

18 January 2021

The Trustee  
The Krishnappa Superannuation Fund  
PO Box 682  
**Unley 5061**

Dear Ega and Charmaine

**2018 Financial Accounts**

We enclose the following documents:

- Audit engagement letter
- Representation letter
- Special purpose financial statements
- Taxation return
- Draft trustee resolution
- Actuarial Certificate

We have prepared the financial statements and taxation return, in accordance with the records and other information supplied by you. We wish to remind you that the responsibility for the contents of the taxation return rests primarily with the taxpayer. Accordingly, to protect your interests would you please check the statements and return carefully.

**Please sign and date all of the documents where indicated**

The audit report and management letter will be issued on receipt of the requested documents.

A refund sum of \$17,742.40 will be credited to the fund's bank account by the Tax Office on assessment.

Yours faithfully  
**Nicholls & Moore Pty Ltd**

**Andrew Nicholls**

Krishnappa Superannuation Fund

Dear Trustees

**Krishnappa 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 2018. 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 Krishnappa Superannuation Fund as trustee for the Krishnappa Superannuation Fund

**Signed &  
Dated**

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Yours sincerely

ANTHONY BOYS – REGISTERED COMPANY AUDITOR  
**DATED:**

Krishnappa Superannuation Fund  
PO Box 682  
**Unley 5061**

Mr A W Boys  
Box 3376  
**Rundle Mall 5000**

Dear Tony

In connection with your examination of the special purpose financial report of the Krishnappa Superannuation Fund as at 30 June 2018, 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 mis-statement, 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 2018 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.

.....  
**E Krishnappa**

.....  
**C Krishnappa**

Date



# Financial Statements

For the year ended 30 June 2018



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# Member Statement

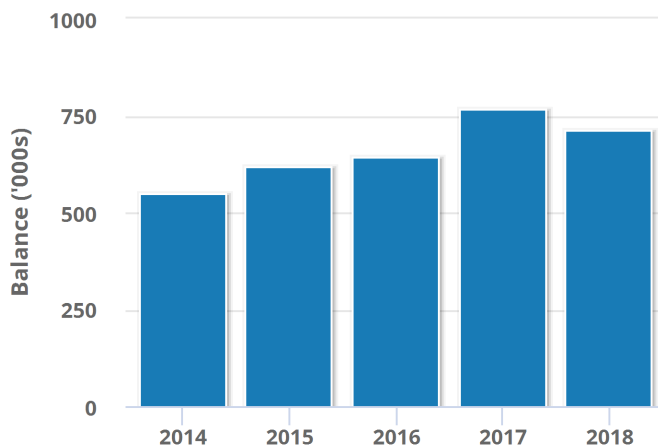
For the year ended 30 June 2018

## Member details

**Dr Eganath Krishnappa**  
**PO Box 682**  
**Unley SA 5061**  
**AUSTRALIA**

Date of Birth: 14/08/1952  
 Eligible Service Date: 25/06/2006  
 Date Joined Fund: 25/06/2006

## Your recent balance history



**YOUR OPENING BALANCE**

**\$766,131.83**

**(\$53,491.53)**

**Balance Decrease**

**YOUR CLOSING BALANCE**

**\$712,640.30**

**Your Net Fund Return**

**12.6875%**

## Your account at a glance

**Opening Balance as at 01/07/2017** **\$766,131.83**

### What has been added to your account

Purchase Price of Pension	\$766,319.53
Self-Employed Non-Concessional Contributions	\$49,306.12

### What has been deducted from your account

Pension Payments During Period	\$203,412.00
Transfers to Pension Account	\$766,319.53

**New Earnings** **\$100,614.35**

**Closing Balance at 30/06/2018** **\$712,640.30**

# Member Statement

For the year ended 30 June 2018

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## Consolidated - Dr Eganath Krishnappa

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### ACCESS TO YOUR BENEFITS

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Unrestricted non-preserved (Generally available to be withdrawn)	\$712,640.30
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

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Tax Free Component	\$143,920.25
Taxable Component	\$568,720.05

