

## STRICTLY CONFIDENTIAL

12 November 2020

The Trustees  
HFJ & SM Baggs Superannuation Fund  
16 Marrah Drive  
WY YUNG VIC 3875

Dear Trustees

### **Re: Management Letter for the year ended 30 June 2020 HFJ & SM Baggs Superannuation Fund**

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 course of the audit.

My audit work involves examination, on a test basis, of evidence supporting the amounts and other 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. Further, my audit work involves 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.

I have finalized my audit examinations of the books and records of the above superannuation fund for the year ended 30 June 2020. My audit report is attached. There were no matters arising from the audit which need to be drawn to your attention.

I wish to thank the team at Eager and Partners for their assistance during the audit.

Yours faithfully



John Howson  
23 Wandana Road, Sale, Vic  
Approved SMSF Auditor

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**HFJ & SM Baggs Superannuation Fund**  
**Self Managed Superannuation Fund Independent Auditor's Report**

**Part A: Financial Audit**

**Opinion**

I have audited the special purpose financial report comprising the Statement of Financial Position as at 30 June 2020, and the Operating Statement for the year then ended, a summary of significant accounting policies and other explanatory notes of the SMSF for the year ended 30 June 2020.

**Qualification**

The previous year's financial statements were not audited by me. As a result I am unable to confirm the opening financial account and member balances and as such cannot verify the comparative financial information.

**Qualified SMSF auditor's Opinion**

In my opinion, except for the qualification paragraph above, the financial report presents fairly, in all material respects, in accordance with the accounting policies described in the notes to the financial statements, the financial position of the Fund as at 30 June 2020 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. 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 self-managed superannuation fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) as required by the 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 audit opinion.

**Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Superannuation Fund meet the requirements of the SMSF Governing Rules, the SISA and the SISR. As a result, the financial report may not be suitable for other purposes.

**Responsibility of SMSF trustees for the financial report**

Each SMSF Trustee (individual trustee or director of 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. The going concern basis of accounting is appropriate when it is reasonable foreseeable that the fund will be able to meet its liabilities as they fall due.

The trustees are responsible for overseeing the fund's financial reporting process.

**Approved SMSF Auditor's responsibility for the audit of the financial report**

My objective is 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 judgement 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 to provide

**HJF & SM Baggs Superannuation Fund**  
**Self Managed Superannuation Fund Independent Auditor's Report**

- 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 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 communicate 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 identify during the audit.

**Part B: Compliance Report**

**Approved SMSF Auditor's Opinion**

I have performed a reasonable assurance engagement on the Superannuation fund to provide an opinion in relation to its compliance, in all material respects, with the applicable provisions of SISA and the SISR as listed below in the Approved SMSF auditor's Responsibility section of the report.

In my opinion, the trustees of the Superannuation Fund has complied, in all material respects, with the requirements of the SISA or the SISR specified below, for the year ended 30 June 2020.

**Basis for 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 opinion.

**Independence and quality control**

I have complied with the 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 SISR.

I apply Australian Standard on Quality Control 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.

I have complied with the competency standards set by ASIC.

**SMSF trustee's responsibility for compliance**

Each SMSF trustee is responsible for complying with the requirements of the SISA and the SISR and for identifying, designing and implementing internal controls as they determine necessary to meet compliance requirements and monitor ongoing compliance.

**HJF & SM Baggs Superannuation Fund**  
**Self Managed Superannuation Fund Independent Auditor's Report**

**Approved SMSF auditor's responsibility for the compliance report**

My responsibility is to express an opinion on the trustees' compliance with the applicable requirements of the SISA and the SISR, based on the compliance engagement. My procedures included testing that the fund has an investment strategy that complies with the SISA and that the trustees make investments in line with that strategy, however, no opinion is made on its appropriateness to the fund members.

My reasonable assurance engagement has been conducted in accordance with applicable Standards on Assurance Engagements issued by the Auditing and Assurance Standards Board, to provide reasonable assurance that the trustees of the fund have complied, in all material respects, with the relevant requirements of the following provisions (to the extent applicable) of the SISA and the SISR.

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

An assurance engagement to report on the fund's compliance with the applicable requirements of the SISA and the SISR 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 SISA and the SISR 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 does not provide assurance on whether compliance with the listed provisions will continue in the future.

**Date:** 8/10/2020

Signature of Approved Auditor: \_\_\_\_\_



JOHN K HOWSON CA

SMSF AUDITOR NO: 10053576