

29 March 2019

Hexford Superannuation Fund  
C/- Hexford Superannuation Pty Ltd  
7 Sheoak Street  
Middle Park QLD 4074

Dear Sir/Madam

**AUDIT COMPLETION LETTER  
Hexford Superannuation Fund  
for the Year Ended 30 June 2017**

We advise that we have completed the audit of the Hexford Superannuation Fund for the financial year ended 30 June 2017.

Our audit procedures are designed primarily to examine, on a selection basis, the financial report and reporting disclosures in order to form an opinion whether the financial report, as a whole, is fairly stated in accordance with the accounting policies and accompanying notes, together with certain requirements in relation to the Superannuation Industry (Supervision) Act 1993 and Regulations (SIS).

Therefore, our audit work may not detect all fraud, misstatement, errors or weaknesses that may exist in terms of inherent limitations to internal controls. We remind you, as trustees, your responsibility to maintain an adequate system of internal controls as the principal safeguard against these irregularities or non-compliance. As a result, our audit can provide reasonable assurance that the financial statements are free from material misstatement. This does not mean that there are no further matters that you should be aware of in meeting your responsibilities as trustees, nor does this report absolve you from taking appropriate action to meet these responsibilities.

We note that where there are insufficient internal control procedures in place within an SMSF, transactions may occur that have not been authorised by one or more trustees. Trustees of an SMSF must ensure that the assets of the fund are held for the benefit of members on retirement. Trustees are required to play an active role in the administration of the fund. We therefore recommend that trustees implement controls and review procedures to ensure that all trustees authorise and are aware of transactions completed within the fund, and that contemporaneous records are made of their decisions.

**MATTERS FOR TRUSTEE ATTENTION**

We note the following matters were identified during the course of the audit that we believe should be brought to your attention.

- During my Audit I noted that the Superfund had loaned funds to a related entity, Fire & Safety Systems (Pickersgill Family Trust No.2). I note a loan agreement was executed on 5 February 2015, including interest charged at benchmark rates. The outstanding balance of the loan including interest was repaid on 25 November 2016. Notwithstanding that the loan was repaid in full, the existence and amount of the loan during the 2017 financial year gives rise to a breach of the Superannuation Industry Supervision Act (SIS) In particular Section 109 of SIS requires a Superfund deal with related parties on an arms-length basis. Under Section 82 a Superfund is prohibited from maintaining In House Assets in excess of 5% of the assets of the Fund (the loan is an In House Asset). Furthermore, a Superfund must be maintained for the sole purpose of providing retirement benefits to members, therefore the loan gives rise to a breach of S62 of SIS. As the breaches are material and occurred in the prior financial year, I am required to report the breaches to the Australian Taxation Office in an Auditor Contravention Report, however it will be noted that the breaches have been rectified.
- During my Audit I also noted that title to the Bank Account was not correctly held. The full title to the Superannuation Fund is Hexford Superannuation Pty Ltd ATF Hexford Superannuation Fund whereas title to the bank account is held as Hexford Superannuation Fund Pty Ltd ATF Hexford Superannuation Fund. Fund is not included in the name of the corporate trustee. While this difference is not significant, please arrange for title to the fund bank account to be correctly held prior to the commencement of the 2018 Audit.

Should you wish to discuss any of the above matters, please do not hesitate to contact me.

Yours sincerely

**SIDCOR CHARTERED ACCOUNTANTS**

A handwritten signature in black ink, appearing to read "Scott Douglas", with a stylized flourish extending to the right.

**Scott Douglas**