### YOUR INSURANCE COVER

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

### YOUR TOTAL SUPERANNUATION BALANCE

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Your total superannuation balance	\$712,640.30
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NOTE: This amount does not include any entitlements from external super funds

### INVESTMENT RETURN

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The return on your investment for the year	12.69 %
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# Member Statement

For the year ended 30 June 2018

## Accumulation Account - Dr Eganath Krishnappa

### ACCOUNT SUMMARY

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<b>Opening Balance as at 01/07/2017</b>	<b>\$766,131.83</b>
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#### What has been added to your account

Self-Employed Non-Concessional Contributions	\$49,306.12
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#### What has been deducted from your account

Transfers to Pension Account	\$766,319.53
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<b>New Earnings</b>	<b>\$6,346.19</b>
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<b>Closing Balance at 30/06/2018</b>	<b>\$55,464.61</b>
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### ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$55,464.61
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Restricted non-preserved (Generally available when you leave your employer)	\$0.00
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Preserved (Generally available once you retire, after reaching your preservation age)	\$0.00
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### YOUR TAX COMPONENTS

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Tax Free Component	\$49,306.12
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Taxable Component	\$6,158.49
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# Member Statement

For the year ended 30 June 2018

## Account Based Pension - Dr Eganath Krishnappa

### PENSION ACCOUNT DETAILS

Member ID	00004
Pension Type	ACCOUNT
Pension Commencement Date	1/07/2017
Reversionary Pension	Yes
Reversionary Beneficiary	Charmaine Krishnappa

### ACCOUNT SUMMARY

<b>Opening Balance as at 01/07/2017</b>	<b>\$0.00</b>
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#### What has been added to your account

Purchase Price of Pension	\$766,319.53
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#### What has been deducted from your account

Pension Payments During Period	\$203,412.00
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<b>New Earnings</b>	<b>\$94,268.16</b>
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<b>Closing Balance at 30/06/2018</b>	<b>\$657,175.69</b>
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### ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$657,175.69
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	\$94,614.13
Tax Free Proportion %	14.40%
Taxable Component	\$562,561.56

# Member Statement

For the year ended 30 June 2018

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## **YOUR BENEFICIARY(s) - Dr Eganath Krishnappa**

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No beneficiaries have been recorded.

## **FUND CONTACT DETAILS**

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### **Charmaine Krishnappa**

PO Box 682  
Unley SA 5061  
AUSTRALIA

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# Member Statement

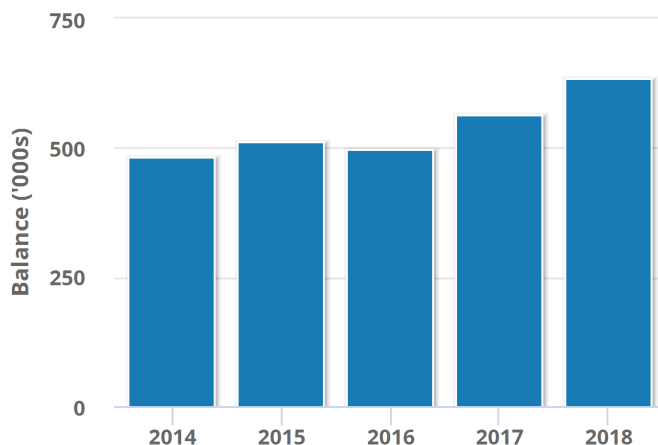
For the year ended 30 June 2018

## Member details

**Mrs Charmaine Krishnappa**  
**PO Box 682**  
**Unley SA 5061**  
**AUSTRALIA**

Date of Birth: 23/03/1956  
Eligible Service Date: 25/06/2006  
Date Joined Fund: 25/06/2006

## Your recent balance history



**YOUR OPENING BALANCE**

**\$562,974.59**

**\$71,427.19**

**Balance Increase**

**YOUR CLOSING BALANCE**

**\$634,401.78**

**Your Net Fund Return**

**12.6875%**

## Your account at a glance

<b>Opening Balance as at 01/07/2017</b>	<b>\$562,974.59</b>
<b>New Earnings</b>	<b>\$71,427.19</b>
<b>Closing Balance at 30/06/2018</b>	<b>\$634,401.78</b>

