

Dusan & Lee Superannuation Fund

Dear Trustees

Dusan & Lee Superannuation Fund Audit Engagement Letter

Objectives and Scope of the Audit

You have requested that we audit the financial statements of the SMSF for the year ended 30 June 2020. We are pleased to confirm our acceptance and understanding of this engagement by means of this letter.

Our audit will be performed in accordance with Australian Auditing Standards, the *Superannuation Industry (Supervision) Act 1993* (SISA) and the *Superannuation Industry (Supervision) Regulations* (SISR) with the objective of expressing an opinion on the financial report and the fund's compliance with the specified requirements of the SISA and the SISR.

Our Responsibilities

We will conduct our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used and the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error, as well as evaluating the overall presentation of the financial report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatement may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal control relevant to the entity's preparation 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. We will, however, communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.

Trustees' Responsibilities

Our audit will be conducted on the basis that the trustee(s) acknowledge and understand that they have responsibilities:

- For the preparation of the financial report that gives a true and fair view in accordance with the Australian Auditing Standards, other mandatory reporting requirements and the SIS Act and SIS Regulations is that of the trustee(s);
- For such internal control as the trustee(s) determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and
- To provide us with:
 - Access to all information of which the trustees are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;

- Additional information that we may request from the trustees for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from trustees written confirmation concerning representations made to us in connection with the audit.

Australian Auditing Standards require that we determine whether the financial reporting framework applied in the preparation of this special purpose of financial report is acceptable. If we determine the financial reporting framework to be unacceptable, we will not be able to undertake the audit engagement unless the framework is amended and then determined to be acceptable.

If a qualified audit report is to be issued following the completion of our audit, we will advise the details to you in a timely manner and prior to the issue of our report.

Audit of SIS Compliance

For the year ended 30 June 2019, we are required to form an opinion in respect of compliance with certain aspects of SIS. Our report must refer to the following sections and regulations:

Sections: 17A, 35AE, 35B, 35C(2), 52, 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, 13.22C

Report on Significant Matters

Under section 129 of the SISA we are required to report to you in writing. If during the course of, or in connection with, our audit, we become aware of any contravention of the Act or Regulations which we believe has occurred, is occurring or may occur.

We are also required to report to the ATO, as regulator, any contravention of the SISA and the SISR, where we believe the contravention may affect the interests of the members of beneficiaries of the fund.

In addition, we are also required under section 130 to report to you if we believe the superannuation fund may be, or may be about to become, in an unsatisfactory financial position. If we are not satisfied with your response as trustee(s) as to the action taken to rectify the situation or we receive no response, we are obliged to report the matter to the ATO.

A failure on the part of the trustee to rectify these breaches to the satisfaction of the ATO may result in significant penalties to the trustee and the fund itself.

In addition to our report on the financial statements, we will also report to you any material weaknesses in the fund's system of accounting and internal control which come to our notice during the course of our audit.

Quality Control

The conduct of our audit in accordance Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your expressed consent.

Our audit files may, however, be subject to review as part of the quality control review program of Regulators and or Professional Bodies which monitors compliance with professional standards by its members.

We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us as your auditor.

Independence/Conflict of Interest

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the superannuation fund and other related parties, rotation of audit partners, business relationships, employment relationships, and the provision of non-audit services in accordance with professional statement APES 110 – Code of Ethics for Professional Accountants.

Outsourced Services

We do not use any outsourced services in overseas locations when conducting client assignments.

Data Storage

We use data storage located in the office but it may be replicated to other locations.

Accepting our services as part of this engagement agreement indicates your acceptance of the use of outsourced services, cloud hosted software and outsourced data storage under the conditions outlined above.

Limitation of Liability

Our firm’s liability to you or any other user of the audit report is limited by a Scheme approved under Professional Standards Legislation.

Other

We would appreciate acknowledgement of terms and conditions set out in this letter. Please note that this letter will be effective for future years unless the terms of the engagement are altered by future correspondence.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial report.

If you have any queries in relation to this please contact me.

To: MR ANTHONY BOYS

I/We hereby confirm your appointment as Auditor under the above terms of engagement.

For and on behalf of Dusan & Lee Superannuation Fund as trustee for the Dusan & Lee Superannuation Fund

**Signed &
Dated**

Yours sincerely

ANTHONY BOYS – REGISTERED COMPANY AUDITOR
DATED:

Dusan & Lee Superannuation Fund
16 Gault Road
Belair 5052

Mr T W Boys
Box 3376
Rundle Mall 5000

Dear Tony

In connection with your examination of the special purpose financial report of the Dusan & Lee Superannuation Fund as at 30 June 2020 we acknowledge our responsibility for ensuring the financial report is in accordance with the accounting standards and UIG Consensus Views detailed in Note 1 to the financial statements. We confirm we have fulfilled our responsibility for the preparation of the financial report in accordance with the relevant financial reporting framework and confirm that the financial report is free of material misstatement, including omissions, and that we have approved the financial report, as evidenced by our signature on the trustee declaration attached to the financial report.

The following representations are made which are true to the best of our knowledge and belief.

1. Accounting Policies

All the significant accounting policies of the fund are adequately described in Note 1 to the financial statements and are consistent with the policies adopted last year, unless otherwise detailed in the notes to the financial statements.

2. Fund Books / Records / Minutes

As agreed in the terms of the audit engagement, all financial books, records and related data have been made available to you, including relevant minutes of the trustee's meetings and this information has been retained in the appropriate format for the required period of time.

We confirm all transactions have been recorded and are reflected in the financial report.

3. Asset Form

The assets of the fund are being held in a form suitable for the benefit of the members of the fund.

4. Ownership and Pledging of Assets

- a) The fund has satisfactory title to all assets disclosed in the statement of financial position; and
- b) No assets of the fund have been pledged to secure liabilities of the fund (unless the charge relates to a limited recourse borrowing arrangement) or of others.

