

Certified Practising Accountant

Andrew Paul Higgins & Sasha Kotlar
Directors
Skah Super Pty Ltd
Trustee for
Skah Super Fund
PO Box 216
SEACLIFF PARK SA 5049

To the Trustees of Skah Super Fund

TRUSTEE LETTER Year Ended 30 June 2020 SKAH SUPER FUND AUDIT

We have completed the audit of the above superannuation fund (the fund) for the financial year ended 30 June 2020.

We wish to report to you the following matters arising from our audit:

1. *Superannuation Industry (Supervision) Act 1993 (SIS Act) and the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations) breaches*

No contraventions of the SIS Act were identified during our Audit

2. Material audit adjustments

No material audit adjustments were identified during our Audit

3. Matters for Trustee attention

We did not identify any significant administration issues in the conduct of our Audit.

Investment strategy

ATO Guidelines on investment strategies updated February 2020

ATO are placing stronger emphasis on investment strategies and we encourage trustees to review their investment strategies to ensure they are consistent with retirement goals and the ATO's guidelines in particular where assets are not diversified.

Broad Investment Ranges

ATO have stated it is not a valid approach to merely specify investment ranges of 0 to 100% for each class of investments. You need to document why you require broad ranges to achieve investment goals.

We **recommend** that narrow investment ranges be adopted to better guide investment decisions

Diversification of Investments

As most of your investments are in one asset class – real estate, this lack of diversification

Liability limited by a scheme approved under Professional Standards Legislation

LRC Accounting Pty Ltd as Trustee for LRC Accounting Trust ABN 73 949 051 250
P: 8332 1489 M: 0412 101 927 E: lou.lrc@bigpond.com
369 Greenhill Rd TOORAK GARDENS SA 5065, PO Box 669 GLENSIDE SA 5065

can increase risks due to volatility and liquidity.

We **recommend** your investment strategy documents that (1) you considered the risks associated with lack of diversification and (2) document how this investment will meet the funds investment objectives of return, cash flow, liquidity and volatility risks.

4. Further matters for your review

We did not identify any significant administration issues in the conduct of our Audit

This report is prepared on the basis of the limitations set out below.

The matters raised in this report are only those that came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures reviewed, or potential instances of fraud that may exist. Our comments should be read in the context of the scope of our work. Findings within this report may have been prepared on the basis of management representations.

This report has been prepared solely for your use as Trustee of **Skah Super Fund** and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

We would like to thank you for your assistance in relation to our audit. Should you have any questions relating to our audit, or the above items, please do not hesitate to contact us to discuss.

Yours sincerely,

LRC Accounting Pty Ltd



Lou Razzano
30 October 2020

Liability limited by a scheme approved under Professional Standards Legislation

LRC Accounting Pty Ltd as Trustee for LRC Accounting Trust ABN 73 949 051 250
P: 8332 1489 M: 0412 101 927 E: lou.lrc@bigpond.com
369 Greenhill Rd TOORAK GARDENS SA 5065, PO Box 669 GLENSIDE SA 5065



Approved SMSF auditor details

Name Lou Razzano _____
Business name LRC Accounting Pty Ltd _____
Business postal address 369 Greenhill Rd TOORAK GARDENS, SA 5065 _____
SMSF auditor number (SAN) 100029936 _____

Self-managed superannuation fund details

Self-managed superannuation fund (SMSF) name SKAH SUPER FUND _____
Australian business number (ABN) or tax file number (TFN) 61 874 694 303 _____
Address PO BOX 216, SEACLIFF PARK SA 5049 _____
Year of income being audited 2020 _____

To the SMSF trustees

of the SKAH SUPER FUND _____

Part A: Financial audit

Opinion

I have audited the special purpose financial report of the SKAH SUPER FUND comprising the statement of financial position as at 30 June 2020 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 2020 and the results of its operations for the year then ended.

Emphasis of Matter – Basis of accounting

I draw attention to note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist SKAH SUPER 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 no realistic alternative but to do so.

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

Approved SMSF auditor's responsibilities for the audit of the financial report

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.

Part B: Compliance engagement

Opinion

I have undertaken a reasonable assurance engagement on SKAH SUPER 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 2020.

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, each trustee of SKAH SUPER FUND has complied in all material respects, with the listed provisions, for the year ended 30 June 2020.

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 responsibilities

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 2020. 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 2020.

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 2020.

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 2020 does not provide assurance on whether compliance with the listed provisions will continue in the future.

SMSF Auditor's name

_Lou Razzano_____

SMSF Auditor's signature



Date audit completed 30 October 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	<p>The fund must be maintained for the sole purpose of providing benefits to any or all of the following:</p> <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

Tuesday, 17 November 2020

The Trustees
SKAH Super
2 Gurners Lane
Lonsdale SA 5160

Our Ref: RH101:MR:fs

Dear Andy & Sasha,

Audit – Year Ended 30 June 2020

Please find enclosed the Independent Auditor's Report together with a Trustee Letter from the Auditor for the Year Ended 30 June 2020. The copies enclosed are for your records and be kept with the bound copy of the Financial Statements for the Year Ended 30 June 2020.

An invoice for the audit is also enclosed from LRC Accounting. Would you please make payment direct to LRC Accounting at your earliest convenience.

Now that the audit has been completed, we have attended to the lodgement of the Income Tax Return for the Year Ended 30 June 2020. Tax refundable of \$146.50 is estimated, as previously advised.

If you have any queries regarding the above, please contact this office.

Yours faithfully
ROSENBERG & CO



Fiona Salt MIPA AFA