# Member Statement

For the year ended 30 June 2018

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## Consolidated - Mrs Charmaine Krishnappa

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### ACCESS TO YOUR BENEFITS

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Unrestricted non-preserved (Generally available to be withdrawn)	\$0.00
Restricted non-preserved (Generally available when you leave your employer)	\$0.00
Preserved (Generally available once you retire, after reaching your preservation age)	\$634,401.78

### YOUR TAX COMPONENTS

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Tax Free Component	\$88,484.84
Taxable Component	\$545,916.94

### YOUR INSURANCE COVER

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

### YOUR TOTAL SUPERANNUATION BALANCE

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Your total superannuation balance	\$634,401.78
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NOTE: This amount does not include any entitlements from external super funds

### INVESTMENT RETURN

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The return on your investment for the year	12.69 %
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# Member Statement

For the year ended 30 June 2018

## Accumulation Account - Mrs Charmaine Krishnappa

### ACCOUNT SUMMARY

<b>Opening Balance as at 01/07/2017</b>	<b>\$562,974.59</b>
<b>New Earnings</b>	<b>\$71,427.19</b>
<b>Closing Balance at 30/06/2018</b>	<b>\$634,401.78</b>

### ACCESS TO YOUR BENEFITS

Unrestricted non-preserved (Generally available to be withdrawn)	\$0.00
Restricted non-preserved (Generally available when you leave your employer)	\$0.00
Preserved (Generally available once you retire, after reaching your preservation age)	\$634,401.78

### YOUR TAX COMPONENTS

Tax Free Component	\$88,484.84
Taxable Component	\$545,916.94

# Member Statement

For the year ended 30 June 2018

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## **YOUR BENEFICIARY(s) - Mrs Charmaine Krishnappa**

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No beneficiaries have been recorded.

## **FUND CONTACT DETAILS**

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### **Charmaine Krishnappa**

PO Box 682  
Unley SA 5061  
AUSTRALIA

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# Operating Statement

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>REVENUE</b>			
<b>Investment Revenue</b>			
Australian Listed Shares	2	45,947	40,352
Australian Listed Unit Trust	3	18,725	38,347
		<b>64,672</b>	<b>78,699</b>
<b>Contribution Revenue</b>			
Self-Employed Non-Concessional Contributions		49,306	29,468
Self-Employed Concessional Contributions		-	3,500
		<b>49,306</b>	<b>32,968</b>
<b>Other Revenue</b>			
Term Deposits	1	3,147	3,196
Cash at Bank	4	393	544
Market Movement Non-Realised	5	95,760	70,943
Market Movement Realised	6	(901)	10,599
		<b>98,399</b>	<b>85,282</b>
<b>Total Revenue</b>		<b>212,377</b>	<b>196,949</b>
<b>EXPENSES</b>			
<b>General Expense</b>			
Fund Administration Expenses	7	2,992	2,992
Investment Expenses	8	-	162
Fund Lodgement Expenses	9	259	259
		<b>3,251</b>	<b>3,413</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX</b>		<b>209,126</b>	<b>193,536</b>
<b>Tax Expense</b>			
Fund Tax Expenses	10	(12,223)	5,654
		<b>(12,223)</b>	<b>5,654</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<b>221,349</b>	<b>187,882</b>

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

## Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
<b>INVESTMENTS</b>			
Australian Listed Shares	12	1,196,687	1,034,635
Australian Listed Unit Trust	13	138,816	169,662
Australian Listed Options / Rights	14	117	351
		<b>1,335,620</b>	<b>1,204,648</b>
<b>OTHER ASSETS</b>			
Term Deposits	11	(6,824)	109,641
Cash at Bank	15	10,574	30,389
Sundry Debtors - Fund Level	16	(699)	(6,356)
		<b>3,051</b>	<b>133,674</b>
<b>TOTAL ASSETS</b>		<b>1,338,671</b>	<b>1,338,322</b>
<b>LIABILITIES</b>			
Provisions for Tax - Fund	17	(16,814)	770
Financial Position Rounding		1	4
Sundry Creditors	18	8,442	8,442
		<b>(8,371)</b>	<b>9,216</b>
<b>TOTAL LIABILITIES</b>		<b>(8,371)</b>	<b>9,216</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<b>1,347,042</b>	<b>1,329,106</b>
<b>REPRESENTED BY: LIABILITY FOR MEMBERS' BENEFITS</b>			
Allocated to Members' Accounts	19	1,347,042	1,329,106
		<b>1,347,042</b>	<b>1,329,106</b>

