

**WILLIS FAMILY SUPERANNUATION FUND**  
**Statement of Financial Position**

As at 30 June 2018

	Note	2018 \$	2017 \$
<b>Assets</b>			
<b>Investments</b>			
Fixed Interest Securities (Australian) - Unitised	2	10,103.00	10,315.00
Shares in Listed Companies (Australian)	3	1,002,382.14	946,477.49
<b>Total Investments</b>		<u>1,012,485.14</u>	<u>956,792.49</u>
<b>Other Assets</b>			
Cash at bank - Westpac #204038		9,457.13	10,775.85
Cash at bank - Term Deposit		100,000.00	200,000.00
Cash at bank - Westpac #269827		126,838.36	37,555.84
Cash at bank - Westpac #269819		24,027.48	23,775.77
Income Tax Refundable		15,967.54	22,859.79
<b>Total Other Assets</b>		<u>276,290.51</u>	<u>294,967.25</u>
<b>Total Assets</b>		<u>1,288,775.65</u>	<u>1,251,759.74</u>
<b>Net assets available to pay benefits</b>		<u>1,288,775.65</u>	<u>1,251,759.74</u>
Represented by:			
<b>Liability for accrued benefits allocated to members' accounts</b>	5, 6		
WILLIS, RODNEY - Accumulation		813,802.65	776,129.77
WILLIS, ROSLYN - Pension (Account Based Pension)		474,973.00	475,629.97
<b>Total Liability for accrued benefits allocated to members' accounts</b>		<u>1,288,775.65</u>	<u>1,251,759.74</u>

Refer to compilation report

## Operating Statement

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Income</b>			
<b>Investment Income</b>			
Dividends Received	8	55,990.15	76,199.30
Interest Received		8,716.07	5,375.95
<b>Total Income</b>		<u>64,706.22</u>	<u>81,575.25</u>
<b>Expenses</b>			
Accountancy Fees		1,595.00	726.00
Administration Costs		0.00	99.00
ATO Supervisory Levy		259.00	259.00
Auditor's Remuneration		550.00	550.00
Bank Charges		18.00	17.50
<b>Member Payments</b>			
Pensions Paid		28,600.00	66,300.00
<b>Investment Losses</b>			
Changes in Market Values	9	12,635.85	(59,793.69)
<b>Total Expenses</b>		<u>43,657.85</u>	<u>8,157.81</u>
<b>Benefits accrued as a result of operations before income tax</b>		<u>21,048.37</u>	<u>73,417.44</u>
Income Tax Expense	10	(15,967.54)	0.00
<b>Benefits accrued as a result of operations</b>		<u>37,015.91</u>	<u>73,417.44</u>

# Notes to the Financial Statements

For the year ended 30 June 2018

## Note 1: Summary of Significant Accounting Policies

The trustees have prepared the financial statements on the basis that the superannuation fund is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Superannuation Industry (Supervision) Act 1993 and associated Regulations, the trust deed of the fund and the needs of members.

The financial statements have been prepared on a cash basis and are based on historical costs, except for investments which have been measured at market value.

The following significant accounting policies, which are consistent with the policies applied in the previous period unless otherwise stated, have been adopted in the preparation of the financial statements.

The financial statements were authorised for issue by the Trustee(s).

### a. Measurement of Investments

The fund initially recognises:

- (i) an investment when it controls the future economic benefits expected to flow from the asset. For financial assets, the trade date is considered to be the date on which control of the future economic benefits attributable to the asset passes to the fund; and
- (ii) a financial liability on the date it becomes a party to the contractual provisions of the instrument.

Investments of the fund have been measured at market value, which refers to the amount that a willing buyer could reasonably be expected to pay to acquire the asset from a willing seller if the following assumptions were made:

- that the buyer and the seller deal with each other at arm's length in relation to the sale;
- that the sale occurred after proper marketing of the asset; and
- that the buyer and the seller acted knowledgeably and prudentially in relation to the sale.

Market value has been determined as follows:

- (i) shares and other securities listed on the Australian Securities Exchange by reference to the relevant market quotations at the end of the reporting period;
- (ii) units in managed funds by reference to the unit redemption price at the end of the reporting period;
- (iii) fixed-interest securities by reference to the redemption price at the end of the reporting period;
- (iv) unlisted investments are stated at trustees' assessment based on estimated market value at balance date or where necessary, an external valuer's opinion; and
- (v) investment properties at the trustees' assessment of the market value or where necessary a qualified independent valuer's opinion at the end of reporting period.