5. Investments

- a) Investments as at 30 June 2020 are carried in the books at market value. Such amounts are considered reasonable in the light of present circumstances;
- b) There are no commitments, fixed or contingent, for the purchase or sale of long-term investments, that have not been disclosed in the financial report;
- c) The investment strategy has been determined with due regard to risk, return, liquidity and diversification; and
- d) All investments are acquired, maintained and disposed of on an arm's length basis.

6. Trust Deed

The fund is being conducted in accordance with its governing rules.

7. Income Tax Assessment Act, Superannuation Industry (Supervision) Act and Regulations

The fund is in compliance with the requirements of the relevant Income Tax Assessment Act, and the fund is being conducted in accordance with the Superannuation Industry (Supervision) Act 1993, and Superannuation Industry (Supervision) Regulations 1994 ("SIS") (with the exception of any contraventions as identified by you as the auditor) and we specifically confirm:

- a) The individual trustees have been nominated and may only be removed in such manner and circumstances as are allowed in the trust deed;
- b) The trustee has complied with all the trustee standards set out in the regulations and the covenants prescribed by SIS Section 52;
- c) No individual trustee is a disqualified person;
- d) The trustee has complied with the investment standards set out in SIS; and
- e) Information retention obligations have been complied with.

All known instances of non-compliance or suspected non-compliance with the relevant Income Tax Assessment Act or the SIS legislation whose effects should be considered when preparing the financial report, or that impact your obligation to report certain matters to the Australian Taxation Office have been disclosed to you.

8. Internal Controls

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report and to ensure that the assets of the fund are safeguarded from fraud or error. We have assessed the risk that the financial report may be materially mis-stated as a result of fraud and advise we have no knowledge of any actual, suspected or alleged fraud affecting the fund.

The fund does not have a formal process for identifying, estimating or assessing business risks relevant to the financial reporting objectives, and this is considered appropriate in the circumstances.

There are no specific risks arising from the information technology utilised by the fund that require attention by the trustee.

To monitor internal controls over financial reporting, we review all reports provided by the information technology systems utilised by the fund for accuracy. This assists in determining if the information is sufficiently reliable for financial reporting purposes.

In instances where the fund uses a custodian, we confirm we have not been advised of any fraud, non-compliance with laws and regulations or uncorrected mis-statements that would affect the financial report of the fund.

9. Contributions

We confirm the non-concessional contributions, if any, received by the fund are within the limits imposed by the legislation, taking into account contributions paid to other superannuation funds.

10. Legal Matters

We confirm you have been advised of all significant legal matters, and that all known actual or possible litigation and claims have been adequately accounted for, and been appropriately disclosed in the financial report.

Any minutes of meetings with the fund’s legal counsel have been provided for audit review.

11. Related Parties

All related party transactions have been brought to your attention.

12. Subsequent Events

Other than those reported, there are no events subsequent to year end, nor any new litigation or claims referred to the fund’s legal counsel, that would require adjustment to, or disclosure in, the financial report.

13. Going Concern Assumption

We confirm we have no knowledge of any events or conditions that would cast significant doubt on the fund’s ability to continue as a going concern.

.....
D Nenadovic

.....
L C Wang

Date



Financial Statements

For the year ended 30 June 2020

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Member Statement

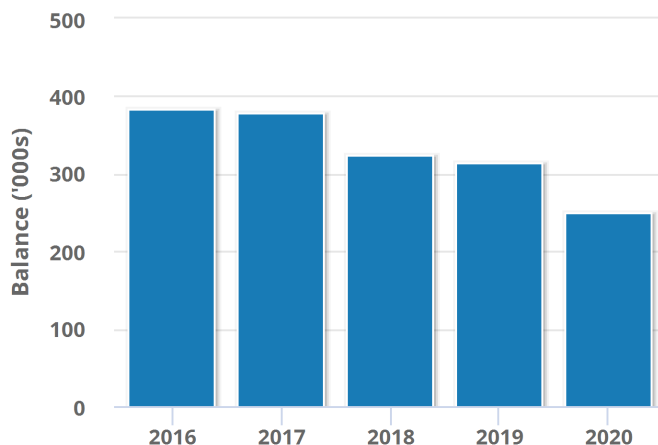
For the year ended 30 June 2020

Member details

Mr Dusan Nenadovic
16 Gault Road
Belair Sa 5052
AUSTRALIA

Date of Birth: 20/10/1947
 Eligible Service Date: 10/12/1965
 Date Joined Fund: 26/02/2002

Your recent balance history



YOUR OPENING BALANCE

\$314,325.86

(\$63,685.38)

Balance Decrease

YOUR CLOSING BALANCE

\$250,640.48

Your Net Fund Return

(3.0889)%

Your account at a glance

Opening Balance as at 01/07/2019 **\$314,325.86**

What has been deducted from your account

Pension Payments During Period **\$55,000.00**

New Earnings **(\$8,685.38)**

Closing Balance at 30/06/2020 **\$250,640.48**

Member Statement

For the year ended 30 June 2020

Consolidated - Mr Dusan Nenadovic

ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$250,640.48
Restricted non-preserved (Generally available when you leave your employer)	\$0.00
Preserved (Generally available once you retire, after reaching your preservation age)	\$0.00

YOUR TAX COMPONENTS

Tax Free Component	\$10,723.40
Taxable Component	\$239,917.08

YOUR INSURANCE COVER

Death Benefit	\$0.00
Disability Benefit	\$0.00
Salary Continuance (Annual Insured Benefit)	\$0.00

YOUR TOTAL SUPERANNUATION BALANCE

Your total superannuation balance	\$250,640.48
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NOTE: This amount does not include any entitlements from external super funds

INVESTMENT RETURN

The return on your investment for the year	(3.09)%
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Member Statement