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

## The Krishnappa Superannuation Fund

# Notes to the Financial Statements

For the year ended 30 June 2018

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 1: Term Deposits</b>		
Term Deposits ING ***450	3,147	3,196
	<b>3,147</b>	<b>3,196</b>
<b>Note 2: Australian Listed Shares</b>		
AMP Limited - Dividends	189	182
ANZ Banking Grp Ltd Ordinary Fully Paid	2,960	2,960
ARGO Investments Ordinary Fully Paid	3,098	2,880
ASX Limited - Dividends	1,145	1,112
Australian Gas Light Company ORD Fully Paid	2,930	872
BHP Billiton Limited - Dividends	3,335	1,936
Commonwealth Bank. - Dividends	4,212	3,452
CORP TRAV Ordinary Fully Paid	923	552
CSL Limited - Dividends	1,728	1,207
Cwlth Bank Cap Note 3-Bbsw+2.80% Perp Non-cum Red T-12-24	1,286	1,297
Cybg Plc Cdi 1:1 Deferred Settlement	-	1,160
Healthscpe Ordinary Fully Paid	319	352
Macquarie Bank Ltd - Dividends	2,721	4,464
Medibank Ordinary Fully Paid	1,883	853
National Aust. Bank - Dividends	2,146	2,146
Perpetual Limited - Dividends	576	528
Platinum Asset - Dividends	2,713	2,233
Ramsay Health Care - Dividends	417	-
Sonic Healthcare - Dividends	1,584	1,193
Telstra Corporation. - Dividends	3,315	3,182
Virtus Ordinary Fully Paid	520	560
Vocus Ordinary Fully Paid	-	150
WAM Active Limited - Dividends	1,338	1,241
Westpac Banking Corp - Dividends	3,412	3,412
Woodside Petroleum Ordinary Fully Paid	779	686
Woolworths Limited - Dividends	2,418	1,742
	<b>45,947</b>	<b>40,352</b>

## The Krishnappa Superannuation Fund

# Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$	2017 \$
<b>Note 3: Australian Listed Unit Trust</b>		
Amp Capital China Ord/units - Dividends	5,774	28,794
Duet Group Forus - Dividends	-	613
HotelProp Stapled Security Fully Paid	2,450	3,210
Spark Infrastructure Stapled - Dividends	2,669	2,538
Sydairport Units Fully Paid Stapled Securities Us Prohibited	2,626	2,338
Westfieldc Stapled Securities	5,206	854
	<b>18,725</b>	<b>38,347</b>
<b>Note 4: Cash at Bank</b>		
Cash at Bank - Adelaide CMA	393	544
	<b>393</b>	<b>544</b>
<b>Note 5: Market Movement Non-Realised</b>		
Market Movement Non-Realised - Derivatives and Instalment Warrants	(234)	351
Market Movement Non-Realised - Shares - Listed	99,608	104,463
Market Movement Non-Realised - Trusts - Unit	(3,614)	(33,871)
	<b>95,760</b>	<b>70,943</b>
<b>Note 6: Market Movement Realised</b>		
Market Movement Realised - Shares - Listed	(5,298)	7,839
Market Movement Realised - Trusts - Unit	4,397	2,760
	<b>(901)</b>	<b>10,599</b>
<b>Note 7: Fund Administration Expenses</b>		
Accountancy Fees	2,442	2,442
Audit Fees	550	550
	<b>2,992</b>	<b>2,992</b>
<b>Note 8: Investment Expenses</b>		
Investment Administration Fee	-	162
	<b>-</b>	<b>162</b>
<b>Note 9: Fund Lodgement Expenses</b>		
ATO Annual Return Fee - Supervisory levy	259	259
	<b>259</b>	<b>259</b>
<b>Note 10: Fund Tax Expenses</b>		
Income Tax Expense	(12,381)	(2,432)
Tax Accrued During Period (Deferred Tax)	158	8,086
	<b>(12,223)</b>	<b>5,654</b>

