

DEBHAM SUPERANNUATION FUND  
 ABN: 23 435 171 014  
 FINANCIAL YEAR ENDED 30 JUNE 2019

**RECONCILIATION OF DOMESTIC TAXABLE INCOME**

	\$	\$
Operating Profit / (Loss)		76,681
<b>Add:</b>		
Schedule 6 - Non-Deductible Items	10,759	10,759
	<hr/>	<hr/>
Adjusted Net Profit		87,440
<b>Less:</b>		
Schedule 10 - Non-Assessable Items	71,357	71,357
	<hr/>	<hr/>
<b>TAXABLE INCOME / (TAX LOSS)</b>		<b><u><u>16,083</u></u></b>

**Calculation Statement**

		\$
Tax Payable on Taxable Income @ 15%		2,412.45
<b>Add:</b>		
ATO Supervisory Levy		259.00
<b>Less:</b>		
Tax Credits		
Imputation Credits	1,532	
Withholding Tax	106.51	1,638.51
		<hr/>
<b>TAX PAYABLE</b>		<b><u><u>1,032.94</u></u></b>

**DEBHAM SUPERANNUATION FUND**  
**ABN: 23 435 171 014**  
**FINANCIAL YEAR ENDED 30 JUNE 2019**

---

**SCHEDULE 6 - NON-DEDUCTIBLE ITEMS**

	<b>\$</b>
Exempt Current Pension Expense	10,759
<b>TOTAL</b>	<b><u>10,759</u></b>

**DEBHAM SUPERANNUATION FUND**  
**ABN: 23 435 171 014**  
**FINANCIAL YEAR ENDED 30 JUNE 2019**

---

**SCHEDULE 8 - CARRY FORWARD LOSSES**

<b><i>CAPITAL LOSSES</i></b>	<b>INCURRED</b>	<b>RECOUPED</b>	<b>CLOSING BALANCE</b>	<b>TAX RETURN BALANCE</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Year ended 30 June 2019	-	2,720	(2,720)	-
Year ended 30 June 2018	5,062		5,062	2,342
	<hr/>			<hr/>
<b>TOTAL</b>	<b>5,062</b>	<b>2,720</b>	<b>2,342</b>	<b>2,342</b>
	<hr/> <hr/>			<hr/> <hr/>

**DEBHAM SUPERANNUATION FUND**  
**ABN: 23 435 171 014**  
**FINANCIAL YEAR ENDED 30 JUNE 2019**

---

**SCHEDULE 10 - NON-ASSESSABLE ITEMS**

	\$
Increase in Asset Market Values	40,881
Non Concessional Contributions	619
Capital Gains [Accounting]	2,720
Exempt Current Pension Income	27,137
	<hr/>
<b>TOTAL</b>	<b><u><u>71,357</u></u></b>

DEBHAM SUPERANNUATION FUND  
 ABN: 23 435 171 014  
 FINANCIAL YEAR ENDED 30 JUNE 2019

SCHEDULE - EXEMPT CURRENT PENSION INCOME

	Non-ECPI 29.871%	ECPI 70.129%	TOTAL 100.00%
Dividends	1,751	4,112	5,863
Trust Distributions	140	330	470
Foreign Income	-	-	-
Interest	16	38	54
Rental Income	9,651	22,657	32,308
Net Capital Gains	-	-	-
<b>TOTAL INCOME</b>	<b>11,558</b>	<b>27,137</b>	<b>38,695</b>
Depreciation - Wells Rd	3,603	8,459	12,062
Fees & Charges	979	2,298	3,277
Donation	1	2	3
Accountancy	2,080	-	2,080
ATO Levy	259	-	259
ASIC Fee	53	-	53
<b>TOTAL EXPENSES</b>	<b>6,975</b>	<b>10,759</b>	<b>17,734</b>

**Note:**

Capital Gains of \$2,720 offset against carried forward capital loss of \$5,062

7 August 2020

Reference number: 122397086

The Trustees  
Debham Superannuation Fund  
c/o Trentons CA  
9 Sun Crescent  
Sunshine VIC 3020

Dear Trustees,

### SECTION 295.390 ACTUARY'S CERTIFICATE OF EXEMPT INCOME

This certificate has been prepared for the Trustees of Debham Superannuation Fund to certify the exempt income proportion in accordance with section 295.390 of the Income Tax Assessment Act ("ITAA") 1997 for the 2018/19 income year.