For the year ended 30 June 2020

Accumulation Account - Mr Dusan Nenadovic

ACCOUNT SUMMARY

Opening Balance as at 01/07/2019	\$24.01
New Earnings	(\$0.74)
Closing Balance at 30/06/2020	\$23.27

ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$23.27
Restricted non-preserved (Generally available when you leave your employer)	\$0.00
Preserved (Generally available once you retire, after reaching your preservation age)	\$0.00

YOUR TAX COMPONENTS

Tax Free Component	\$18.85
Taxable Component	\$4.42

Member Statement

For the year ended 30 June 2020

Account Based Pension - Mr Dusan Nenadovic

PENSION ACCOUNT DETAILS

Member ID	00004
Pension Type	ACCOUNT
Pension Commencement Date	1/07/2011
Reversionary Pension	Yes
Reversionary Beneficiary	Lee Ching Wang

ACCOUNT SUMMARY

Opening Balance as at 01/07/2019	\$314,301.85
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What has been deducted from your account

Pension Payments During Period	\$55,000.00
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New Earnings	(\$8,684.64)
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Closing Balance at 30/06/2020	\$250,617.21
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ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$250,617.21
Restricted non-preserved (Generally available when you leave your employer)	\$0.00
Preserved (Generally available once you retire, after reaching your preservation age)	\$0.00

YOUR TAX COMPONENTS

Tax Free Component	\$10,704.55
Tax Free Proportion %	4.27%
Taxable Component	\$239,912.66

Member Statement

For the year ended 30 June 2020

YOUR BENEFICIARY(s) - Mr Dusan Nenadovic

No beneficiaries have been recorded.

FUND CONTACT DETAILS

Dusan Nenadovic

16 Gault Road
Belair Sa 5052
AUSTRALIA

Member Statement

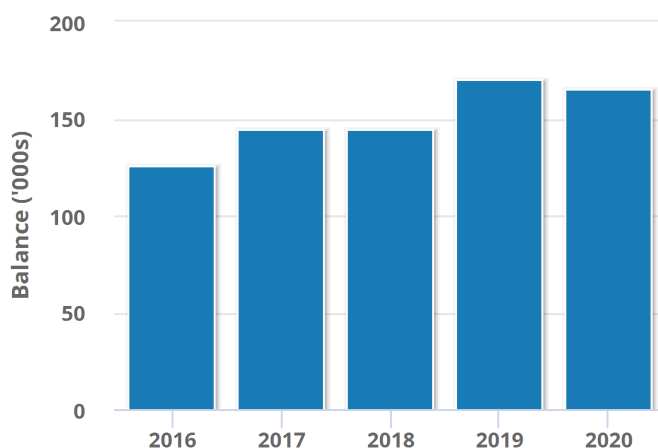
For the year ended 30 June 2020

Member details

Ms Lee Ching Wang
16 Gault Road
Belair SA 5052
AUSTRALIA

Date of Birth: 15/07/1957
 Eligible Service Date: 01/09/1995
 Date Joined Fund: 26/02/2002

Your recent balance history



YOUR OPENING BALANCE

\$169,852.06

(\$4,046.31)

Balance Decrease

YOUR CLOSING BALANCE

\$165,805.75

Your Net Fund Return

(3.0889)%

Your account at a glance

Opening Balance as at 01/07/2019 **\$169,852.06**

What has been added to your account

Co-Contribution Financed Benefits	\$1,000.00
Employer Concessional Contributions	\$239.40

What has been deducted from your account

Contribution Tax	\$35.91
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New Earnings **(\$5,249.80)**

Closing Balance at 30/06/2020 **\$165,805.75**

Member Statement

For the year ended 30 June 2020

Consolidated - Ms Lee Ching Wang

ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$102.89
Restricted non-preserved (Generally available when you leave your employer)	\$0.00
Preserved (Generally available once you retire, after reaching your preservation age)	\$165,702.86

YOUR TAX COMPONENTS

Tax Free Component	\$18,354.70
Taxable Component	\$147,451.05

YOUR INSURANCE COVER

Death Benefit	\$0.00
Disability Benefit	\$0.00
Salary Continuance (Annual Insured Benefit)	\$0.00

YOUR TOTAL SUPERANNUATION BALANCE

Your total superannuation balance	\$165,805.75
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NOTE: This amount does not include any entitlements from external super funds

INVESTMENT RETURN

The return on your investment for the year	(3.09)%
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Member Statement

For the year ended 30 June 2020

Accumulation Account - Ms Lee Ching Wang

ACCOUNT SUMMARY

Opening Balance as at 01/07/2019	\$169,852.06
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What has been added to your account

Co-Contribution Financed Benefits	\$1,000.00
Employer Concessional Contributions	\$239.40

What has been deducted from your account

Contribution Tax	\$35.91
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New Earnings	(\$5,249.80)
---------------------	---------------------

Closing Balance at 30/06/2020	\$165,805.75
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ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$102.89
Restricted non-preserved (Generally available when you leave your employer)	\$0.00
Preserved (Generally available once you retire, after reaching your preservation age)	\$165,702.86

YOUR TAX COMPONENTS

Tax Free Component	\$18,354.70
Taxable Component	\$147,451.05

Member Statement

For the year ended 30 June 2020

YOUR BENEFICIARY(s) - Ms Lee Ching Wang

No beneficiaries have been recorded.

