

**SELF-MANAGED SUPERANNUATION FUND  
INDEPENDENT AUDIT REPORT**

<b>Name of auditor</b>	Ronald John Phipps-Ellis
<b>Address of auditor</b>	GPO Box 3789 SYDNEY NSW 2001
<b>Name of auditing firm</b>	BCS Direction Pty Ltd
<b>Professional association</b>	Institute of Chartered Accountants
<b>Professional registration number</b>	77563
<b>Name of SMSF</b>	<<Name>> Superannuation Fund
<b>ABN of SMSF or TFN of SMSF</b>	
<b>Address of SMSF</b>	
<b>Year of income being audited</b>	2011

## **TO THE TRUSTEES**

To the trustees of <<Name>> Superannuation Fund

### **PART A – FINANCIAL REPORT**

I have audited the special purpose financial report comprising statement of financial position and statement of financial performance of <<Name>> Superannuation Fund for the year ended 30 June 2011.

### **TRUSTEE'S RESPONSIBILITY FOR THE FINANCIAL REPORT**

The trustee is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the superannuation fund's governing rules, comply with the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations) and are appropriate to meet the needs of the members. The trustee's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on the financial report based on the audit. I have conducted an independent audit of the financial report in order to express an opinion on them to the trustee. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the trustee's financial reporting requirements under the superannuation fund's governing rules and regulatory requirements.

I disclaim any assumption of responsibility for any reliance on this report, or on the financial statements to which it relates, to any person other than the members, or for any purpose other than that for which it was prepared.

My audit has been conducted in accordance with Australian Auditing Standards. These auditing standards require that I 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 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. In making those risk assessments, the auditor considers internal control relevant to the trustee's preparation and fair presentation 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 of the effectiveness of the trustee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **OPINION**

In my opinion, 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 at 30 June 2011 and the results of its operations for the year then ended.

**BASIS OF ACCOUNTING**

Without modifying our opinion, we draw attention to note [X] of the financial report, which describes the basis of accounting. The financial report has been prepared to assist (insert name of super fund) meet the requirements of the *Superannuation Industry (Supervision) Act 1993* (SISA) and the *Superannuation Industry (Supervision) Regulations 1994* (SISR). As a result, the financial report may not be suitable for another purpose.

**PART B – COMPLIANCE**

**TRUSTEE’S RESPONSIBILITY FOR COMPLIANCE**

The trustee is responsible for complying with the requirements of the SIS Act and the SIS Regulations.

**AUDITOR’S RESPONSIBILITY**

My responsibility is to express an opinion on the trustee’s compliance, based on the compliance engagement. I have conducted tests in accordance with Australian Auditing Standards as necessary to provide reasonable assurance whether the trustee of the fund has complied, in all material respects, with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and the SIS Regulations.

Sections: 17A, 35A, 35B, 35C(2), 52(2)d, 52(2)e, 62, 65, 66, 67, 69-71E, 73-75, 80-85, 103, 104A, 109, 126K

Regulations: 4.09, 5.08, 6.17, 7.04, 13.12, 13.13, 13.14

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SIS Act and the SIS Regulations.

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 SIS Act and the SIS Regulations apart from those specified. My procedures with respect to section 62 included testing that the fund trust deed establishes the fund solely for the provision of retirement benefits for fund members or their dependants in the case of the member’s death before retirement; a review of investments to ensure the fund is not providing financial assistance to members, unless allowed under the legislation; and that no preserved benefits have been paid before a condition of release has been met.

My procedures with respect to regulation 4.09 included testing that the fund trustee has an investment strategy, that the trustee has given consideration to risk, return, liquidity and diversification and that the fund's investments are made in line with that investment strategy. No opinion is made on the investment strategy or its appropriateness to the fund members.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**OPINION**

In my opinion, the trustee(s) of the fund has complied, in all material respects, with the requirements of the SIS Act or the SIS Regulations specified above, for the year ended 30 June 2011.

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**BCS Direction Pty Ltd**  
**Ronald John Phipps-Ellis**  
**Director**  
**Date: <<Date>>**

## Appendix 1 – Explanation of listed sections and regulations in compliance report

This appendix is included to assist trustees with the meaning of the legislation and regulations listed above

Section or Regulation	Explanation
S17A	The fund must meet the definition of an SMSF
S35A	The trustees must keep and maintain accounting records for a minimum of five years
S35B	The trustees must prepare and maintain proper accounting records
S35C(2)	The trustees must provide the auditor with the necessary documents to complete the audit in a timely and professional manner
S52(2)(d)	The assets of the SMSF must be held separately from any assets held by the trustee personally or by a standard employer sponsor or an associate of the standard employer
S52 (2)(e)	The trustee must not enter into a contract that would prevent / hinder them from exercising the powers of a trustee
S62	The fund must be maintained for the sole purpose of providing benefits to fund members upon their retirement, or upon reaching a prescribed age, or to the dependents in the case of a member's death before retirement
S65	The trustees must not loan monies or provide financial assistance to any member or relative at any time during the financial year
S66	The trustees must not acquire any assets (not listed as an exemption) from any member or related party of the fund
S67	The trustees of the fund must not borrow any money or maintain an existing borrowing (not listed as an exemption)
S69-71E	Outline of the in-house asset rules that trustees must follow. (These relate to transactions of any kind with a related party of the fund)
S73-75	Outline of the manner in which in-house assets must be valued by trustees (arms length market value)
S80-85	The trustees must comply with the in-house asset rules
S103	The trustees must keep minutes of all meetings and retain the minutes for a minimum of 10 years

S104A	Trustees who became a trustee on or after 1 July 2007 must sign and retain a trustee declaration
S109	All investment transactions must be made and maintained at arms length - ie purchase, sale price and income from an asset reflects a true market value/rate of return
S126K	A disqualified person cannot be a trustee, investment manager or custodian of a superannuation fund
Sub Reg 1.06 (9A)	Pension payments must be made at least annually and must be at least the amount calculated under clause 2 of Schedule 7
Reg 4.09	Trustees must have an investment strategy for the fund
Reg 5.03	Investment returns must be allocated to members in a manner that is fair and reasonable
Reg 5.08	Member benefits must be maintained in the fund until transferred or cashed out in a permitted fashion
Reg 6.17	Payments must be made in accordance with Part 6 of the regulations and be permitted by the trust deed
Reg 7.04	Contributions must be accepted in accordance with the applicable rules for the year being audited
Reg 13.12	Trustees must not recognise an assignment of a super interest of a member or beneficiary
Reg 13.13	Trustees must not recognise a charge over or in relation to a member's benefits
Reg 13.14	Trustees must not give a charge over, or in relation to, an asset of the fund