## The Krishnappa Superannuation Fund

# Notes to the Financial Statements

For the year ended 30 June 2018

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 11: Term Deposits</b>		
Term Deposits ING ***450	(6,824)	109,641
	<b>(6,824)</b>	<b>109,641</b>
<b>Note 12: Australian Listed Shares</b>		
A2 Milk Ordinary Fully Paid	10,520	-
AMP Limited	2,318	3,379
ANZ Banking Grp Ltd Ordinary Fully Paid	52,244	53,132
ARGO Investments Ordinary Fully Paid	80,744	74,660
ASX Limited	35,608	29,646
Australian Gas Light Company ORD Fully Paid	63,326	52,709
BHP Billiton Limited	91,557	62,856
Commonwealth Bank.	16,031	67,904
CORP TRAV Ordinary Fully Paid	76,331	48,082
CSL Limited	173,358	96,621
Cwith Bank Cap Note 3-Bbsw+2.80% Perp Non-cum Red T-12-24	38,600	38,600
Healthscpe Ordinary Fully Paid	10,520	10,520
Macquarie Group Ltd	69,368	49,649
Medibank Ordinary Fully Paid	44,883	43,039
National Aust. Bank	29,712	32,076
Onemarket Ordinary Fully Paid	333	-
Perpetual Limited	9,235	11,789
Platinum Asset	50,400	40,513
Ramsay Health Care	16,194	22,080
Sonic Healthcare	49,820	49,191
Telstra Corporation.	37,372	48,435
Unibalwest Chess Depository Interests 20:1	27,873	-
Virtus Ordinary Fully Paid	11,500	10,760
Vocus Ordinary Fully Paid	15,260	22,262
WAM Active Limited	26,403	26,283
Westpac Banking Corp	53,180	55,376
Woodside Petroleum Ordinary Fully Paid	24,645	18,669
Woolworths Limited	79,352	66,404
	<b>1,196,687</b>	<b>1,034,635</b>

## The Krishnappa Superannuation Fund

# Notes to the Financial Statements

For the year ended 30 June 2018

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 13: Australian Listed Unit Trust</b>		
Amp Capital China Ord/units	-	1,043
HotelProp Stapled Security Fully Paid	47,400	30,000
Spark Infrastructure Stapled	39,900	45,850
Sydairport Units Fully Paid Stapled Securities Us Prohibited	51,516	51,013
Westfieldc Stapled Securities	-	41,756
	<b>138,816</b>	<b>169,662</b>
<b>Note 14: Australian Listed Options / Rights</b>		
Wam Active Option Expiring 17-Sep-2018 Deferred	117	351
	<b>117</b>	<b>351</b>
<b>Note 15: Cash at Bank</b>		
Cash at Bank - Adelaide CMA	10,574	30,389
	<b>10,574</b>	<b>30,389</b>
<b>Note 16: Sundry Debtors - Fund Level</b>		
Distributions Receivable	4,744	2,234
Sundry Debtors	(5,443)	(8,590)
	<b>(699)</b>	<b>(6,356)</b>
<b>Note 17: Provisions for Tax - Fund</b>		
Provision for Deferred Tax (Fund)	8,244	8,086
Provision for Income Tax (Fund)	(25,058)	(7,316)
	<b>(16,814)</b>	<b>770</b>
<b>Note 18: Sundry Creditors</b>		
Sundry Creditors Number 1	8,442	8,442
	<b>8,442</b>	<b>8,442</b>
<b>Note 19A: Movements in Members' Benefits</b>		
Liability for Members' Benefits Beginning:	1,329,106	1,141,225
Add: Increase (Decrease) in Members' Benefits	221,348	187,886
Less: Benefit Paid	203,412	-
<b>Liability for Members' Benefits End</b>	<b>1,347,042</b>	<b>1,329,106</b>
<b>Note 19B: Members' Other Details</b>		
Total Unallocated Benefits	-	-
Total Forfeited Benefits	-	-
Total Preserved Benefits	634,402	1,329,106
Total Vested Benefits	1,347,042	1,329,106



# The Krishnappa Superannuation Fund

## Trustee Declaration

For the year ended 30 June 2018

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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 2018 present fairly, in all material respects, the financial position of the superannuation fund at 30 June 2018 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 2018.

