
SR & M Freeth Superannuation Fund
Notes to the Financial Statements
As at 30 June 2020

Note 1 - Statement of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. They have been consistently applied in the current and previous periods unless otherwise stated to ensure the financial information satisfies the concept of relevance and reliability.

(a) Statement of Compliance

The trustees have prepared the financial statements on the basis that the superannuation fund is a non-reporting entity because the members are able to command the preparation of tailored reports so as to satisfy specifically all of their information needs and there are no other users dependent on the financial statements. The financial statements are therefore special purpose financial statements that have been prepared in accordance with the legislative requirements of the *Superannuation Industry (Supervision) Act 1993* and *Regulations 1994* and the provisions of the Trust Deed. The trustees have determined that the accounting policies adopted are appropriate to meet their needs.

(b) Basis of Preparation

The financial statements have been prepared on a cash basis using historical costs convention unless stated otherwise. For investments and financial liabilities, they are measured at market values.

The financial statements are presented in Australian dollars, which is the functional currency of the fund.

(c) Use of Accounting Estimates and Judgments

The preparation of financial statements requires the trustees to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks or financial institutions and short-term, highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of change in value.

(e) Foreign Currency

Any foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the operating statement in the period in which they arise.

(f) Valuation of Assets

Investment

An investment is initially recognised when as a result of past transactions or events, the Fund controls the future economic benefits expected to flow from the asset.

The investment assets are firstly recorded at cost, being the fair value of the consideration given. After initial recognition, they are measured at market value. Gains or losses arising from changes in market value are recognised on the Operating Statement in the periods in which they occur.

Market value as defined in s10 of *S/SA 1993*, in relation to an asset, means the amount that a willing buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller if the following assumptions were made:

- i. that the buyer and the seller dealt with each other at arm's length in relation to the sale;
- ii. that the sale occurred after proper marketing of the asset;
- iii. that the buyer and the seller acted knowledgeably and prudentially in relation to the sale.

As disposal costs are generally immaterial unless otherwise stated, market value approximates fair value.

SR & M Freeth Superannuation Fund

Notes to the Financial Statements

As at 30 June 2020

Market values for various types of investment have been determined as follows:

- i. listed securities, government and other fixed interest securities for which there is a readily available market quotation, the valuation is recorded as the last quoted sale price as at the close of business on reporting date. If the listed securities are foreign, they are also converted to Australian dollars using the exchange rate at the close of business on the reporting date;
- ii. unit trusts and managed funds are stated by reference to the unit redemption price quoted by the fund manager at the end of the reporting period;
- iii. unlisted investments are stated at the Trustees' valuation based on estimated market value at balance date; or where necessary, upon external valuers' expert opinions;
- iv. Investment properties are carried at market value and are held for the purpose of generating long-term rental yields and capital appreciation. The Trustees give consideration to the value of the investment property each financial year and revalue when a significant event occurs or when deemed appropriate. Where an external valuation has been obtained, the valuation is based on objective and supportable data and has been carried out by a property valuation service provider or qualified independent valuer as appropriate.

Financial Liabilities

The Fund initially recognises a financial liability on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities including credit balances of hedging instruments and derivatives are measured at market values as at the reporting date. Any change in market values of the financial liabilities since the beginning of the reporting period shall be included in the profit or loss for the reporting period. As disposal costs are generally immaterial, unless otherwise stated, market value approximates fair value.

Receivables and Payables

Current assets such as accounts receivable, which are expected to be recovered within twelve months after the reporting period, are carried at nominal amounts which approximate the fair values.

Accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the goods and services received, whether or not billed to the Fund and are carried at nominal amounts which are equivalent to fair values.

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following recognition criteria relate to the specific items of revenue the Fund receives:

Interest

The interest revenue is recognised by the Fund on a cash receipt basis, unless the Fund chooses the accrual method and the amount can be reliably measured by reference to the principal outstanding and using the effective interest rate of the instrument calculated at the acquisition or origination date.

Dividend Revenue

The entitlement to a dividend is based on the date the shares are quoted ex-dividend; the actual dividend revenue is recognised by the Fund when it is received.

Distribution Revenue

Distributions from unit trusts and managed funds are recognised as at the date the unit value is quoted ex-distributions and if not received at the end of the reporting period, are reflected in the statement of financial position as a receivable at market value.

Rental Income

Rent from investment properties is recognised by the Fund on a cash receipt basis.

Movement in market values

Changes in the market value of investments are determined as the difference between the market value at balance date or consideration received (if sold during the year) and the market value as at the prior year end or cost (if the investment was acquired during the period). All movements are recognised in the Operating Statement.

Contributions and Rollovers In

Contributions and rollovers in are recognised when the control and the benefits from the revenue have been attained and are recorded by the Fund, gross of any taxes, in the period to which they relate.