FUND CONTACT DETAILS

Dusan Nenadovic

16 Gault Road
Belair Sa 5052
AUSTRALIA

Operating Statement

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
REVENUE			
Investment Revenue			
Australian Listed Shares	3	17,859	23,012
Stapled Securities	4	1,500	1,600
		19,359	24,612
Contribution Revenue			
Self-Employed Non-Concessional Contributions		-	1,000
Employer Concessional Contributions		239	-
Co-Contribution Financed Benefits		1,000	480
		1,239	1,480
Other Revenue			
Term Deposits	2	2	2
Cash at Bank	5	178	341
Market Movement Non-Realised	6	(22,932)	22,796
Market Movement Realised	7	(13,057)	18,901
		(35,809)	42,040
Total Revenue		(15,211)	68,132
EXPENSES			
General Expense			
Fund Administration Expenses	8	3,102	3,102
Investment Expenses	9	81	-
Fund Lodgement Expenses	10	259	259
		3,442	3,361
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX		(18,653)	64,771
Tax Expense			
Fund Tax Expenses	11	(5,921)	(7,941)
		(5,921)	(7,941)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		(12,732)	72,712

This Statement is to be read in conjunction with the notes to the Financial Statements

Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
INVESTMENTS			
Australian Listed Shares	13	309,970	422,617
Stapled Securities	14	21,600	24,300
		331,570	446,917
OTHER ASSETS			
Term Deposits	12	102	101
Cash at Bank	15	60,776	27,060
Sundry Debtors - Fund Level	16	11,890	472
		72,768	27,633
TOTAL ASSETS		404,338	474,550
LIABILITIES			
Provisions for Tax - Fund	17	(21,415)	(15,753)
Financial Position Rounding		1	2
Sundry Creditors	18	9,306	6,123
		(12,108)	(9,628)
TOTAL LIABILITIES		(12,108)	(9,628)
NET ASSETS AVAILABLE TO PAY BENEFITS		416,446	484,178
REPRESENTED BY: LIABILITY FOR MEMBERS' BENEFITS			
Allocated to Members' Accounts	19	416,446	484,178
		416,446	484,178

This Statement is to be read in conjunction with the notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

The trustees have prepared the financial statements on the basis that the superannuation fund is a non-reporting entity because there are no users dependent on general purpose financial statements.

The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Trust Deed and the needs of members.

The financial statements have also been prepared on an accruals basis and are based on historical costs, except for investments and financial liabilities, which have been measured at net market values.

The following significant accounting policies, which are consistent with the policies applied in the previous period unless otherwise stated, have been adopted in the preparation of the financial statements.

a. Measurement of Investments

The Fund initially recognises:

- i. an investment when it controls the future economic benefits expected to flow from the asset. For financial assets, the trade date is considered the date on which control of the future economic benefits attributable to the asset passes to the Fund; and
- ii. a financial liability on the date it becomes a party to the contractual provisions of the instrument.

Investments of the Fund have been measured at their net market values, which is the amount that could be expected to be received from disposal of the investment in an orderly market after deducting costs expected to be incurred in realising the proceeds from disposal.

Net market values have been determined as follows:

- i. shares and other securities listed on the Australian Securities Exchange by reference to the relevant market quotations at the end of the reporting period;
- ii. units in managed funds by reference to the unit redemption price at the end of the reporting period;
- iii. fixed interest securities by reference to the redemption price at the end of the reporting period; and
- iv. investment properties at trustees assessment of their realisable value.

Remeasurement changes in the net market values of investments are recognised in the operating statement in the periods in which they occur.

Current assets, such as interest and distributions receivable, which are expected to be recovered within twelve months after the reporting period, are carried at the fair value of amounts due to be received.

Financial liabilities, such as trade creditors and other payables, are measured at the gross value of the outstanding balance at the reporting date. The trustees have determined that the gross values of the Funds financial liabilities are equivalent to their net market values. Any remeasurement changes in the gross values of non-current financial liabilities (including liabilities for members accrued benefits) are recognised in the operating statement in the periods in which they occur.

b. Cash and Cash Equivalents

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

c. Revenue

Revenue is recognised at the fair value of the consideration received or receivable.

Notes to the Financial Statements

For the year ended 30 June 2020

Interest revenue

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Interest revenue includes the amortisation of any discount or premium, transactions costs and any other differences between the initial carrying amount of the interest-bearing instrument to which it relates and the amount of the interest-bearing instrument at maturity calculated on an effective interest basis.

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable at net market value.

Distribution revenue

Distributions from trusts 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 net market value.

Remeasurement changes in net market values

Remeasurement changes in the net market values of assets are recognised as income and are determined as the difference between the net market value at year-end or consideration received (if sold during the year) and the net market value as at the prior year-end or cost (if the investment was acquired during the period).

d. Liability for Accrued Benefits

The liability for accrued benefits represents the funds 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.

e. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax liability balances during the year as well as unused tax losses.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which the trustees expect to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

(a) a legally enforceable right of set-off exists; and

Notes to the Financial Statements

For the year ended 30 June 2020

(b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

f. Critical 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. 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.

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$	2019 \$
Note 2: Term Deposits		
Term Deposits - Rabobank Aust Ltd	2	2
	2	2
Note 3: Australian Listed Shares		
ANZ Banking Group Ltd ORD Fully Paid	2,400	2,400
BHP Billiton Ltd ORD Fully Paid	569	1,540
Cedar Woods Prop. - Dividends	-	720
Commonwealth Bank Of Australia ORD Fully Paid	2,702	2,702
Evolution Mining	650	375
Finbar Group Limited - Dividends	500	600
Macquarie Bank Ltd Stapled Floating Rate PERP (Income Sec)	551	932
Magellan Fin Grp Ltd - Dividends	-	900
National Australia Bank Ltd ORD Fully Paid	4,661	5,560
Telstra Corporation Ltd ORD Fully Paid	1,600	1,900
WAM Resear Ordinary Fully Paid	1,950	1,920
Wamglobal Ordinary Fully Paid	500	-
Westpac Banking Corporation ORD Fully Paid	418	1,472
Woodside Petroleum Ltd ORD Fully Paid	1,358	1,991
	17,859	23,012
Note 4: Stapled Securities		
Spark Infrastructure Limited	1,500	1,600
	1,500	1,600
Note 5: Cash at Bank		
Bank Interest - Macquarie CMT	178	341
	178	341
Note 6: Market Movement Non-Realised		
Market Movement Non-Realised Listed Shares & Options	(22,932)	22,796
	(22,932)	22,796
Note 7: Market Movement Realised		
Market Movement Realised Listed Shares & Options	(13,057)	18,901
	(13,057)	18,901
Note 8: Fund Administration Expenses		
Accountancy Fees	2,442	2,442
Actuarial Fees	220	220
Audit Fees	440	440
	3,102	3,102