I hereby certify that the proportion of the applicable income of Debham Superannuation Fund ("the Fund") for the year ending 30 June 2019 that should be exempt from income tax is: **70.129%**

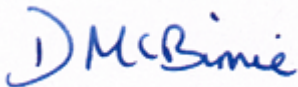
This exempt income proportion does not apply to income earned on segregated current pension assets and segregated non-current assets.

Further details of my calculation and the information on which it is based are contained in the appendices and covering email. These form part of my report and should be read in their entirety.

- ◆ Appendix A: Information used to calculate the exempt income proportion
- ◆ Appendix B: Fund liabilities
- ◆ Appendix C: Exempt current pension income result and adequacy opinion
- ◆ Appendix D: Apportioning expenses

I confirm that this actuarial certificate has been prepared in accordance with Professional Standard 406 issued by the Institute of Actuaries of Australia and other relevant professional standards and guidance notes.

Yours sincerely,



**Doug McBirnie**, B.Sc. (Hons), FIA, FIAA

## Appendix A – Information used to calculate the exempt income proportion

---

### Fund data and financials

This certificate has been prepared at the request of, and based on data supplied by, Trentons CA on behalf of the Trustees for the 2018/19 income year. A summary of the data supplied to us for the purpose of calculating the exempt income proportion is provided below:

**Name of fund:** Debham Superannuation Fund  
**Fund ABN:** 23435171014  
**Trustee:** Wilsco Pty Ltd

Member name	Graham Wills	Debra Wills
Date of birth	4 Dec 1958	18 Aug 1958
Value of retirement phase income streams as at 1 Jul 2018	\$0	\$383,097
Value of retirement phase income streams at 1 Jul 2018 excluding liabilities in respect to segregated current pension assets.	\$0	\$383,097

The aggregate operating statement information is:

<b>Assets available at 1 July 2018</b>	<b>\$539,764</b>
<b>Plus</b>	
Non-concessional contributions	\$619
Concessional contributions	\$11,500
<b>Less</b>	
Pension payments and lump sum withdrawals	\$15,995
<b>Equals</b>	
<b>Balance before income and expenses</b>	<b>\$535,888</b>
Preliminary net income	\$52,500
<b>Gross assets available at year end (before tax)</b>	<b>\$588,388</b>

We understand that the financial information provided to us when applying for this certificate may be unaudited. Should the financial information provided to us change, as a result of audit or otherwise, this may affect the results of our calculations and we recommend you apply for an amended certificate.

## Appendix C - Exempt income proportion results and adequacy opinion

### Exempt income proportion

Superannuation funds claiming exempt current pension income ("ECPI") under section 295.390 of the ITAA 1997, known as the proportionate or unsegregated method, are required to obtain an actuary's certificate prior to lodgement of the fund's income tax return. The proportion of the applicable income, excluding income earned on segregated current pension assets and segregated non-current assets, for the year ending 30 June 2019 that should be exempt from income tax is calculated as follows:

$$\frac{\text{Average value of current pension liabilities}}{\text{Average value of superannuation liabilities}} = \frac{\$375,280}{\$535,128} = 70.129\%$$

Within the requirements of legislation and the Fund's Trust Deed and Rules, the Trustees may have discretion about how income and expenses are allocated at the member level. We have not checked the terms of the Fund's Trust Deed and Rules. The daily weighted average calculation of the exempt income proportion provides a fair and reasonable method of apportioning these items between the member accounts at year end for income earned on assets that are not segregated assets and is provided below:

Member Name	Graham Wills	Debra Wills	Fund
Exempt income proportion	0.000%	70.129%	70.129%
Non-exempt income proportion	29.871%	0.000%	29.871%

The above proportions are unlikely to be appropriate for allocating income earned on segregated assets.

