

REF: PARY19

19 June 2020

P A Ryan Pension Fund
25 Brisbane Corso
Fairfield
QLD 4103

Dear Trustee/s

COMPLETION OF AUDIT FOR THE YEAR ENDED 30TH JUNE 2019
REPORT TO THE TRUSTEES OF
P A RYAN PENSION FUND

In accordance with our normal practice, we now report those matters which came to our attention during our audit of P A Ryan Pension Fund ("the superannuation fund") for the year ended 30 June 2019.

You will appreciate that our audit procedures are designed primarily to enable us to form an opinion on the financial report of the superannuation fund as a whole and involves the testing of transactions on a sample basis. As such, our audit procedures do not necessarily bring to light at each audit all the weaknesses in the systems, (which only a more detailed examination would reveal) or consider all systems and operating procedures implemented by the fund.

Review Methodology

Our review of controls consisted of discussions with the administrators and/or accountants and testing of the systems, cycles, methodologies and processes on a sample basis.

Year-end balances were tested and reconciliations of major balances (including member balances) were reviewed and agreed to supporting documents

Our audit of the fund has also included testing on a sample basis of compliance matters as required to be reported on by the auditors of the fund.

INVESTMENT STRATEGY

For Trustee/s attention:

The ATO is currently scrutinizing on the Trustees as well as the auditors to ensure a proper investment strategy is prepared. The requirement for a proper investment strategy should be prepared and signed by the trustee/s.

Every time the Trustees contemplate an investment decision, they should refer to the existing Investment Strategy to ensure it is in compliance with the benchmarks outlined. The asset allocation should be reviewed annually or on a regular basis to reflect changing circumstances. Should anything changes, the Trustees need to consult their SMSF administrators to make amendments where applicable.

The following should be considered (in addition to the matters listed above):

1. Diversification (investing in a range of assets and asset classes);
2. The liquidity of fund assets (how easily they can be converted to cash to meet fund expenses);
3. The fund's ability to pay benefits (when members retire) and other costs it incurs; and
4. The members' needs and circumstances (their age and retirement needs)

UNITS IN UNLISTED PRIVATE COMPANY

For Trustee/s attention:

Observation

During the course of our audit, we have identified an instance where there was a lack of supporting documentation to substantiate the valuation of the shares in unlisted private company – SISS Data Services Pty Limited amounting to \$50,000 as at 30 June 2019.

Impact

As a result, we were unable to conclude whether the recorded investment was purchased on an arm's length basis and if the current market value was accurately recorded as at 30 June 2019. In this instance, we have qualified Part A of the audit report which will not impact on the compliance section (Part B) of the audit report. Hence, no auditor's contravention report has been prepared and lodged with the Australian Taxation Office (ATO).

Recommendation

We would recommend that the Trustee/s should prepare themselves for the next financial year and beyond as the ATO has indicated that investment in unlisted private companies are considered high risk and will be scrutinizing them very carefully going forward. Appropriate documentation are to be kept to demonstrate that the recorded investments in unlisted private companies are complying with the SIS Act and Regulation. Listed below are some of our suggested supporting documents that must be provided for our next audit:

1. Any agreements available to better understand the arrangements between the fund and the unlisted private companies including the rights and obligations of the parties;
2. Audited financial reports of the unlisted private company;
3. Supporting documents for the underlying assets and liabilities of the unlisted private company;
4. Written representations from the administrator, custodian, investment manager and trustee whether there are financial guarantees or letters of financial support;
5. ASIC extract of the unlisted private companies;

6. Share register where possible; and
7. Accountants' opinion regarding the potential valuation of the company where applicable;

POTENTIAL IMPACT OF SUBSEQUENT EVENT COVID – 19

During the course of our audit, we found that there is a material change related to events or conditions, subsequent to balance date but before finalizing my audit. Due to COVID - 19 significant change in asset values of the fund may occur after the balance date. This potential change in asset value may materially impact the assets of the fund. Due to the rapid and ongoing changes, the extent of any decline cannot be determined at this time.

The aforementioned events may impact on the future income capacity, and the capacity of the fund to meet future obligations. We recommend that Trustees review the investment strategy of the fund in the light of COVID-19.

General

Our report has been prepared solely for the purposes of providing information to the Trustees of **P A Ryan Pension Fund**.

We thank you for the assistance provided in completing our audit.

Yours faithfully

INDEPENDENT AUDIT SERVICES

Registered Authorised Audit Company No. 460755



Jiahui (Jeremiah) Thum

Director

Registered SMSF Auditor No. 100261489

Documents Enclosed	Documents to be signed and returned
Management Letter Engagement Letter Trustee Representation Letter Audit Report Invoice	Management Letter Engagement Letter Trustee Representation Letter

Acknowledged on behalf of the trustees of P A Ryan Pension Fund.

Signed by:

Name and Title

Date: -----