Signed in accordance with a resolution of the trustees by:

\_\_\_\_\_  
Eganath Krishnappa

\_\_\_\_\_  
Charmaine Krishnappa

Date: \_\_/\_\_/\_\_\_\_

## Tax estimate

Name: The Krishnappa Superannuation Fund

TFN:

For the year ended: 30/06/2018

### Taxable income

Income	\$35,418
Deductions	\$2,156

<b>Taxable income</b>	<b>\$33,262</b>
-----------------------	-----------------

### Gross tax

Tax on taxable income	\$4,989.30
Income tax payable on no-TFN contributions income	\$0.00

<b>Gross tax payable</b>	<b>\$4,989.30</b>
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### Less: Refundable tax offsets

Franking tax offset	\$17,370.00
---------------------	-------------

<b>Total refundable tax offsets and credits</b>	<b>\$17,370.00</b>
---	--------------------

<b>Tax payable</b>	<b>\$0.00</b>
--------------------	---------------

### Add: Other taxes

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

<b>Total other taxes</b>	<b>\$259.00</b>
--------------------------	-----------------

### Less: Eligible credits

PAYG instalments	\$5,620.70
------------------	------------

<b>Total refundable tax offsets and credits</b>	<b>\$5,620.70</b>
---	-------------------

<b>Less: Tax offset refunds (remainder of refundable tax offsets)</b>	<b>\$12,380.70</b>
---	--------------------

<b>Amount refundable</b>	<b>\$17,742.40</b>
--------------------------	--------------------

**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](http://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

**2018 Self-Managed Superannuation Fund Annual Return**  
for the period 1 July 2017 to 30 June 2018

**Section A: Fund information**

**1 Tax file number (TFN)**

**2 Name of fund** The Krishnappa Superannuation Fund

**3 Australian business number (ABN)** 35 881 238 764

**4 Current postal address** PO Box 682  
Suburb UNLEY State SA P/C 5061

**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 410712708

Address Box 3376  
Suburb Rundle Mall State SA P/C 5000

**7 Electronic funds transfer (EFT)**

**Financial institution details for super payments and tax refunds**

BSB number 610-101 Account number 071161462  
 Account name Krishnappa Super Fund

**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 to one or more members in the income year?

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

Exempt current pension income amount **A**

Method used to calculate exempt current pension income

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

**Section B: Income**

**11 Income**

Gross interest **C**

Gross foreign income **D1**

Net foreign income **D**

Unfranked dividend amount **J**

Franked dividend amount **K**

Dividend franking credit **L**

Gross trust distribution **M**

**Calculation of assessable contributions**

No-TFN quoted contributions **R3**

Assessable contributions **R**

Gross income **W**

Exempt current pension income **Y**

**Total assessable income** **V**

**Section C: Deductions**

**12 Deductions and non-deductible expenses**

	Deductions	Non-deductible
SMSF auditor fee	<b>H1</b> <input type="text" value="\$365"/>	<b>H2</b> <input type="text" value="\$185"/>
Management and administration expenses	<b>J1</b> <input type="text" value="\$1,619"/>	<b>J2</b> <input type="text" value="\$823"/>
Other amounts	<b>L1</b> <input type="text" value="\$172"/> <input type="text" value="O"/>	<b>L2</b> <input type="text" value="\$5,709"/> <input type="text" value="O"/>
<u>Other deductions</u>	Amount	
From other sources	\$172	
<b>Total</b>	<b>N</b> <input type="text" value="\$2,156"/>	<b>Y</b> <input type="text" value="\$6,717"/>
	<b>O</b> <input type="text" value="\$33,262"/>	<b>Z</b> <input type="text" value="\$8,873"/>
	<b>Taxable income or loss</b>	<b>Total SMSF expenses</b>