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$	2019 \$
Note 9: Investment Expenses		
Investment Administration Fee	81	-
	81	-
Note 10: Fund Lodgement Expenses		
ATO Annual Return Fee - Supervisory levy	259	259
	259	259
Note 11: Fund Tax Expenses		
Income Tax Expense	(5,921)	(7,941)
	(5,921)	(7,941)
Note 12: Term Deposits		
Term Deposits - Macquarie Cash XL	1	1
Term Deposits - Rabobank Aust Ltd	101	100
	102	101
Note 13: Australian Listed Shares		
3D Resources Limited	2,077	692
ANZ Banking Group Ltd ORD Fully Paid	27,960	42,315
BHP Billiton Ltd ORD Fully Paid	-	20,580
Cedar Woods Prop.	-	22,800
Commonwealth Bank Of Australia ORD Fully Paid	43,526	51,903
Duxton Baf Ordinary Fully Paid	5,250	5,900
Evolution Mining	28,350	21,800
Finbar Group Limited	7,000	8,400
Macquarie Bank Ltd Stapled Floating Rate PERP (Income	-	22,925
MGM Wireless Limited	-	16,500
National Australia Bank Ltd ORD Fully Paid	51,016	75,030
Para Bio Ordinary Fully Paid	35,438	15,750
Red Metal Ltd ORD Fully Paid	2,070	2,003
Telstra Corporation Ltd ORD Fully Paid	31,300	38,500
WAM Resear Ordinary Fully Paid	26,400	26,500
Wamglobal Ordinary Fully Paid	18,650	-
Westpac Banking Corporation ORD Fully Paid	9,370	14,804
Woodside Petroleum Ltd ORD Fully Paid	21,563	36,215
	309,970	422,617
Note 14: Stapled Securities		
Spark Infrastructure Limited	21,600	24,300
	21,600	24,300

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$	2019 \$
Note 15: Cash at Bank		
Cash at Bank - ING	4	4
Cash at Bank - CPS Australia Ltd	3	3
Cash at Bank - Macquarie CMT	60,740	27,024
Cash at Bank - RaboDirect **1060-00	29	29
	60,776	27,060
Note 16: Sundry Debtors - Fund Level		
Sundry Debtors	11,890	472
	11,890	472
Note 17: Provisions for Tax - Fund		
Provision for Income Tax	(21,415)	(15,753)
	(21,415)	(15,753)
Note 18: Sundry Creditors		
Sundry Creditors Number 1	9,306	6,123
	9,306	6,123
Note 19A: Movements in Members' Benefits		
Liability for Members' Benefits Beginning:	484,178	468,465
Add: Increase (Decrease) in Members' Benefits	(12,732)	72,715
Less: Benefit Paid	55,000	57,000
Liability for Members' Benefits End	416,446	484,178
Note 19B: Members' Other Details		
Total Unallocated Benefits	-	-
Total Forfeited Benefits	-	-
Total Preserved Benefits	165,703	169,749
Total Vested Benefits	416,446	484,178

Dusan & Lee Superannuation Fund

Trustee Declaration

For the year ended 30 June 2020

The trustees have determined that the fund is not a reporting entity. The trustees have determined that the special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

In the opinion of the trustees:

- i. The financial statements, notes to the financial statements and member statements for the 30 June 2020 present fairly, in all material respects, the financial position of the superannuation fund at 30 June 2020 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements;
- ii. The financial statements and member statements have been prepared in accordance with the requirements of the Trust Deed; and
- iii. The operation of the Superannuation Fund has been carried out in accordance with its Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993 and associated Regulations during the year ended 30 June 2020.

Signed in accordance with a resolution of the trustees by:

Dusan Nenadovic

Lee Ching Wang

Date: __/__/____

Tax estimate

Name: Dusan & Lee Superannuation Fund

TFN:

For the year ended: 30/06/2020

Taxable income

Income	\$10,338
Deductions	\$1,390

Taxable income	\$8,948
-----------------------	----------------

Gross tax

Tax on taxable income	\$1,342.20
Income tax payable on no-TFN contributions income	\$0.00

Gross tax payable	\$1,342.20
--------------------------	-------------------

Less: Refundable tax offsets

Franking tax offset	\$7,263.43
---------------------	------------

Total refundable tax offsets and credits	\$7,263.43
---	-------------------

Tax payable	\$0.00
--------------------	---------------

Add: Other taxes

Supervisory levy	\$259.00
------------------	----------

Total other taxes	\$259.00
--------------------------	-----------------

Less: Tax offset refunds (remainder of refundable tax offsets)	\$5,921.23
---	-------------------

Amount refundable	\$5,662.23
--------------------------	-------------------

Electronic Lodgment Declaration (SMSF)

This declaration is to be completed where the tax return is to be lodged via an approved ATO electronic channel. It is the responsibility of the taxpayer to retain this declaration for a period of five years after the declaration is made, penalties may apply for failure to do so.

Privacy

The ATO is authorised by the *Taxation Administration Act 1953* to request the provision of tax file numbers (TFNs). The ATO will use the TFNs to identify the entity in our records. It is not an offence not to provide the TFNs. However, lodgments cannot be accepted electronically if the TFN is not quoted.