Financial liabilities, such as trade creditors and other payables, are measured at the gross value of the outstanding balance at the end of the reporting period. The trustees have determined that the gross values of the fund's financial liabilities is equivalent to their market values. Any remeasurement changes in the gross values of non-current financial liabilities (including liabilities for members' accrued benefits) are recognised in the operating statement in the periods in which they occur.

### b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at call, deposits with banks and short-term, highly liquid investments that are readily convertible to cash and subject to an insignificant risk of change in value.

### c. Revenue

Revenue is recognised at the fair value of the consideration received or receivable.

#### Interest revenue

Interest revenue is recognised in respect of fixed-interest securities, and cash and cash equivalent balances. Interest revenue is recognised upon receipt.

## Notes to the Financial Statements

For the year ended 30 June 2018

**Dividend revenue**

Dividend revenue is recognised when the dividend has been paid or, in the case of dividend reinvestment schemes, when the dividend is credited to the benefit of the fund.

**Rental revenue**

Rental revenue arising from operating leases on investment properties is recognised upon receipt.

**Distribution revenue**

Distributions from unit trusts and managed funds are recognised as at the date the unit value is quoted ex-distribution and if not received at the end of the reporting period, are reflected in the statement of financial position as a receivable at market value.

**Remeasurement changes in market values**

Remeasurement changes in the market values of assets are recognised as income and determined as the difference between the market value at year-end or consideration received (if sold during the year) and the market value as at the prior year-end or cost (if acquired during the period).

**d. Liability for Accrued Benefits**

The liability for accrued benefits represents the fund's present obligation to pay benefits to members and beneficiaries, and has been calculated as the difference between the carrying amount of the assets and the carrying amount of the other payables and income tax liabilities as at the end of the reporting period.

**e. Critical Accounting Estimates and Judgements**

The preparation of financial statements requires the trustees to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

**Note 2: Fixed Interest Securities (Australian) - Unitised**

	2018 \$	2017 \$
Suncorp Group Limited	10,103.00	10,315.00
	10,103.00	10,315.00

**Note 3: Shares in Listed Companies (Australian)**

	2018 \$	2017 \$
Australia And New Zealand Banking Group Limited	225,920.00	229,760.00
Australia And New Zealand Banking Group Limited - Cap Note 3-Bbsw+4.70% Perp Non	20,923.80	20,950.00
Bank Of Queensland	30,570.00	22,900.00
Cybg Plc	9,852.50	8,242.50
Insurance Australia Group Limited	34,120.00	27,120.00

## Notes to the Financial Statements

For the year ended 30 June 2018

Medibank Private Limited	12,129.68	11,631.20
National Australia Bank Limited	219,280.00	207,130.00
National Australia Bank \$100 Cony. Pref. Shares II	20,600.00	20,400.00
Sigma Healthcare Limited	81,000.00	89,500.00
Santos Limited	55,226.16	26,688.24
Suncorp Group Limited	58,360.00	59,280.00
Westpac Banking Corporation	234,400.00	222,875.55
	<u>1,002,382.14</u>	<u>946,477.49</u>

**Note 5: Liability for Accrued Benefits**

	<b>2018</b> \$	<b>2017</b> \$
Liability for accrued benefits at beginning of year	1,251,759.74	0.00
Benefits accrued as a result of operations	37,015.91	73,417.44
Current year member movements	0.00	1,178,342.30
Liability for accrued benefits at end of year	<u>1,288,775.65</u>	<u>1,251,759.74</u>

**Note 6: Vested Benefits**

Vested benefits are benefits that are not conditional upon continued membership of the fund (or any factor other than resignation from the plan) and include benefits which members were entitled to receive had they terminated their fund membership as at the end of the reporting period.

	<b>2018</b> \$	<b>2017</b> \$
Vested Benefits	<u>1,288,775.65</u>	<u>1,251,759.74</u>

**Note 7: Guaranteed Benefits**

No guarantees have been made in respect of any part of the liability for accrued benefits.

