

## Part 2- Independent Auditor's report on APRA Annual Return and Compliance - Reporting Entity

### (A) APRA Annual Return

#### Independent Auditor's report approved form for registrable superannuation entity

**Independent auditor's report to the Trustee of NESS Super ABN: 72 229 227 691 on *SRF 114.1 Operational Risk Financial Requirement; SRF 320.0 Statement of Financial Position; SRF 330.0 Statement of Financial Performance; and SRF 530.1 Investments and Investment Flows.***

#### Trustee's Responsibility for the APRA Annual Return Forms

The superannuation entity's Trustee is responsible for the preparation and lodgement of the APRA Annual Return forms in accordance with the *Financial Sector (Collection of Data) Act 2001* (FSCODA Reporting Standards) and for such internal controls as the Trustee determines to be necessary to enable the preparation of these forms free from material misstatement, whether due to fraud or error. The APRA Annual Return forms have been prepared for the purposes of fulfilling the Trustee's reporting requirements pursuant to the FSCODA Reporting Standards.

#### Auditor's Responsibility

My responsibility is to express an opinion on the APRA Annual Return Forms based on my audit. I have audited, pursuant to the FSCODA Reporting Standards, APRA Annual Return forms *SRF 114.1 Operational Risk Financial Requirement; SRF 320.0 Statement of Financial Position; SRF 330.0 Statement of Financial Performance; and SRF 530.1 Investments and Investment Flows* (collectively known as the 'relevant forms') of NESS Super, which comprise part of the APRA Annual Return, for the year ended 30 June 2014.

I have conducted an independent audit of the relevant forms in order to express an opinion on them to the Trustee of NESS Super.

I have also performed an independent audit of the financial statements of NESS Super for the year ended 30 June 2014. My auditor's report on the financial statements was signed on 22 October 2014, and was not modified.

My audit has been conducted in accordance with Australian Auditing Standards. These 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 relevant forms are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the relevant forms. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the amounts and disclosures in the relevant forms, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trustee's preparation and presentation of the amounts and disclosures in the relevant forms 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 Trustee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the amounts and disclosures in the relevant forms.

For the purpose of ensuring that the relevant forms are materially complete and accurate and are in accordance with the relevant prudential reporting standards, my procedures included testing that the information in the relevant forms is consistent with the financial statements for the year ended 30

June 2014. In addition, and for the same purpose, in regard to other information reported in the relevant forms, I examined on a test basis, evidence supporting the amounts and other disclosures in the relevant forms that were not directly derived from the financial statements.

These procedures have been undertaken to form an opinion whether, in all material respects:

- a) the relevant forms are prepared in accordance with the requirements of the FSCODA Reporting Standards, so as to present a view which is consistent with my understanding of NESS Super's financial position as at 30 June 2014, its performance for the year then ended, as reflected in NESS Super's financial statements signed on 22 October 2014 or the accounting records of NESS Super in regards to other information that was not directly derived from the financial statements; and
- b) the Trustee has complied with the reporting requirements of the FSCODA Reporting Standards pertaining to the preparation of the relevant forms specified above. My procedures did not include an audit of the amounts and other disclosures in those APRA Annual Return forms other than the relevant forms specified above.

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

#### **Auditor's Opinion**

In my opinion:

- a) the relevant forms are prepared in all material respects in accordance with the requirements of the FSCODA Reporting Standards, the financial position of NESS Super as at 30 June 2014 and its performance for the year then ended, as reflected in NESS Super's financial statements signed on 22 October 2014 or accounting records with regard to other information that was not directly derived from the financial statements; and
- b) the Trustee of NESS Super has complied in all material respects with the reporting requirements of the FSCODA Reporting Standards pertaining to the preparation of the relevant forms.