Taxation law authorises the ATO to collect information and to disclose it to other government agencies. For information about your privacy go to ato.gov.au/privacy.

Name Year
 Total Income / Loss Total Deductions Taxable Income / Loss

I authorise my tax agent to electronically transmit this tax return via the practitioners lodgment service.

Tax Agent

Declaration

I declare that:

- All of the information I have provided to the agent for the preparation of this document is true and correct
- I authorise the agent to give this document to the Commissioner of Taxation.

Signature Date

Electronic Funds Transfer Consent

This declaration is to be completed when an electronic funds transfer (EFT) of a refund is requested and the tax return is being lodged through an approved ATO electronic channel.

The declaration must be signed by the taxpayer prior to the EFT details being transmitted to the Tax Office. If you elect for an EFT, all details below must be completed.

Important: Care should be taken when completing EFT details as the payment of any refund will be made to the account specified.

Account name Agent's reference number
 BSB Account number

I authorise the refund to be deposited directly to the specified account as above.

Signature Date

Tax Agent's Declaration

I declare that:

- I have prepared this Self Managed Superannuation Fund return and its related schedule(s) in accordance with the information supplied by the entity;
- I have received a declaration made by the entity that the information provided to me for the preparation of this return is true and correct, and
- I am authorised by the entity to give the information in this return to the Commissioner.

Agent's signature Date
 Contact name Agent reference
 Agent's phone number

2020 Self-Managed Superannuation Fund Annual Return

for the period 1 July 2019 to 30 June 2020

Section A: Fund information

1 Tax file number (TFN)

2 Name of fund

Dusan & Lee Superannuation Fund

3 Australian business number (ABN)

85 187 561 965

4 Current postal address

16 Gault Road
 Suburb BELAIR State SA P/C 5052

5 Annual return status

First return? **B** No

6 SMSF auditor

Name Mr
 Boys
 Anthony William
 SMSF Auditor No. 100 014 140
 Phone number 61 041071270
 Address Box 3376
 Suburb Rundle Mall State SA P/C 5000

Was part A of the audit report qualified? **B** No

Was part B of the audit report qualified? **C** No

7 Electronic funds transfer (EFT)

A Fund's financial institution account details

BSB number 182-222 Account number 120196910
 Account name Dusan & Kee Superannuation Fund
 Yes

8 Status of SMSF

Australian superannuation fund? **A** Yes

Fund benefit structure code **B** A - Accumulation fund

Does the fund trust deed allow acceptance of the Government's Super Co-contributions? **C** Yes

9 Was the fund wound up during the income year? No

10 Exempt current pension income

Did the fund pay an income stream (or super pension) to one or more members in the income year? **Yes**

Did the fund pay retirement phase superannuation income stream benefits to one or more members in the income year? **Yes**

Exempt current pension income amount **A** \$16,702

Method used to calculate exempt current pension income **C - Unsegregated assets method**

Was an actuarial certificate obtained? **D** Yes

Did the fund have any other income that was assessable? **E** Yes

Section B: Income

11 Income

Gross interest **C** \$730

Unfranked dividend amount **J** \$1,860

Franked dividend amount **K** \$16,948

Dividend franking credit **L** \$7,263

Calculation of assessable contributions

Assessable employer contributions **R1** \$239

Assessable personal contributions **R2** \$0

No-TFN quoted contributions **R3** \$0

Assessable contributions **R** \$239

Gross income **W** \$27,040

Exempt current pension income **Y** \$16,702

Total assessable income **V** \$10,338

Section C: Deductions

12 Deductions and non-deductible expenses

	Deductions	Non-deductible
SMSF auditor fee	H1 \$178	H2 \$262
Investment expenses	I1 \$31	I2 \$50
Management and administration expenses	J1 \$1,077	J2 \$1,585
Other amounts	L1 \$104 <input type="checkbox"/>	L2 \$155 <input type="checkbox"/>
Other deductions	Amount	
From other sources	\$104	
Total	N \$1,390	Y \$2,052
	O Taxable income or loss \$8,948	Z Total SMSF expenses \$3,442

Section D: Income tax calculation statement

13 Income tax calculation statement

Taxable income **A** \$8,948.00

Tax on taxable income **T1** \$1,342.20

Income tax payable on no-TFN contributions income **J** \$0.00

Gross tax **B** \$1,342.20

Subtotal 1 **T2** \$1,342.20

Complying fund's franking credits tax offset **E1** \$7,263.43

Refundable tax offsets **E** \$7,263.43

Tax payable **T5** \$0.00

Tax offset refunds (remainder of refundable tax offsets) **I** \$5,921.23

Name Dusan & Lee Superannuation Fund

TFN

Signature

Supervisory levy **L** \$259.00

Total amount refundable **S** \$5,662.23

Section F: Member information

Member 1

Mr
Nenadovic
Dusan
Member's TFN
Date of birth 20/10/1947

Opening balance \$314,325.86

Allocated earnings or losses **O** -\$8,685.38

Income stream payment **R2** \$55,000.00 **M**

Accumulation phase account balance **S1** \$23.27

Retirement phase account balance - non-capped defined benefit income stream **S2** \$250,617.21

Retirement phase account balance - capped defined benefit income stream **S3** \$0.00

TRIS count 0

Closing balance **S** \$250,640.48

Member 2

Ms
Wang
Lee Ching
Member's TFN
Date of birth 15/07/1957

Opening balance \$169,852.06

Employer contributions **A** \$239.40

Any other contributions (including Super Co-contributions and Low Income Super Contributions) **M** \$1,000.00

Total contributions **N** \$1,239.40

Allocated earnings or losses **O** -\$5,285.71

Accumulation phase account balance **S1** \$165,805.75

Retirement phase account balance - non-capped defined benefit income stream **S2** \$0.00

Retirement phase account balance - capped defined benefit income stream **S3** \$0.00

TRIS count 0

Closing balance **S** \$165,805.75

Section H: Assets and liabilities

15 Assets

15b Australian direct investments

Cash and term deposits **E** \$60,877

Listed shares **H** \$331,570

Other assets **O** \$33,305

Total Australian and overseas assets **U** \$425,752

16 Liabilities

Member closing account balances **W** \$416,446

Other liabilities **Y** \$9,306

Name Dusan & Lee Superannuation Fund

TFN

Signature

Total liabilities **Z** \$425,752

Section L: Declarations

Trustee's or director's declaration:

I declare that the current trustees and directors have authorised this annual return and it is documented as such in the SMSF's records. I have received the audit report and I am aware of any matters raised. I declare that the information on this annual return, including any attached schedules and additional documentation is true and correct. I also authorise the ATO to make any tax refunds to the nominated bank account (if applicable).