**Note 8: Dividends**

	<b>2018</b> \$	<b>2017</b> \$
Australia And New Zealand Banking Group Limited	12,800.00	18,575.90

## Notes to the Financial Statements

For the year ended 30 June 2018

Australia And New Zealand Banking Group Limited - Cap Note 3-Bbsw+4.70% Perp Non Bank Of Queensland	909.70	944.14
Cybg Plc	2,520.00	2,171.43
Insurance Australia Group Limited	30.34	0.00
Medibank Private Limited	1,360.00	1,485.71
National Australia Bank \$100 Cony. Pref. Shares II	508.87	667.61
National Australia Bank Limited	704.54	1,021.09
Sigma Healthcare Limited	14,850.00	19,800.00
Suncorp Group Limited	5,000.00	7,857.14
Westpac Banking Corporation	2,920.00	4,057.14
	14,386.70	19,619.14
	55,990.15	76,199.30

## Note 9: Unrealised Movements in Market Value

	2018 \$	2017 \$
<b>Fixed Interest Securities (Australian) - Unitised</b>		
Suncorp Group Limited	(212.00)	0.00
	(212.00)	0.00
<b>Other Revaluations</b>		
Other Revaluations	0.00	59,793.69
	0.00	59,793.69
<b>Shares in Listed Companies (Australian)</b>		
Australia And New Zealand Banking Group Limited	(3,840.00)	0.00
Australia And New Zealand Banking Group Limited - Cap Note 3-Bbsw+4.70% Perp Non	(26.20)	0.00
Bank Of Queensland	(5,779.95)	0.00
Cybg Plc	1,610.00	0.00
Insurance Australia Group Limited	7,000.00	0.00
Medibank Private Limited	498.48	0.00
National Australia Bank \$100 Cony. Pref. Shares II	200.00	0.00
National Australia Bank Limited	(19,524.80)	0.00
Santos Limited	28,537.92	0.00

# Notes to the Financial Statements

For the year ended 30 June 2018

Sigma Healthcare Limited	(8,500.00)	0.00
Suncorp Group Limited	(920.00)	0.00
Westpac Banking Corporation	(11,679.30)	0.00
	(12,423.85)	0.00
<b>Total Unrealised Movement</b>	(12,635.85)	59,793.69
<b>Realised Movements in Market Value</b>		
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Total Realised Movement</b>	0.00	0.00
<b>Changes in Market Values</b>	(12,635.85)	59,793.69
<b>Note 10: Income Tax Expense</b>		
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
The components of tax expense comprise		
Current Tax	(15,967.54)	0.00
Income Tax Expense	(15,967.54)	0.00
The prima facie tax on benefits accrued before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on benefits accrued before income tax at 15%	3,157.26	0.00
Less:		
Tax effect of:		
Exempt Pension Income	5,047.80	0.00
Add:		
Tax effect of:		
Decrease in MV of Investments	1,895.38	0.00
SMSF Non-Deductible Expenses	123.00	0.00
Pension Payments	4,290.00	0.00
Franking Credits	3,597.42	0.00
Rounding	(0.01)	0.00
Income Tax on Taxable Income or Loss	8,015.25	0.00

Notes to the Financial Statements

For the year ended 30 June 2018

Less credits:

Franking Credits	23,982.79	0.00
Current Tax or Refund	(15,967.54)	0.00



## Members Statement

RODNEY ALEXANDER WILLIS  
32 WESTBOURNE DRIVE  
WIGHTS MOUNTAIN, Queensland, 4520, Australia

### Your Details

Date of Birth : 31/12/1940  
Age: 77  
Tax File Number: Provided  
Date Joined Fund: 31/05/2007  
Service Period Start Date: 31/05/2007  
Date Left Fund:  
Member Code: WILROD00005A  
Account Start Date: 30/06/2017  
Account Phase: Accumulation Phase  
Account Description: Accumulation

Nominated Beneficiaries N/A  
Vested Benefits 813,802.65  
Total Death Benefit 813,802.65

### Your Balance

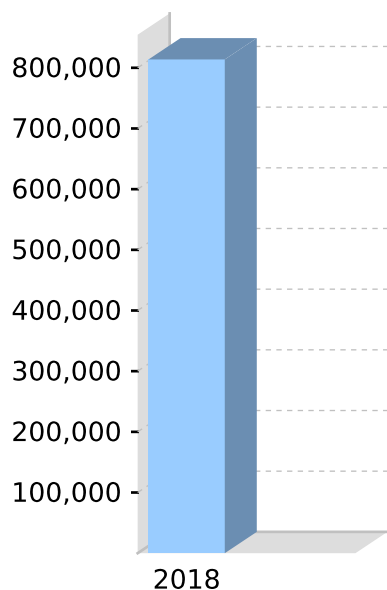
Total Benefits 813,802.65

#### Preservation Components

Preserved 776,129.77  
Unrestricted Non Preserved 37,672.88  
Restricted Non Preserved

