

# ASSURED MORTGAGE FUND

**Audit Finalisation Report**  
**30 June 2011**



Thomas  
Noble &  
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Accountants | Auditors | Business Advisers



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### Disclaimer

Inherent limitation – the nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit can not guarantee that all material misstatements have been detected.

### Third party reliance

Other than our responsibility to the Assured Mortgage Fund, neither Thomas Noble & Russell Chartered Accountants (TNR) nor any member or employee of TNR undertakes responsibility arising in any way from reliance placed by a third party, on this report. Any reliance placed is that party's sole responsibility.

Our report is for the sole use of the Assured Mortgage Fund and is not to be used by any other person for any other purpose and may not be distributed, duplicated, quoted, referred to, in whole or in part, without our prior written consent.



# Overview of Audit Process

## Introduction

We have been engaged by the Assured Mortgage Fund to perform the statutory audit of the annual financial report for the year ended 30 June 2011.

This report has been prepared to communicate significant issues arising from our audit which we regard as being appropriate for consideration by the Directors. As such this report is incidental to the audit. You cannot assume that any matters not reported to you indicate that there are no additional matters that you should be aware of in meeting your responsibilities.

## Independence

We confirm that we have maintained our independence commitments in relation to our audit for the year ended 30 June 2011. Our independence declaration is included in the audit report to the financial statements.

## Scope

The objective of an audit, as required by the Australian Auditing Standards, is the expression of our opinion as to whether the financial report is properly drawn up to provide a true and fair view of the state of affairs, the results of operations, changes in equity and cash flows of the Fund in conformity with applicable Australian Accounting Standards, and where appropriate, relevant statutory and other mandatory professional reporting requirements in Australia.

The audit was conducted in accordance with the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

Our audit approach is risk-based and focuses on financial areas that are material to the financial report in order to provide reasonable assurance to the Directors of the Fund that the financial statements are free of material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' 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 Fund'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 on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

## Internal Controls & Management Letters

We obtained an understanding of the internal control structure in order to assess its adequacy as a basis for the preparation of the financial report, and to establish whether proper accounting records have been maintained. The establishment, maintenance and supervision of a proper system of internal control are the responsibility of the Directors.

We have reviewed the internal controls and the environment in which they operate. Our balance date audit identified only minor areas of improvement which have been communicated to the Directors and management.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on all internal controls.

## Audit Considerations in Relation to Fraud

Under Australian Auditing Standards, the auditor is responsible for planning and performing the audit to obtain reasonable assurance as to whether the annual financial report is free of material misstatement as a result of fraud or error.

Management has a responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and errors, and for the accounting policies and estimates inherent in the annual financial report.

While our work is not primarily directed towards the detection of fraud, we consider the following as part of our audit procedures:

- Likelihood of misstatements arising from fraudulent financial reporting or omissions of amounts or disclosures designed to deceive users of the annual financial report; and
- Likelihood of misstatements arising from misappropriation of assets involving theft of assets.

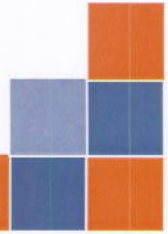
We have also reflected on reasons why frauds are committed or errors occur. These may include:

- The processing of non-routine transactions; and
- Circumstances existing such as ineffective controls and the ability to override controls.

As a result of the above procedures, we have not identified any matters of fraud to report to the Directors, however, this does not provide absolute assurance that fraud has not occurred.

## Compliance with Legislation

Our audit processes considered the material legislation impacting the Fund's operations to determine whether there have been any breaches that may materially impact the financial report. We did not note any breaches of legislation that would have a material impact on the 2011 financial report.



## Our Audit Approach

Having considered the implications related to the comments outlined above, we focused on those key financial reporting risks as outlined in our 2011 audit strategy and plan.

# Financial Reporting

## Summary of Unadjusted Differences

Our audit identified some adjustments that were not material to process to the financial report. These unadjusted audit differences were reported to the Directors.