The financial report was authorised for issue on 31 March 2021 by the trustee of the fund.

SR & M Freeth Superannuation Fund
Notes to the Financial Statements
As at 30 June 2020

Note 2 – Liability for Accrued Benefits

The liability for accrued benefits represents the fund's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amount of the assets and the carrying amount of the other payables and income tax liabilities as at the end of the reporting period. Changes in the Liability for Accrued Benefits are as follows:

	Current	Previous
Liability for Accrued Benefits at beginning of period	599,191.64	790,861.09
Benefits Accrued during the period	(9,513.16)	38,322.55
Benefits Paid during the period	(170,269.00)	(229,992.00)
Liability for Accrued Benefits at end of period	419,409.48	599,191.64

Any amount in the Unallocated Contributions account represent amounts that have been received by the fund from either the members of the fund or a third party but have not been allocated to any specific member as at the reporting date. It is the intention of the trustee to allocate any such amounts recorded as unallocated contributions within 28 days following the end of the month to specific fund member, which will increase the liability for members accrued benefits.

Note 3 – Vested Benefits

Vested benefits are benefits which are not conditional upon continued membership of the fund (or any factor other than resignation from the plan) and include benefits which members were entitled to receive had they terminated their fund membership as at the reporting period.

	Current	Previous
Vested Benefits at beginning of period	599,191.64	790,861.09
Benefits Accrued during the period	(9,513.16)	38,322.55
Benefits Paid during the period	(170,269.00)	(229,992.00)
Vested Benefits at end of period	419,409.48	599,191.64

Note 4 – Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

Note 5 – Funding Arrangements

No fixed funding arrangements were in place for the Fund as at year end.

Note 6A – Managed Investments

	Current	Previous
At market value:		
Fidelity Wholesale Plus Australian Equities Fund	30,199.90	60,643.22
Ironbark Karara Wholesale Plus Australian Small Companies Fund	23,353.00	29,012.65
Ironbark Paladin Property Securities Fund	18,123.24	26,106.65
Janus Henderson Tactical Income Fund	21,670.25	44,071.05
Magellan Global Fund	37,470.70	48,952.89
MFS Fully Hedged Global Equity Trust	25,612.30	32,400.01
Paradice Global Small Mid Cap Fund	14,858.10	20,920.29
Pendal Focus Australian Share Fund	37,004.19	42,361.96
Pendal Wholesale Plus Global Emerging Markets Opportunities Fund	18,493.50	29,171.56
PIMCO Wholesale Plus Global Bond Fund	14,886.57	36,904.20
RARE Infrastructure Value Fund - Unhedged	15,982.99	26,995.11
Solaris Australian Equity Long Short Fund	31,126.05	24,889.26
T. Rowe Price Dynamic Global Bond Fund	10,394.99	31,629.68
T. Rowe Price Wholesale Plus Global Equity Fund	31,010.75	45,457.24
UBS Wholesale Plus Australian Bond Fund	10,247.24	31,893.55
Winton Global Alpha Fund	26,033.03	43,173.49
	366,466.80	574,582.81

SR & M Freeth Superannuation Fund
Notes to the Financial Statements
As at 30 June 2020

Note 7A – Distributions

	Current	Previous
Fidelity Wholesale Plus Australian Equities Fund	3,435.22	1,947.26
Fixed Income Strategy 2	0.00	1,674.95
Freehold Australian Property Fund	0.00	1,512.06
Investors Mutual Australian Share Fund	0.00	1,375.56
Ironbark Karara Wholesale Plus Australian Small Companies Fund	3,806.95	3,604.94
Ironbark Paladin Property Securities Fund	418.98	353.97
Janus Henderson Tactical Income Fund	847.48	206.21
Lazard Select Australian Equity Fund W Class	0.00	1,429.18
Magellan Global Fund	1,562.15	2,487.13
Paradice Global Small Mid Cap Fund	237.30	960.72
Pendal Focus Australian Share Fund	1,982.94	1,447.36
Pendal Wholesale Plus Global Emerging Markets Opportunities Fund	2,099.50	2,201.55
PIMCO Wholesale Plus Global Bond Fund	695.15	1,687.24
RARE Infrastructure Value Fund - Unhedged	1,546.29	2,072.22
Solaris Australian Equity Long Short Fund	580.91	617.39
T. Rowe Price Dynamic Global Bond Fund	185.15	110.33
T. Rowe Price Wholesale Plus Global Equity Fund	5,935.60	5,905.31
UBS Wholesale Plus Australian Bond Fund	835.37	537.46
Vanguard International Property Securities Index Fund	0.00	758.30
	24,168.99	30,889.14

Note 7B – Interest

	Current	Previous
BT Wrap Cash Account	101.39	133.01
	101.39	133.01

SR & M Freeth Superannuation Fund
Notes to the Financial Statements
As at 30 June 2020

