation letter is provided in connection with your audit of the special purpose financial report of Kurt Reynolds Bayly Superannuation Fund (“the Fund”) and the Fund’s compliance with the *Superannuation Industry (Supervision) Act 1993* (“SIS Act”) and the *Superannuation Industry (Supervision) Regulations 1994* (“SIS Regulations”) for the year ended 30 June 2017, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with the accounting policies described in Note 1 to the financial statements and whether the trustee has complied, in all material respects with the requirements of the SIS Act and the SIS Regulations.

The trustee has determined that the Fund is not a reporting entity for the year ended 30 June 2017 and that the requirement to apply Australian Accounting Standards and other mandatory reporting requirements do not apply to the Fund. Accordingly, the financial report prepared is a special purpose financial report which is for distribution to members of the Fund only and to satisfy the requirements of the SIS Act and SIS Regulations. We acknowledge our responsibility for ensuring that the financial report is prepared in accordance with the accounting policies as selected by ourselves and requirements of the SIS Act and SIS Regulations and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. Sole purpose test

The Fund is maintained for the sole purpose of providing benefits for each member on their retirement, death, termination of employment, or ill-health.

2. Trustees are not disqualified

No disqualified person acts as a director of the trustee company or as an individual trustee.

3. Trust deed, trustee’s responsibilities and fund conduct

The Fund meets the definition of a self managed superannuation fund under the SIS Act, including that no member is an employee of another member, unless they are relatives and no trustee, and/or director of the corporate trustee, receives any remuneration for any duties or services performed by the trustee, or director, in relation to the fund.

The Fund has been conducted in accordance with its governing rules at all times during the year and there were no amendments to the trust deed during the year, except as notified to you.

The trustee has complied with all aspects of the trustee requirements of the SIS Act and SIS Regulations, with the exception of any contraventions as identified by you as the auditor.

The trustee is not subject to any contract or obligation which would prevent or hinder the trustee in properly executing their functions and powers.

The Fund has been conducted in accordance with the SIS Act, SIS Regulations and the governing rules of the Fund, the relevant Income Tax Assessment Act, and we specifically confirm:

- The directors of the corporate trustee/individual trustees have been nominated, have consented to act, and may only be removed in such manner and circumstances as are allowed in the governing rules;
- The trustee has complied with all the trustee standards set out in the regulations and the covenants prescribed by section 52B of the SIS Act;
- No director of the corporate trustee, or individual trustee, is a disqualified person.
- The trustee has complied with the investment standards set out in the SIS Act; and
- Information retention obligations have been complied with.

The fund has complied with the requirements of the SIS Act and SIS Regulations specified in the approved form auditor's report as issued by the Australian Taxation Office (ATO), which are sections 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109, 126K of the SIS Act and regulations 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14, 13.18AA of the SIS Regulations, with the exception of any contraventions as identified by you as the auditor.

All contributions accepted and benefits paid have been in accordance with the governing rules of the Fund and relevant provisions of the SIS Act and SIS Regulations.

There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report other than those disclosed to you.

4. Accounting policies

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

5. Fund books and records

All transactions have been recorded in the accounting records and are reflected in the financial report. We have made available to you all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and minutes of all meetings of the trustee.

We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect error or fraud. We have established and maintained an adequate internal control structure to facilitate the preparation of reliable financial reports, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.

We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund and involves the trustees or others.

All accounting records and financial reports have been kept for 5 years, minutes and records of trustees', and/or director(s) of the corporate trustee, meetings have been kept for 10 years and trustee declarations in the approved form have been signed and kept for each trustee appointed after 30 June 2007.

6. Asset form and valuation

The assets of the Fund are being held in a form suitable for the benefit of the members of the Fund, and are in accordance with the investment strategy.

Investments are carried in the books at market value, except where otherwise stated in Note 1 to the Financial Statements. Such amounts are considered reasonable in light of present circumstances.

We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.

There are no commitments, fixed or contingent, for the purchase or sale of long term investments that have not been disclosed in the financial report.

7. Ownership and pledging of assets

The Fund has satisfactory title to all assets appearing in the statement of financial position. All investments are registered in the name of the Fund, where possible, and are in the custody of the respective manager/trustee.

There are no liens or encumbrances on any assets or benefits and no assets, benefits or interests in the Fund have been pledged or assigned to secure liabilities of others, other than as required for a limited recourse borrowing arrangement.

All assets of the Fund are held separately from the assets of the members, employers and the trustees. Every effort has been made to ensure assets are acquired, maintained and disposed of on an arm's length basis and appropriate action is taken to protect the assets of the Fund.

8. Insurance of Assets

The trustee has considered the level of insurance of all Fund assets and believes that all insurable assets are adequately insured.

The trustee indemnifies the auditor from any liability should an insurable event occur and the insurance proceeds, if any, are insufficient to meet the trustee's requirements.

9. Related parties

All related party transactions have been brought to your attention and have been properly recorded or disclosed in the financial report.

The Fund has not made any loans or provided financial assistance to members of the Fund or their relatives, other than those advised to you.

Where required, tenants of fund property have maintained suitable insurance. Where property is held by a related company or trust, there is sufficient insurance in place for the property. The trustee is aware of the consequences of not having sufficient or any insurance on properties.

For any limited recourse borrowing arrangement, the trustee is satisfied that insurance levels are sufficient to cover the outstanding liability, or the trustee is aware of the consequences of not having sufficient or any insurance on the asset(s).

10. Subsequent events

Other than those reported, no events or transactions have occurred since the date of the financial report, or are pending, which would have a significant adverse effect on the Fund's financial position at that date, or which are of such significance in relation to the Fund as to require mention in the notes to the financial statements in order to ensure they are not misleading as to the financial position of the Fund or its operations.

11. Legal matters

We 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.

Other than those provided to you, there have been no communications from the ATO concerning a contravention of the SIS Act or SIS Regulations which has occurred, is occurring, or is about to occur.

12. Going concern

The trustee advises that it has no knowledge of any event, occurrence or condition which would create any doubt about the fund's ability to continue as a going concern.

13. Internal controls

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud. 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 we have no knowledge of any actual, suspected or alleged fraud affecting the Fund that we have not previously disclosed to you.

The Fund does not have a formal process for identifying, estimating or assessing business risks relevant to the financial reporting objectives, however, we believe this is appropriate in the circumstances.

There are no specific risks arising from the information technology used 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 utilized by the Fund for accuracy. This assists in determining if the information is sufficiently reliable for financial reporting purposes.

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

The trustee confirms its procedures include regularly reviewing authorised signatories to bank accounts and other investments and reviewing the appropriateness of insurance and storage of assets where relevant.

14. Contributions

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.

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. 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 the ATO.

15. Australian Taxation Office correspondence

The trustee has provided all correspondence received from the Australian Taxation Office to the auditor.

16. Timing of Representations

It is taken that the above representations are applicable to the 30th June 2017 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.

We understand that your examination was made in accordance with Australian Auditing Standards and applicable Standards on Assurance Engagements and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the Fund taken as a whole, and on the compliance of the Fund with specified requirements of the SIS Act and SIS Regulations, and that your tests of the financial and compliance records and other auditing procedures were limited to those which you considered necessary for that purpose.

Kurt Reynolds Bayly
Kurt Bayly
Director
Kurt Enterprises Pty Ltd

19/08/2020
Dated