### Calculating the fund's exempt current pension income for the purpose of your tax return

The exempt income proportion is applied to net ordinary assessable income including net capital gains, but excluding assessable contributions, non-arm's length income and income including capital gains or losses derived from any segregated assets. The Trustee would calculate ECPI as follows:

Total ECPI = Eligible income \* Exempt income proportion + Income on segregated current pension assets

Unutilised capital losses (except capital losses on segregated current pension assets) can be carried forward until they can be offset against assessable capital gains.

### Adequacy opinion and methodology

By definition, the liabilities of an account-based member interest or reserve at a particular time, in the absence of any unusual terms or guarantees, are equal to the value of the assets backing it. Therefore no specific assumption has been made (or is needed) regarding rates of return on the Fund's assets; pension increases; or the liability calculation discount rate. As such, I am satisfied that the amount of the assets at the end of the year, if accumulated together with the Fund's future earnings and contributions, will provide the amount required to discharge in full the liabilities as they fall due. No recommendation is needed with regard to future contributions.

The average values used in the exempt income proportion are determined using a daily weighted average calculation which takes into account relevant information such as the opening balances of each member account, any reserves, and the size and timing of any member transactions during the income year. Unless otherwise stated, all member transactions including pension commencements and commutations are assumed to occur immediately at the start of each day. More information on the methodology used can be found at <https://www.accurium.com.au/-/media/Accurium/Membership/methodology-guide>



## Appendix D - Apportioning expenses

---

### Methods for apportioning expenses

A superannuation fund can generally deduct expenses to the extent they were incurred in producing assessable income. Where an expense can be attributed to solely producing assessable income then it can be deducted from assessable income in its entirety. Where it is solely attributable to non-assessable income it is entirely non-deductible. However, expenses that cannot be attributed to solely producing exempt income or solely producing assessable income need to be apportioned to determine how much can be deducted.

A fair and reasonable approach must be used to determine what proportion of such an expense can be deducted. A common industry approach has used the tax exempt proportion provided in the fund's actuarial certificate to determine an appropriate deductibility proportion as follows:

$$\text{Expense deductibility proportion} = 1 - \text{actuarial exempt income proportion}$$

This generally represents the proportion of fund's total income that is assessable during an income year. It is therefore a fair and reasonable approach to apportioning an expense that relates to the whole fund for that income year.

However, superannuation liabilities supported by segregated current pension assets are excluded from the actuarial exempt income proportion calculation. This includes assets which were deemed to be segregated at a particular time due to the fund only having retirement phase superannuation liabilities at that time.

Where a fund does have segregated current pension assets, the approach above is likely to underestimate the extent to which an expense was incurred in producing exempt income, and therefore overstate the amount that can be reasonably deducted.

For those funds wishing to use the actuarial exempt income proportion as the basis for the deductibility of expenses we have determined below a deductibility proportion that takes into account all fund liabilities over the income year. This may be different to  $(1 - \text{actuarial exempt income proportion})$  where the fund has segregated current pension assets and may be a fair and reasonable deductible proportion for expenses which must be apportioned and relate to the whole income year.

### Expense deductibility proportion

The following deductible proportion has been determined based on all fund liabilities, including any segregated current pension assets identified in Appendix B, using the same methodology as the exempt income proportion described in Appendix C.

Expense deductibility proportion:	29.871%
-----------------------------------	---------

This is not intended to be tax advice and you should determine whether this deductible proportion is appropriate for this fund and for each relevant fund expense prior to use.