## Financial Statement Disclosures

We have reviewed the financial statements and notes to ensure compliance with the existing legislative framework and accounting standard disclosure requirements. Based on our review of the financial statements, we believe that they are materially compliant with existing disclosure requirements.

The accounting policies of the Fund have been applied consistently throughout the year and are consistent with the accounting policies of the prior year.

## Audit Opinion

The results from the audit have lead to us issue an unqualified audit opinion relating to the financial statements for the year ended 30 June 2011.

# Compliance Plan

## Introduction

We have been engaged by the Assured Mortgage Fund to perform an audit on the Fund's compliance with its own Compliance Plan for the year ended 30 June 2011 and that the plan continues to meet the requirements of Part 5C.4 of the Corporations Act 2001 as at that date.

This report has been prepared to communicate significant issues arising from our audit which we regard as being appropriate for consideration by the Directors. As such this report is incidental to the audit. You cannot assume that any matters not reported to you indicate that there are no additional matters that you should be aware of in meeting your responsibilities.



## Scope & Responsibility

Directors of the responsible entity are responsible for the design, documentation, operation and monitoring of the compliance plan and the adequacy of compliance measures contained in the plan, including the relevant internal control systems, policies and procedures, and compliance therewith. These responsibilities are set out in Part 5C.2 of the Corporations Act 2001. The directors of the responsible entity are responsible for ensuring that the scheme's compliance plan meets the requirements of Section 601HA of the *Corporations Act 2001*, including that it sets out adequate measures that the responsible entity is to apply in operating the scheme to ensure compliance with the *Corporations Act 2001* and the scheme's constitution, and for complying with the compliance plan.

Our responsibility is to express an opinion on whether the responsible entity complied with the compliance plan during the financial year ended 30 June 2011 and the compliance plan continues to meet the requirements of Part 5C.4 of the Corporations Act 2001 as at that date, in all material respects. We conducted our audit in accordance with Standards on Assurance Engagements. These Standards on Assurance Engagements require that we comply with relevant ethical requirements relating to assurance engagements and plan and perform the engagement to obtain reasonable assurance that the responsible entity complied with the compliance plan and the plan met the requirements of the *Corporations Act 2001*. Our procedures included obtaining an understanding of the compliance plan and the measures which it contains and examining, on a test basis, evidence supporting the operation of these measures. These procedures have been undertaken to form an opinion whether, in all material respects, the responsible entity has complied with the compliance plan during the financial year ended 30 June 2011, and the compliance plan continues to meet the requirements of Part 5C.4 of the *Corporations Act 2001* as at that date.

### **Inherent Limitations**

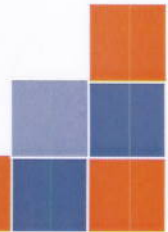
Because of the inherent limitations of any compliance plan, it is possible that errors or irregularities may occur and not be detected. An audit is not designed to detect all weaknesses in a compliance plan and the compliance measures in the plan, as an audit is not performed continuously throughout the financial year and the audit procedures performed on the compliance plan and compliance measures are undertaken on a test basis.

## Internal Controls & Management Letters

We obtained an understanding of the internal control structure in order to assess its adequacy as a basis for the preparation of the financial report, and to establish whether proper accounting records have been maintained. The establishment, maintenance and supervision of a proper system of internal control are the responsibility of the Directors.

We have reviewed the internal controls and the environment in which they operate. Our audit identified only minor areas of improvement which have been communicated to the Directors and management.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on all internal controls.



## Compliance Plan Audit Opinion

The results from the audit have lead to us issue an unqualified audit opinion relating to Compliance with the Fund's Compliance Plan for the year ended 30 June 2011 and that the plan continues to meet the requirements of Part 5C.4 of the Corporations Act 2001 as at that date.

### Acknowledgement

We take this opportunity to thank the Directors and staff of Assured Mortgage Fund for their assistance during the audit process. The Fund's management team have been professional in their approach to the annual financial reporting process.

Please contact the writer should you require further information relating to the financial audit and compliance audit.

Yours faithfully

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

D H SINGH (Partner)

22 September 2011