#### Tax Components

Tax Free 457,732.01  
Taxable 356,070.64



### Your Detailed Account Summary

	This Year
Opening balance at 01/07/2017	776,129.77
<u>Increases to Member account during the period</u>	
Employer Contributions	
Personal Contributions (Concessional)	
Personal Contributions (Non Concessional)	
Government Co-Contributions	
Other Contributions	
Proceeds of Insurance Policies	
Transfers In	
Net Earnings	45,688.13
Internal Transfer In	
<u>Decreases to Member account during the period</u>	
Pensions Paid	
Contributions Tax	
Income Tax	8,015.25
No TFN Excess Contributions Tax	
Excess Contributions Tax	
Refund Excess Contributions	
Division 293 Tax	
Insurance Policy Premiums Paid	
Management Fees	
Member Expenses	
Benefits Paid/Transfers Out	
Superannuation Surcharge Tax	
Internal Transfer Out	
Closing balance at 30/06/2018	813,802.65

# Members Statement

ROSLYN LISTER WILLIS  
32 WESTBOURNE DRIVE  
WIGHTS MOUNTAIN, Queensland, 4520, Australia

## Your Details

Date of Birth : 02/12/1941  
Age: 76  
Tax File Number: Provided  
Date Joined Fund: 31/05/2007  
Service Period Start Date: 31/05/2007  
Date Left Fund:  
Member Code: WILROS00004P  
Account Start Date: 01/07/2016  
Account Phase: Retirement Phase  
Account Description: Account Based Pension

Nominated Beneficiaries N/A  
Vested Benefits 474,973.00  
Total Death Benefit 474,973.00

## Your Balance

Total Benefits 474,973.00

### Preservation Components

Preserved

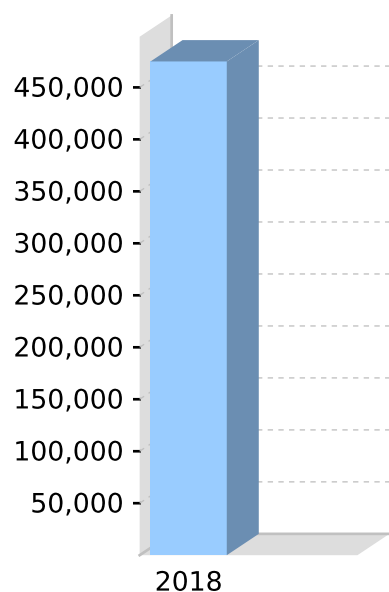
Unrestricted Non Preserved 474,973.00

Restricted Non Preserved

### Tax Components

Tax Free (58.99%) 280,183.29

Taxable 194,789.71



## Your Detailed Account Summary

	This Year
Opening balance at 01/07/2017	475,629.97
<u>Increases to Member account during the period</u>	
Employer Contributions	
Personal Contributions (Concessional)	
Personal Contributions (Non Concessional)	
Government Co-Contributions	
Other Contributions	
Proceeds of Insurance Policies	
Transfers In	
Net Earnings	27,943.03
Internal Transfer In	
<u>Decreases to Member account during the period</u>	
Pensions Paid	28,600.00
Contributions Tax	
Income Tax	
No TFN Excess Contributions Tax	
Excess Contributions Tax	
Refund Excess Contributions	
Division 293 Tax	
Insurance Policy Premiums Paid	
Management Fees	
Member Expenses	
Benefits Paid/Transfers Out	
Superannuation Surcharge Tax	
Internal Transfer Out	
Closing balance at 30/06/2018	474,973.00

## **Trustees Declaration**

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The trustees have determined that the fund is not a reporting entity and that the special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The trustees declare that:

- (i) the financial statements and notes to the financial statements for the year ended 30 June 2018 present fairly, in all material respects, the financial position of the superannuation fund at 30 June 2018 and the results of its operations for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
- (ii) the financial statements and notes to the financial statements have been prepared in accordance with the requirements of the trust deed; and
- (iii) the operation of the superannuation fund has been carried out in accordance with its trust deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993 and associated Regulations during the year ended 30 June 2018.