**Section D: Income tax calculation statement**

**13 Income tax calculation statement**

Taxable income **A**

Tax on taxable income **T1**

Income tax payable on no-TFN contributions income **J**

Gross tax **B**

Subtotal 1 **T2**

Complying fund's franking credits tax offset **E1**

Refundable tax offsets **E**

Tax payable **T5**

Tax offset refunds (remainder of refundable tax offsets) **I**

PAYG instalments raised **K** \$5,620.70

Supervisory levy **L** \$259.00

**Total amount refundable** **S** \$17,742.40

**Section F: Member information**

**Member 1**

Dr  
Krishnappa  
Eganath

Member's TFN Date of birth 14/08/1952

Opening balance \$766,131.83

Personal contributions **B** \$49,306.12

Total contributions **N** \$49,306.12

Allocated earnings or losses **O** \$100,614.35

Income stream payment **R2** \$203,412.00 **M**

Accumulation phase account balance **S1** \$55,464.61

Retirement phase account balance - non-capped defined benefit income stream **S2** \$657,175.69

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

TRIS count 0

Closing balance **S** \$712,640.30

**Member 2**

Mrs  
Krishnappa  
Charmaine

Member's TFN Date of birth 23/03/1956

Opening balance \$562,974.59

Allocated earnings or losses **O** \$71,427.19

Closing balance **S** \$634,401.78

Accumulation phase account balance **S1** \$634,401.78

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** \$634,401.78

**Section H: Assets and liabilities**

**15 Assets**

**15a Australian managed investments**

Listed trusts **A** \$138,816

**15b Australian direct investments**

Cash and term deposits **E** \$3,750

Listed shares **H** \$1,196,803

Other assets **O** \$24,359

**Total Australian and overseas assets** **U** \$1,363,728

Name The Krishnappa Superannuation Fund

TFN

Signature \_\_\_\_\_

**16 Liabilities**

Member closing account balances **W**

Other liabilities **Y**

**Total liabilities** **Z**

**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

Date

Name

Phone number

**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

Date

Tax agent's practice

Contact name

Client reference

Agent's phone number

Agent reference

Name The Krishnappa Superannuation Fund

TFN

Signature \_\_\_\_\_

**Additional information**

**PAYG instalments paid/payable**

Annual instalment

Annual instalment

\$5,620.70



**MEMORANDUM OF RESOLUTIONS OF THE TRUSTEES AND MEMBERS  
OF THE KRISHNAPPA SUPERANNUATION FUND**

**Financial Reports:**

The Financial Reports for the year ended 30th June 2018 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 2018 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 2018 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.

.....  
E Krishnappa

.....  
C Krishnappa

Dated

18 January 2021

Reference number: 122838857

The Trustees  
The Krishnappa Superannuation Fund  
c/o Nicholls & Moore Pty Ltd tas Super 21  
PO Box 1087  
**Glenelg South SA 5045**

Dear Trustees,

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

This certificate has been prepared for the Trustees of The Krishnappa Superannuation Fund to certify the exempt income proportion in accordance with section 295.390 of the Income Tax Assessment Act ("ITAA") 1997 for the 2017/18 income year.

I hereby certify that the proportion of the applicable income of The Krishnappa Superannuation Fund ("the Fund") for the year ending 30 June 2018 that should be exempt from income tax is: **54.896%**

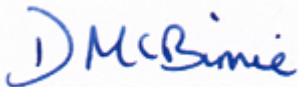
This exempt income proportion does not apply to income earned on segregated current pension assets and segregated non-current assets.