Signature	<input type="text" value="This form is not valid. Do not sign."/>	Date	<input type="text"/>
Name	<input type="text" value="Mr Dusan Nenadovic"/>	Phone number	<input type="text" value="08 82786341"/>

Tax agent's declaration

We declare that the Self-managed superannuation fund annual return has been prepared in accordance with information provided by the trustees, that the trustees have given us a declaration stating that the information provided to us is true and correct, and that the trustees have authorised us to lodge this annual return.

Agent's signature	<input type="text" value="This form is not valid. Do not sign."/>	Date	<input type="text"/>
Tax agent's practice	<input type="text" value="Nicholls & Moore Pty Ltd"/>		
Contact name	<input type="text" value="Mr Warwick Nicholls"/>	Client reference	<input type="text" value="117"/>
Agent's phone number	<input type="text" value="08 82955408"/>	Agent reference	<input type="text" value="67389 005"/>

**MEMORANDUM OF RESOLUTIONS OF THE TRUSTEES AND MEMBERS
OF DUSAN & LEE SUPERANNUATION FUND**

Financial Reports:

The Financial Reports for the year ended 30th June 2020 were tabled for the consideration of the meeting.

It was Resolved unanimously that the Financial Reports be adopted in their present format and that the Statement by Trustees attached to the Financial Reports be signed by the Trustees.

Income Tax Return:

The completed Income Tax Return for the Financial Year ended 30th June 2020 was tabled for the consideration of the meeting.

It was Resolved unanimously that the Income Tax Return be adopted in its present format and that the Return be signed by the Trustees.

Investment Strategy:

The investment performance of the fund for the year ended 30th June 2020 was discussed.

After considering:

- 1) the risk involved in making, holding and realising and the likely return from, the Fund's investments having regard to its objectives and its expressed cash flow requirements,
- 2) the composition of the Fund's investments as a whole including the extent to which the investment are diverse or involve the funds being exposed to risk from inadequate diversification
- 3) the liquidity of the Fund's investments having regard to its expected cash flow requirements, and
- 4) the ability of the Fund to discharge its existing and prospective liabilities
- 5) any insurance needs of either the members or the fund

It was Resolved that no changes in the investment strategy were required.

Trustee Disclosure:

Each of the Trustees confirmed that they are qualified to act as a Trustee of the Fund and that they are not disqualified persons as defined by Section 121 of the SIS legislation.

.....
D Nenadovic

.....
L C Wang

Dated

14 October 2020

Reference number: 122571359

The Trustees
Dusan & Lee Superannuation Fund
c/o Nicholls & Moore Pty Ltd tas Super 21
PO Box 1087
Glennelg South SA 5045

Dear Trustees,

SECTION 295.390 ACTUARY'S CERTIFICATE OF EXEMPT INCOME

This certificate has been prepared for the Trustees of Dusan & Lee Superannuation Fund to certify the exempt income proportion in accordance with section 295.390 of the Income Tax Assessment Act ("ITAA") 1997 for the 2019/20 income year.

I hereby certify that the proportion of the applicable income of Dusan & Lee Superannuation Fund ("the Fund") for the year ending 30 June 2020 that should be exempt from income tax is: **62.322%**

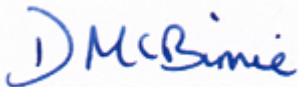
This exempt income proportion does not apply to income earned on segregated current pension assets and segregated non-current assets.

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, Nicholls & Moore Pty Ltd tas Super 21 on behalf of the Trustees for the 2019/20 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: Dusan & Lee Superannuation Fund
Fund ABN: 85187561965
Trustees: Dusan Nenadovic
Lee Ching Wang

Member name	Dusan Nenadovic	Lee Ching Wang
Date of birth	20 Oct 1947	15 Jul 1957
Value of retirement phase income streams as at 1 Jul 2019	\$314,302	\$0
Value of retirement phase income streams at 1 Jul 2019 excluding liabilities in respect to segregated current pension assets.	\$314,302	\$0

The aggregate operating statement information is:

Assets available at 1 July 2019	\$484,178
Plus	
Non-concessional contributions	\$1,000
Concessional contributions	\$239
Less	
Pension payments and lump sump withdrawals	\$55,000
Equals	
Balance before income and expenses	\$430,417
Preliminary net income	(\$16,169)
Gross assets available at year end (before tax)	\$414,249

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.

In addition to relying on the data provided to us, we have made the following assumption when completing this actuarial certificate:

- ◆ The tax exempt percentage calculation was completed based on the data supplied to us, no further assumptions were required.

The information provided to us indicated that this Fund did not have disregarded small fund assets, as defined in section 295.387 of the ITAA 1997. Based on the information provided to us, there were no segregated current pension assets or segregated non-current assets during the income year.

Minimum pension standards

Based on the information provided, the Fund contains only accumulation and account-based type income stream benefits (commonly referred to as pensions). These include allocated pensions, market linked pensions, and account-based income streams (including transition to retirement pensions). The Fund contains no other types of income stream benefits such as defined benefits in growth or pension phase.