#### **Basis of preparation of APRA Annual Return Forms and restriction on use**

Without modifying my opinion, I draw to the readers' attention that the APRA Annual Return forms have been prepared for the purpose of fulfilling the Trustee's reporting responsibilities of the FSCODA Reporting Standards. As a result, they may not be suitable for another purpose. I disclaim any assumption of responsibility for any reliance on this report to any party other than the Trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

#### **(B) Compliance**

##### **Independent auditor's report to the Trustee of NESS Super ABN: 72 229 227 691**

I have performed an audit to provide an opinion in relation to the Trustee's compliance with applicable provisions under the *Superannuation Industry (Supervision) Act 1993* (SIS Act), *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations), *Financial Sector (Collection of Data) Act 2001* (FSCODA Reporting Standards), *Corporations Act 2001* (Corporations Act) and *Corporations Regulations 2001* (Corporations Regulations).

### Trustee's Responsibility for Compliance

- (a) The superannuation entity's Trustee is responsible for complying with the requirements of the SIS Act, SIS Regulations, the Reporting Standards made under s. 13 of the FSCODA Reporting Standards, the *Corporations Act* and *Corporations Regulations*.
- (b) The Trustee is responsible, under Prudential Standard SPS 114 Operational Risk Financial Requirement (SPS 114), for maintaining an operational risk reserve at the required target amount in accordance with its ORFR strategy.

### Auditor's Responsibility

I have audited the compliance of NESS Super with the requirements set out above for the year ended 30 June 2014.

My responsibility is to express an opinion on the Trustee's compliance with the requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporation Regulations based on the audit. My audit has been conducted in accordance with applicable Australian Standards on Assurance Engagements (ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3100 *Compliance Engagements*). These Standards require that I comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Trustee of NESS Super has, in all material respects:

- (a) complied with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and SIS Regulations:
- Sections 19(2), 19(3), 29VA, 35A, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 99F, 101, 103, 104, 105, 106, 107, 109, 117, 118, 122, 124, 125, 126K, 152, 154 and 155(2);
  - Regulations 2.33(2), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and
- (b) complied with the FSCODA Reporting Standards that are subject to audit (to the extent applicable); and
- (c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporation Regulations (to the extent applicable):
- Sections 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017BA, 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9); and
  - Regulations 7.9.07Q-7.9.07W, 7.9.11K, 7.9.11N, 7.9.11O, 7.9.11P, 7.9.11Q and 7.9.32(3); and
- (d) complied with the requirement to prepare the respective forms comprising the APRA Annual Return.

for the year ended 30 June 2014.

My procedures with respect to SIS Regulation 6.17 included testing whether amounts identified by the Trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the SIS Regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations.

My responsibility is also to express an opinion on the Trustee's compliance with the respective Conditions of the '*Schedule - additional conditions imposed under Section 29EA of the Act*' of the RSE Licence issued by APRA referred to under the heading Trustee's Responsibility for Compliance, above of NESS Super for the year ended 30 June 2014.

My responsibility is also to express an opinion on the Trustee's compliance with their ORFR strategy with respect to maintaining an operational risk reserve at the required target amount for the year ended 30 June 2014.

My procedures in relation to SIS Section 155(2) included assessing the Trustee's controls in place to monitor compliance with Section 155(2). These procedures did not include testing the Trustee's methodology used to calculate the issue or redemption price.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations 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 SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations apart from those specified. NESS Super's Trustee is responsible for complying with the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

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

***Basis for Preparation and Restricted Distribution***

This report has been prepared solely for the Trustee in order to meet the APRA reporting requirements of the Trustee. This report is not to be used for any other purpose or distributed to any other party. I disclaim any assumption of responsibility for any reliance on this report to any party other than the Trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

**Auditor's Opinion**

In my opinion the Trustee of NESS Super has complied, in all material respects with:

- a) The requirements of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations specified above for the year ended 30 June 2014; and
- b) The requirement to maintain an operational risk reserve at the required target amount in accordance with its ORFR strategy.

*Ernst & Young*  
ERNST & YOUNG



Graeme McKenzie  
Partner

Sydney  
22 October 2014