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 2017/18 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:** The Krishnappa Superannuation Fund  
**Fund ABN:** 35881238764  
**Trustees:** Eganath Krishnappa  
Charmaine Krishnappa

Member name	Eganath Krishnappa	Charmaine Krishnappa
Date of birth	14 Aug 1952	23 Mar 1956
Value of retirement phase income streams as at 1 Jul 2017	\$0	\$0
Value of retirement phase income streams at 1 Jul 2017 excluding liabilities in respect to segregated current pension assets.	\$0	\$0
Retirement phase income stream(s) commenced	1 Jul 2017	

The aggregate operating statement information is:

<b>Assets available at 1 July 2017</b>	<b>\$1,329,106</b>
<b>Plus</b>	
Non-concessional contributions	\$49,306
<b>Less</b>	
Pension payments and lump sum withdrawals	\$203,412
<b>Equals</b>	
<b>Balance before income and expenses</b>	<b>\$1,175,001</b>
Preliminary net income	\$155,706
<b>Gross assets available at year end (before tax)</b>	<b>\$1,330,707</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.

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

- ◆ Member One commenced an account-based pension with their entire accumulation balance on 1 July 2017 allowing for any transactions that occurred on that date, with a purchase price of \$766,319.53.

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 2018 income year.

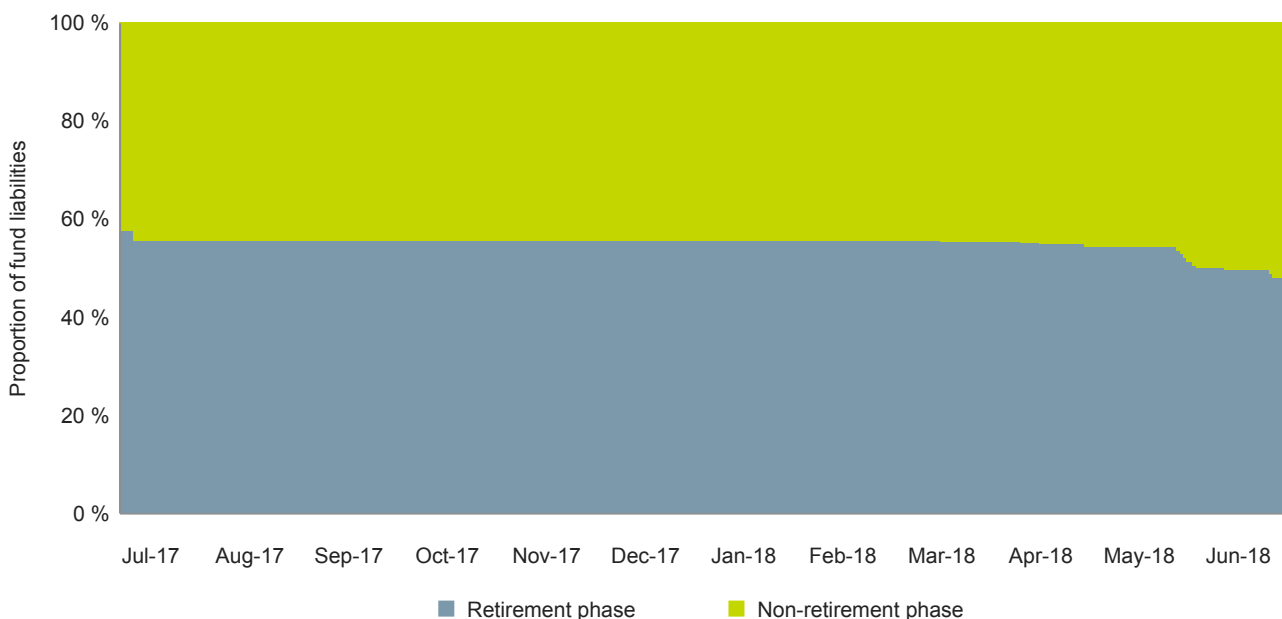
Based on the information provided, our calculations assume that the Fund had no segregated current pension assets.

### 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 2018 that should be exempt from income tax is calculated as follows:

$$\frac{\text{Average value of current pension liabilities}}{\text{Average value of superannuation liabilities}} = \frac{\$744,391}{\$1,355,996} = 54.896\%$$

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	Eganath Krishnappa	Charmaine Krishnappa	Fund
Exempt income proportion	54.896%	0.000%	54.896%
Non-exempt income proportion	3.586%	41.518%	45.104%

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

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### 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:	45.104%
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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.