26 February 2016

The Trustee(s)

Dear Trustee(s),

# LETTER OF ENGAGEMENT

Further to your request for me to act as Auditor of for the year ended 30 June 2015 I hereby consent to the appointment and would like now to set out my understanding of the terms of this engagement.

##### Audit Scope

In accordance with Section 35C of the *Superannuation Industry (Supervision) Act 1993* (SISA), I am required to give you a report, in the approved form, known as an Independent Auditor’s Report, on the operations of the Fund for each financial year for which I am appointed. More specifically, my report must include an opinion on the special purpose financial report of the Fund, as well as your compliance with the following specific sections of SISA and the *Superannuation Industry (Supervision) Regulations 1994* (SISR).

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

My procedures with respect to Regulation 4.09 will include testing that you have an Investment Strategy for the Fund and that you have given consideration to risk, return, liquidity, diversification, the insurance needs of the Fund’s members and that the Fund’s investments are made in line with that Investment Strategy. No opinion will be given on the Investment Strategy or its appropriateness to the Fund’s members.

My procedures do not include a review of the Fund’s self-managed superannuation fund annual return, although I may peruse it to identify areas that require my close attention. Accordingly, no opinion will be given and no responsibility taken for any issues arising from any inaccuracies in the return lodged.

###### Auditor Responsibilities, Audit Objectives and Audit Approach

My audit will be conducted in accordance with the Australian Auditing Standards, the applicable standards on Assurance Engagements and with the relevant professional and ethical standards issued by the Accounting Professional and Ethical Standards Board Limited (APESB), with the objective of providing an opinion on the items contained within, and confined to, the audit scope. I confirm that, to the best of my knowledge, my staff and I currently meet the independence requirements of APES 110 and have complied with the competency standards set by ASIC.

My audit of the Fund’s Financial Report will be planned and conducted primarily to enable me to express my professional opinion as to whether the financial statements comply with Australian Accounting Standards and your reporting requirements under a special purpose reporting framework, so as to have reasonable expectations of detecting those material misstatements arising as a result of irregularities which would have a material effect on the financial statements. Unless otherwise agreed with you, I assume no responsibility to design audit procedures to identify matters that may be appropriate to report to you. However, if I encounter matters during the course of my audit that I believe should be brought to your attention, I will communicate these matters to you. I note that my communication to you may be directed to you through the accountant, administrator or financial advisor you may have engaged to complete the Fund’s financial statements and maintain its member records. The work undertaken by my staff and I (“us”) to form an opinion is determined by judgement, in particular regarding the nature, timing and extent of the audit procedures for the gathering of audit evidence, and the drawing of conclusions based on the audit evidence gathered. In addition, there are inherent limitations in any audit, and these include the use of testing, the inherent limitations of any internal control structure, the possibility of collusion to commit fraud, and the fact that most audit evidence is persuasive rather than conclusive. As a result, my audit can only provide reasonable – not absolute – assurance that the financial statements are free from material misstatement.

The report provided at the completion of the audit shall not be inferred or used for any purpose other than for which it was specifically prepared.

###### Trustee Responsibilities

I direct your attention to the fact that you are responsible for the maintenance of adequate accounting records and internal controls, the safeguarding of superannuation fund assets, the selection of accounting policies, the preparation and fair presentation of financial statements in accordance with a special purpose financial reporting framework and compliance with SISA and SISR. In particular, I remind you that you are responsible for the implementation and operation of accounting and internal control systems necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

As part of the audit process, my staff and I (“we”) may request from you, your accountant, administrator or financial advisor, written confirmation concerning representations made to us in connection with the audit. Please note, Section 35C(2) of SISA requires a trustee to give an auditor a document within 14 days if requested in writing by the auditor. For the purposes of this section, a request in writing to the trustee(s) will include an email sent by us to your accountant, administrator or financial advisor.

Report on Compliance Matters

In accordance with Section 129 of SISA, I am required to report to you in writing if during the course or in connection with my audit, I become aware of any contravention of SISA or SISR which I believe has occurred, is occurring or may occur. I am also required under Section 130 of SISA to report to you if I believe the Fund may be, or be about to become, in an unsatisfactory financial position. Where the contravention is of such a nature that it meets the reporting criteria established by the Australian Taxation Office, then I am also obliged to report the matter to the Australian Taxation Office by way of an Auditor Contravention Report.

###### Report on Other Matters

As well as reporting to you, either directly or through your accountant, administrator or financial advisor, any compliance matters that may have arisen during the audit, I may also report to you any matters arising from the financial audit and any other issues I believe should be brought to your attention. You should not however assume that any management letter issued will indicate all matters that you should be aware of in meeting your responsibilities.

If there are no matters for me to report to you, I will not provide a management letter.

### Privacy and Quality Control

The conduct of my audit shall be in accordance with Australian Auditing Standards, which means that information acquired by us in the course of my audit is subject to strict confidentiality requirements. Baumgartner Superannuation is also subject to the Privacy Act 1988 in its handling of personal information. We will not use any personal information obtained during the audit for any purpose other than for the purpose of conducting the audit.

We will keep secure personal information obtained during the audit to ensure it is not misused, lost, or improperly accessed, modified, or disclosed. After completing the audit, we will return to you any original documents we have obtained from you or your accountant, administrator or financial advisor during the course of the audit.

Documentation forwarded to us electronically, or that is not an original, will not be returned to you unless specifically requested. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your authority. I wish to draw your attention to our firm’s system of quality control which has been established and maintained in accordance with the relevant APESB standard and ASQC1. As a result, my audit files may be subject to review as part of the quality control review program of the Chartered Accountants Australia and New Zealand, which monitors compliance with professional standards by its members. I advise you that by signing this letter you acknowledge that, if requested, my audit files relating to this engagement will be made available under this program. Should this occur, I will advise you. My files may also be reviewed by the Australian Taxation Office in its capacity as Regulator of self-managed superannuation funds. Should this occur I will advise you.

###### Fees

The audit fee will be $495 (GST inclusive). This is a fixed fee regardless of the size of the fund, or the number and type of its investments.The fixed fee is dependent on a current title search for each property held by the fund at 30 June being provided by you or your accountant at the commencement of the audit.

It is not foreseen that the fee will differ from that quoted above, however where substantial additional audit work is required we reserve the right to charge an additional fee. Should this be the case, we will provide you with a revised fee estimate shortly after commencing the audit and after assessing the additional audit work required.

###### Fees – Compliance Breaches

In situations where the Fund has contravened the SISA or SISR further audit work will be required. Where the contravention is of such a nature that an Auditor Contravention Report is required to be lodged, an additional fee of $330.00 (GST inclusive) will be charged.

###### Confirmation of Terms and Conditions

This letter will be effective for future years unless I advise you of its amendment or replacement, or if the engagement is terminated. Please sign and return this letter to indicate that it is in accordance with your understanding of the arrangements of the audit of the financial statements and SIS compliance. By signing and returning this letter you are also taken to have acknowledged and agreed to your responsibilities outlined above.

Yours faithfully,

BAUMGARTNER SUPER

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### David Burrows

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Trustee Trustee

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Trustee Trustee