Note 8A – Realised Capital Gains

	Current	Previous
Managed Investments		
Ausbil 130/30 Focus Fund - Institutional Class	0.00	1,186.35
Australian Equities Extension Fund	0.00	(1,033.48)
Custom Portfolio Solution Global Growth Fund	0.00	6,799.73
Custom Portfolio Solution Global Manager Trust	0.00	(2,769.74)
Fidelity Wholesale Plus Australian Equities Fund	744.87	67.57
Fixed Income Strategy 2	0.00	(1,974.66)
Freehold Australian Property Fund	0.00	2,993.61
Global Fundamental Equities Fund	0.00	6,975.57
Investors Mutual Australian Share Fund	0.00	(2,274.75)
Ironbark Karara Wholesale Plus Australian Small Companies Fund	(88.97)	0.00
Ironbark Paladin Property Securities Fund	(430.28)	0.00
Janus Henderson Tactical Income Fund	8.40	0.00
Kapstream Absolute Return Income Fund	0.00	(160.77)
Lazard Select Australian Equity Fund W Class	0.00	(5,299.75)
Magellan Global Fund	6,230.80	0.00
MFS Fully Hedged Global Equity Trust	(193.12)	0.00
Paradice Global Small Mid Cap Fund	(522.30)	0.00
Pendal Focus Australian Share Fund	189.03	0.00
Pendal Wholesale Plus Global Emerging Markets Opportunities Fund	(1,039.63)	0.00
Peter MacGregor Global Fund	0.00	(3,527.09)
PIMCO Wholesale Plus Global Bond Fund	(494.04)	0.00
RARE Infrastructure Value Fund - Unhedged	(228.17)	0.00
Solaris Australian Equity Long Short Fund	52.33	0.00
Spire Copper Rock Capital Global Smaller Companies Fund	0.00	(1,664.95)
T. Rowe Price Dynamic Global Bond Fund	73.12	0.00
T. Rowe Price Wholesale Plus Global Equity Fund	56.01	0.00
UBS Wholesale Plus Australian Bond Fund	313.09	0.00
Vanguard International Property Securities Index Fund	0.00	1,769.45
Walter Scott Global Equity Fund	0.00	634.62
WaveStone Dynamic Australian Equity Fund	0.00	2,353.98
Winton Global Alpha Fund	(886.27)	0.00
	3,784.87	4,075.69

SR & M Freeth Superannuation Fund
Notes to the Financial Statements
As at 30 June 2020

Note 8B – Decrease in Market Value

	Current	Previous
Managed Investments		
Australian Equities Extension Fund	0.00	(2,097.87)
Custom Portfolio Solution Global Growth Fund	0.00	3,835.39
Custom Portfolio Solution Global Manager Trust	0.00	(3,821.72)
Fidelity Wholesale Plus Australian Equities Fund	5,890.19	(2,435.65)
Fixed Income Strategy 2	0.00	(1,079.14)
Freehold Australian Property Fund	0.00	(760.16)
Global Fundamental Equities Fund	0.00	3,847.00
Investors Mutual Australian Share Fund	0.00	(2,625.84)
Ironbark Karara Wholesale Plus Australian Small Companies Fund	4,070.68	2,365.35
Ironbark Paladin Property Securities Fund	4,053.13	(1,005.65)
Janus Henderson Tactical Income Fund	159.20	(143.05)
Kapstream Absolute Return Income Fund	0.00	(215.78)
Lazard Select Australian Equity Fund W Class	0.00	(5,904.89)
Magellan Global Fund	3,125.99	(5,085.41)
MFS Fully Hedged Global Equity Trust	1,344.59	(1,022.01)
Paradice Global Small Mid Cap Fund	2,539.89	1,043.71
Pendal Focus Australian Share Fund	3,296.80	(1,570.96)
Pendal Wholesale Plus Global Emerging Markets Opportunities Fund	2,638.43	2,206.44
Peter MacGregor Global Fund	0.00	(1,042.54)
PIMCO Wholesale Plus Global Bond Fund	(476.41)	748.80
RARE Infrastructure Value Fund - Unhedged	1,783.95	(1,891.96)
Solaris Australian Equity Long Short Fund	2,315.54	110.74
Spire Copper Rock Capital Global Smaller Companies Fund	0.00	(835.42)
T. Rowe Price Dynamic Global Bond Fund	(192.19)	(251.68)
T. Rowe Price Wholesale Plus Global Equity Fund	(1,769.50)	4,746.76
UBS Wholesale Plus Australian Bond Fund	459.40	(515.55)
Vanguard International Property Securities Index Fund	0.00	(193.47)
WaveStone Dynamic Australian Equity Fund	0.00	2,238.04
Winton Global Alpha Fund	3,984.19	754.51
	33,223.88	(10,602.01)