The Superannuation Industry Supervision (SIS) Regulations for account-based income streams include a requirement for a minimum amount to be paid to the member over the year depending on the member's age, opening account balance date of commencement. Where the minimum pension standards are not met the earnings on the assets supporting that income stream may not be eligible for an exemption from income tax, and the exempt income proportion shown in this certificate may not be correct. It was confirmed upon submission of the data for this report that all assets shown as supporting retirement phase superannuation income streams are eligible for an exemption from income tax by virtue of having met the minimum pension standards for the Income year. We have not checked that this is the case and recommend that the Fund's auditor satisfies him or herself that the relevant standards have been met.

Appendix B – Fund liabilities

Segregated current pension assets

Section 295.385 of the ITAA 1997 defines segregated current pension assets as those assets that are set aside to solely support retirement phase income streams. Assessable income (excluding non-arm's length income and assessable contributions) earned on these assets is exempt from income tax.

Guidance from the Australian Tax Office states that where a fund's only superannuation liabilities are in respect of account-based retirement phase income streams at a particular point in time, the fund's assets are deemed to be segregated current pension assets. The eligible income earned during a period where a fund is 100% in retirement phase is therefore exempt from tax under the segregated method.

An exception to the above is where a fund has disregarded small fund assets and is therefore unable to use the segregated method. Disregarded small fund assets are defined under section 295.387 of ITAA 1997 and apply where an SMSF or small-APRA fund have a retirement phase income stream in an income year and at the previous 30 June:

- ◆ A member of the fund had a total superannuation balance (including accounts outside that fund) of over \$1.6 million, and
- ◆ That member was the recipient of a retirement phase income stream in any fund.

We understand that this Fund did not have disregarded small fund assets in the 2020 income year.

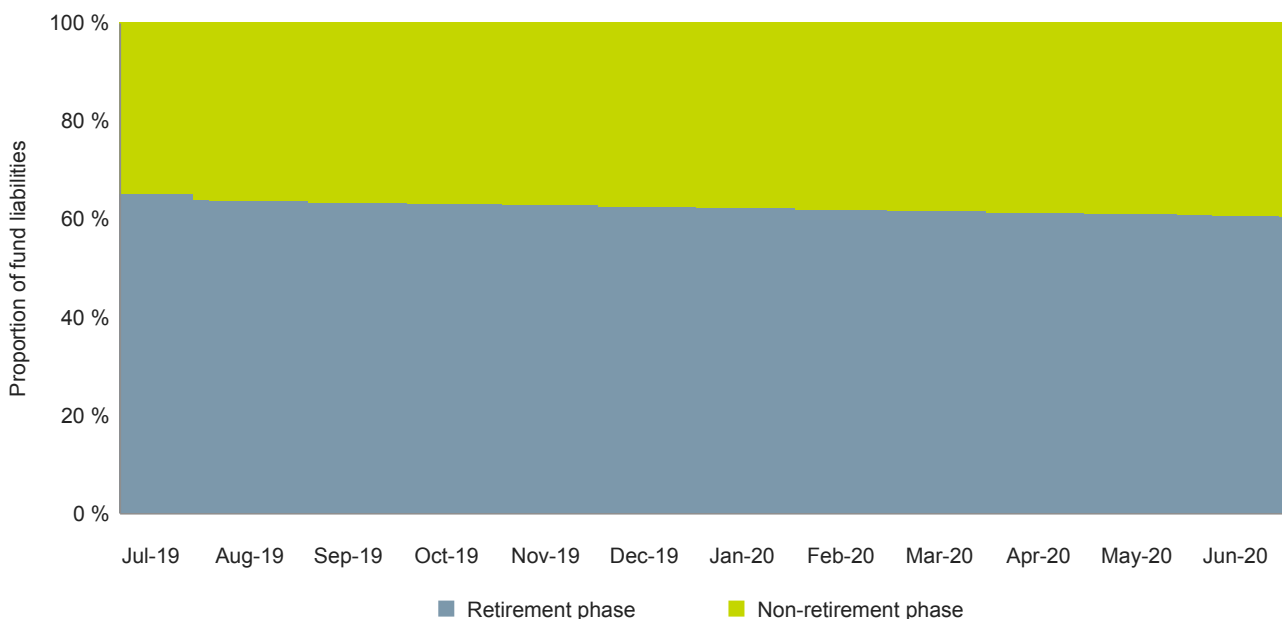
Based on the information provided, our calculations assume that the Fund had no segregated current pension assets.

Segregated non-current assets

Segregated non-current assets as defined in section 295.395 of ITAA 1997 are those assets set aside solely to support non-retirement phase superannuation liabilities such as accumulation interests. A separate actuary's certificate is required in order to segregate such assets. We understand that the Fund had no segregated non-current assets during the income year.

Illustration of liabilities

The following chart illustrates the Fund's liabilities during the income year:



The green non-retirement phase liabilities represent accumulation interests, reserves and non-retirement phase transition to retirement income streams in the Fund over the income year. The grey unsegregated retirement phase liabilities represent retirement phase income streams that were not segregated current pension assets.

The liabilities shown in grey and green are those that are used to calculate the exempt income proportion. These liabilities are known as 'unsegregated' and eligible income earned on assets supporting these liabilities will claim ECPI based on the exempt income proportion in this actuarial 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 2020 that should be exempt from income tax is calculated as follows:

$$\frac{\text{Average value of current pension liabilities}}{\text{Average value of superannuation liabilities}} = \frac{\$281,150}{\$451,125} = 62.322\%$$

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	Dusan Nenadovic	Lee Ching Wang	Fund
Exempt income proportion	62.322%	0.000%	62.322%
Non-exempt income proportion	0.005%	37.673%	37.678%

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:	37.678%
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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.