

PCJ Slagter Super Fund

Dear Trustees

PCJ Slagter Super Fund  
**Audit Engagement Letter**

**Objectives and Scope of the Audit**

You have requested that we audit the financial statements of the SMSF for the year ended 30 June 2018. We are pleased to confirm our acceptance and understanding of this engagement by means of this letter.

Our audit will be performed in accordance with Australian Auditing Standards, the *Superannuation Industry (Supervision) Act 1993* (SISA) and the *Superannuation Industry (Supervision) Regulations* (SISR) with the objective of expressing an opinion on the financial report and the fund's compliance with the specified requirements of the SISA and the SISR.

**Our Responsibilities**

We will conduct our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

An 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. An audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used and the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error, as well as evaluating the overall presentation of the financial report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatement may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal control relevant to the entity'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 entity's internal control. We will, however, communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.

**Trustees' Responsibilities**

Our audit will be conducted on the basis that the trustee(s) acknowledge and understand that they have responsibilities:

- For the preparation of the financial report that gives a true and fair view in accordance with the Australian Auditing Standards, other mandatory reporting requirements and the SIS Act and SIS Regulations is that of the trustee(s);
- For such internal control as the trustee(s) determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and
- To provide us with:
  - Access to all information of which the trustees are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;

- Additional information that we may request from the trustees for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from trustees written confirmation concerning representations made to us in connection with the audit.

Australian Auditing Standards require that we determine whether the financial reporting framework applied in the preparation of this special purpose of financial report is acceptable. If we determine the financial reporting framework to be unacceptable, we will not be able to undertake the audit engagement unless the framework is amended and then determined to be acceptable.

If a qualified audit report is to be issued following the completion of our audit, we will advise the details to you in a timely manner and prior to the issue of our report.

### **Audit of SIS Compliance**

For the year ended 30 June 2018, we are required to form an opinion in respect of compliance with certain aspects of SIS. Our report must refer to the following sections and regulations:

Sections: 17A, 35AE, 35B, 35C(2), 52, 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, 13.22C

### **Report on Significant Matters**

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 Act or Regulations which we believe has occurred, is occurring or may occur.

We are also required to report to the ATO, as regulator, any contravention of the SISA and the SISR, where we believe the contravention may affect the interests of the members or beneficiaries of the fund.

In addition, we are also required under section 130 to report to you if we believe the superannuation fund may be, or may be about to become, in an unsatisfactory financial position. If we are not satisfied with your response as trustee(s) as to the action taken to rectify the situation or we receive no response, we are obliged to report the matter to the ATO.

A failure on the part of the trustee to rectify these breaches to the satisfaction of the ATO may result in significant penalties to the trustee and the fund itself.

In addition to our report on the financial statements, we will also report to you any material weaknesses in the fund's system of accounting and internal control which come to our notice during the course of our audit.

### **Quality Control**

The conduct of our audit in accordance Australian Auditing Standards means that information acquired by us in the course of our audit 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 expressed consent.



Our audit files may, however, be subject to review as part of the quality control review program of Regulators and or Professional Bodies which monitors compliance with professional standards by its members.

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 this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us as your auditor.

### **Independence/Conflict of Interest**

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the superannuation fund and other related parties, rotation of audit partners, business relationships, employment relationships, and the provision of non-audit services in accordance with professional statement APES 110 – Code of Ethics for Professional Accountants.

### **Outsourced Services**

We do not use any outsourced services in overseas locations when conducting client assignments.

### **Data Storage**

We use data storage located in the office but it may be replicated to other locations.

Accepting our services as part of this engagement agreement indicates your acceptance of the use of outsourced services, cloud hosted software and outsourced data storage under the conditions outlined above.

### **Limitation of Liability**

Our firm's liability to you or any other user of the audit report is limited by a Scheme approved under Professional Standards Legislation.

### **Other**

We would appreciate acknowledgement of terms and conditions set out in this letter. Please note that this letter will be effective for future years unless the terms of the engagement are altered by future correspondence.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial report.

If you have any queries in relation to this please contact me.

To: MR ANTHONY BOYS

We hereby confirm your appointment as Auditor under the above terms of engagement.

For and on behalf of Herzlein Pty Ltd as trustee for the PCJ Slagter Super Fund

Signed &  
Dated



10-1-19

Signed &  
Dated



Yours sincerely

ANTHONY BOYS – REGISTERED COMPANY AUDITOR

**DATED:**

Signed document to be returned to P.O. Box 3376 Rundle Mall 5000

# Investment Strategy

As at 1 July 2017

Default (Customised)	Benchmark %	Minimum %	Maximum %
Cash	5.00	-	100.00
Australian Shares	50.00	-	100.00
Australian Fixed Interest	10.00	-	50.00
Mortgages	5.00	-	15.00
Direct Property	10.00	-	50.00
Listed Property	-	-	-
International Shares	10.00	-	100.00
International Fixed Interest	-	-	-
Other Assets	10.00	-	100.00

## Asset Allocation Strategy

When managers choose to deviate the actual asset mix away from the benchmark mix, they are taking active asset allocation decisions which may prove either beneficial or detrimental in terms of the final portfolio return relative to the passive benchmark return.

## Diversification

Diversification has been assessed by the Trustees after considering:

- existing Fund assets;
- existing and projected Fund membership;
- ability of the Fund to discharge existing and prospective liabilities;
- liquidity of the funds investments having regard to expected cash flow requirements; and
- the decision not to implement a reserving policy.

## Fund Circumstances

When devising an investment strategy, the trustee must first decide on how the moneys are to be invested so that the fund's investment objectives are best met. There are a multitude of ways to invest money that need to be considered even before the issue of what type of investment vehicle to choose is considered.

## Investment Aims and Objectives

### 1. General Objectives

To ensure that the Trustees' duties and powers are performed and exercised in the best interests of the beneficiaries, the following general objectives have been formulated:

The Trustees will:

- act prudently to pursue maximum rates of return subject to acceptable risk parameters and maintenance of achievable diversification;
- ensure sufficient liquidity is retained to meet benefit payments due; and
- amend specific objectives in accordance with changing risk profiles.

### 2. Specific Objectives

The Trustees have adopted the following specific objectives for the investment of assets of the Fund:

- to achieve a net (after tax and charges) rate of return that exceeds CPI by at least 3% per annum over a rolling 5 year period; and
- to have a low expectation of negative returns in any 12 month period.



# Investment Strategy

As at 1 July 2017

The Trustees will consider the implementation of these objectives through a single asset strategy if appropriate.

## Review and Performance Monitoring

### Review

The Trustees will review the objectives of the Fund annually and at any such other time as may be deemed necessary.

### Performance Monitoring

The Trustees will monitor the performance of the investment strategy and the ability of the strategy to achieve the Funds investment objectives by comparing returns with objectives annually.

The beneficiaries of the Fund will be allowed access to prescribed information and will be provided information regarding the performance of the Fund.

### Insurance

The members considered weather to take out additional insurance and it was resolved not to take out additional insurance with in the Fund.

## Risk

The Trustees have implemented the strategy taking into consideration the risk involved in making, holding and realising, and the likely return from the Funds investments in accordance with the investment objectives and the Funds expected cash flow requirements.

Trustee(s) Signature



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