Specifically, the trustees declare that:

- in accordance with s120 of the Superannuation Industry (Supervision) Act 1993, no individual trustee has been or is a disqualified person;
- the fund has satisfactory title to all assets, all assets are unencumbered and free from charge as prescribed by s50 of the Superannuation Industry (Supervision) Act 1993 and reg13.14 of the Superannuation Industry (Supervision) Act 1994; and
- to the knowledge of the trustees, there have been no events or transactions subsequent to the balance date which could have a material impact on the fund. Where such events have occurred, the effect of such events has been accounted and noted in the fund's financial statements.

Signed in accordance with a resolution of the trustees by:

.....  
RODNEY WILLIS

Trustee

.....  
ROSLYN WILLIS

Trustee

30 June 2018

## **Minutes of a meeting of the Trustee(s)**

**held on 01 February 2019 at 32 WESTBOURNE DRIVE, WIGHTS MOUNTAIN,  
Queensland 4520**

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<b>PRESENT:</b>	RODNEY WILLIS and ROSLYN WILLIS
<b>MINUTES:</b>	The Chair reported that the minutes of the previous meeting had been signed as a true record.
<b>FINANCIAL STATEMENTS OF SUPERANNUATION FUND:</b>	<p>It was resolved that the financial statements would be prepared as special purpose financial statements as, in the opinion of the trustee(s), the superannuation fund is a non-reporting entity and therefore is not required to comply with all Australian Accounting Standards.</p> <p>The Chair tabled the financial statements and notes to the financial statements of the superannuation fund in respect of the year ended 30 June 2018 and it was resolved that such statements be and are hereby adopted as tabled.</p>
<b>TRUSTEE'S DECLARATION:</b>	It was resolved that the trustee's declaration of the superannuation fund be signed.
<b>ANNUAL RETURN:</b>	Being satisfied that the fund had complied with the requirements of the Superannuation Industry (Supervision) Act 1993 (SISA) and Regulations during the year ended 30 June 2018, it was resolved that the annual return be approved, signed and lodged with the Australian Taxation Office.
<b>TRUST DEED:</b>	The Chair tabled advice received from the fund's legal adviser confirming that the fund's trust deed is consistent with all relevant superannuation and trust law.
<b>INVESTMENT STRATEGY:</b>	The allocation of the fund's assets and the fund's investment performance over this financial year were reviewed and found to be within the acceptable ranges outlined in the investment strategy. After considering the risk, rate of return and liquidity of the investments and the ability of the fund to discharge its existing liabilities, it was resolved that the investment strategy continues to reflect the purposes and circumstances of the fund and its members. Accordingly, no changes in the investment strategy were required.
<b>INSURANCE COVER:</b>	The trustee(s) reviewed the current life and total and permanent disability insurance coverage on offer to the members and resolved that the current insurance arrangements were appropriate for the fund.
<b>ALLOCATION OF INCOME:</b>	It was resolved that the income of the fund would be allocated to the members based on their average daily balance (an alternative allocation basis may be percentage of opening balance).
<b>INVESTMENT ACQUISITIONS:</b>	It was resolved to ratify the investment acquisitions throughout the financial year ended 30 June 2018.
<b>INVESTMENT DISPOSALS:</b>	It was resolved to ratify the investment disposals throughout the financial year ended 30 June 2018.
<b>AUDITORS:</b>	<p>It was resolved that</p> <p>Anthony Boys</p> <p>of</p> <p>PO Box 3376, Rundle Mall, South Australia 5000</p> <p>act as auditors of the Fund for the next financial year.</p>

## **Minutes of a meeting of the Trustee(s)**

**held on 01 February 2019 at 32 WESTBOURNE DRIVE, WIGHTS MOUNTAIN,  
Queensland 4520**

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**TAX AGENTS:**

It was resolved that

Jim Cleave

act as tax agents of the Fund for the next financial year.

**TRUSTEE STATUS:**

Each of the trustee(s) confirmed that they are qualified to act as trustee(s) of the fund and that they are not disqualified persons as defined by s 120 of the SISA.

**PAYMENT OF BENEFITS:**

The trustee has ensured that any payment of benefits made from the Fund, meets the requirements of the Fund's deed and does not breach the superannuation laws in relation to:

1. making payments to members; and,
2. breaching the Fund or the member investment strategy.

The trustee has reviewed the payment of the benefit and received advice that the transfer is in accordance with the Deed and the superannuation laws. As such the trustee has resolved to allow the payment of the benefits on behalf of the member.

**CLOSURE:**

All resolutions for this meeting were made in accordance with the SISA and Regulations.

There being no further business the meeting then closed.

Signed as a true record –

.....  
RODNEY WILLIS

Chairperson

## **Compilation Report**

We have compiled the accompanying special purpose financial statements of the WILLIS FAMILY SUPERANNUATION FUND which comprise the statement of financial position as at 30/06/2018 the operating statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

### **The Responsibility of the Trustee**

The Trustee of WILLIS FAMILY SUPERANNUATION FUND are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the financial reporting framework used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

### **Our Responsibility**

On the basis of information provided by the Trustee, we have compiled the accompanying special purpose financial statements in accordance with the financial reporting framework as described in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the financial reporting framework described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110: Code of Ethics for Professional Accountants.

### **Assurance Disclaimer**

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the trustees who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Cleave Accounting Pty Ltd

of

Suite 1 270 Robinson Road East, Geebung, Queensland 4034

Signed:

Dated: 01/02/2019

01/02/2019

To the trustee of the  
WILLIS FAMILY SUPERANNUATION FUND  
32 WESTBOURNE DRIVE,  
WIGHTS MOUNTAIN  
Queensland, 4520

Dear Trustee,

### **The Objective and Scope of the Audit**

You have requested that we audit the WILLIS FAMILY SUPERANNUATION FUND (the Fund):

1. financial report, which comprises the statement of financial position, as at 30/06/2018 and the operating statement for the year then ended and the notes to the financial statements; and
2. compliance during the same period with the requirements of the Superannuation Industry (Supervision) Act 1993 (SISA) and SIS Regulations (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 and 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.

We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. 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 specified requirements of the SISA and SISR.

### **The Responsibilities of the Auditor**

We will conduct our financial audit 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 whether the financial report is free from material misstatement and that you have complied, in all material respects, with the specified requirements of the SISA and SISR.

The annual audit of the financial reports and records of the Fund must be carried out during and after the end of each year of income. In accordance with section 35C of the SISA, we are required to provide to the trustees of the Fund an auditor's report in the approved form within the prescribed time as set out in the SISR, 28 days after the trustees have provided all documents relevant to the preparation of the auditor's report.

### **Financial Audit**

A financial audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. 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. A financial audit 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 internal 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 expect to provide you with a separate letter concerning any significant deficiencies in the fund's system of accounting and internal controls that come to our attention during the audit of the financial report. This will be in the form of a letter to the Trustee.

### **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 has been reviewed regularly and 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 the fair presentation of the financial report and for determining that the accounting policies used are consistent with the financial reporting requirements of the SMSF's governing rules, comply with the requirements of 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 misstatement, whether due to fraud or error. The system of accounting and internal control 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 SIS 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 Funds, 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 purposes of our audit. Section 35C(2) of SIS 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 audit 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.

Our audit report should not be used in determining the amount to pay member's benefits. The Trustee should calculate the amount of the benefit payment based on the market value (if applicable) of Fund assets at the date of payment provided this is consistent with the Fund's trust deed, SISA, SISR, or any agreement reached with the member.

## **Independence**

We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of the SISA and SISR including APES 110 *Code of Ethics for Professional Accountants* in relation to the audit of the Fund. In conducting our financial audit 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.

**Compliance Program**

The conduct of our engagement in accordance with Australian Auditing Standards and applicable Standards on Assurance Engagements means that information acquired by us in the course of our engagement is subject to strict confidentiality requirements. 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 or the ATO. 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.

**Limitation of Liability**

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

**Fees**

We look forward to full co-operation with you/your administrator and we trust that you will make available to us whatever records, documentation and other information are requested in connection with our audit.

Our fees, which will be billed as work progresses, are based on the time required by staff members assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skills required. Our annual audit fee will be revised and agreed upon each year with the Trustee. Any additional services required, that are outside the scope of this engagement, will be billed on a time basis.

If we are required to respond to requests for information from regulators in relation to our engagement as auditor, the Fund will reimburse us at standard billing rates for our professional time and expenses, including reasonable legal fees, incurred in responding to such requests.

**We would appreciate if you could sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our financial audit and compliance engagement of the Fund.**

Yours sincerely

Super Audits Pty Ltd  
Anthony Boys

Acknowledged on behalf of the Trustee of the WILLIS FAMILY SUPERANNUATION FUND by:

(Signed) .....  
(dated)            /    /