



**SHAN & TARN FUND**

**FINANCIAL STATEMENTS**

**AND REPORTS**

**FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2020**

# **SHAN & TARN FUND**

## **FINANCIAL STATEMENTS INDEX**

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**SHAN & TARN FUND**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	2020	2019
	\$	\$
<b>Investments</b>		
Other Assets	69	2,883
Shares in Listed Companies (Australian)	1,976	2,403
Shares in Listed Companies (Overseas)	11,660	6,337
	13,705	11,623
 <b>Other Assets</b>		
Macquarie Cash Mgmt A/c # 963943857	55,812	53,925
Loan to Member	3,102	3,102
	58,914	57,027
 <b>Total Assets</b>	72,619	68,650
<b>Less:</b>		
<b>Liabilities</b>		
Income Tax Payable (Note 6)	1,744	2,644
PAYG Payable	434	-
	2,178	2,644
 <b>Net Assets Available to Pay Benefits</b>	70,441	66,006
 <b>Represented by:</b>		
<b>Liability for Accrued Benefits (Notes 2, 3, 4)</b>		
Takarangi, Shannon Renae	63,408	59,102
Takarangi, Tania Maree	7,033	6,904
	70,441	66,006

**SHAN & TARN FUND**  
**OPERATING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
<b>Income</b>		
Capital Gains/(Losses) - Taxable	(1,991)	(2,065)
Employer Contributions - Concessional	15,401	12,926
Increase in Market Value of Investments (Note 5)	4,081	1,929
Interest Received	246	562
Other Income	147	120
	17,884	13,472
<b>Expenses</b>		
Accountancy Fees	-	2,108
ASIC Fee	54	53
ATO Supervisory Levy	518	-
Auditor's Remuneration	-	400
Benefits Paid - Preserved/Taxable	8,950	-
Benefits Paid - Preserved/Tax Free	1,050	-
Investment Expenses	700	-
	11,272	2,561
<b>Benefits Accrued as a Result of Operations before Income Tax</b>	6,612	10,911
<b>Income Tax (Note 6)</b>		
Income Tax Expense	2,178	1,657
	2,178	1,657
<b>Benefits Accrued as a Result of Operations</b>	4,434	9,254

**SHAN & TARN FUND**  
**DETAILED OPERATING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
<b>Income</b>		
Capital Gains/(Losses) - Taxable		
Benitec Biopharma Limited - Ordinary Fully Paid	(1,991)	-
Forex CFDs Investment	-	(2,065)
	(1,991)	(2,065)
Employer Contributions - Concessional		
Takarangi, Shannon Renae	15,401	12,926
	15,401	12,926
Interest Received		
Macquarie Cash Mgmt A/c # 963943857	246	562
	246	562
Other Income		
Rebate of Adviser Commission	-	120
	-	120
Revaluations		
Other Assets		
Binance - BTC	(12)	13
CoinSpot - Powr	(3)	(38)
Worbli Tokens	(2,799)	(1)
	(2,814)	(26)
Shares in Listed Companies (Australian)		
Benitec Biopharma Limited - Ordinary Fully Paid	1,458	(742)
Brainchip Holdings Ltd - Ordinary Fully Paid	81	(525)
Catapult Group International Ltd - Ordinary Fully Paid	33	(144)
	1,573	(1,410)
Shares in Listed Companies (Overseas)		
Advanced Micro Devices Inc Com	5,323	3,365
	5,323	3,365
	4,081	1,929
	17,737	13,471
<b>Expenses</b>		
Accountancy Fees	-	2,108
ASIC Fee	54	53
ATO Supervisory Levy	518	-
Auditor's Remuneration	-	400

**SHAN & TARN FUND**  
**DETAILED OPERATING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
Benefits Paid - Preserved/Taxable		
Takarangi, Shannon Renae	8,950	-
	<u>8,950</u>	<u>-</u>
Benefits Paid - Preserved/Tax Free		
Takarangi, Shannon Renae	1,050	-
	<u>1,050</u>	<u>-</u>
Investment Expenses		
Investment Expenses	700	-
	<u>700</u>	<u>-</u>
	<u>11,272</u>	<u>2,561</u>
<b>Benefits Accrued as a Result of Operations before Income Tax</b>	<u>6,465</u>	<u>10,910</u>
<b>Income Tax (Note 6)</b>		
Income Tax Expense	2,178	1,657
	<u>2,178</u>	<u>1,657</u>
<b>Benefits Accrued as a Result of Operations</b>	<u><u>4,287</u></u>	<u><u>9,253</u></u>

**SHAN & TARN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**1. Statement of Significant Accounting Policies**

These financial statements are a special purpose financial report prepared for distribution to members to satisfy the accountability requirements of the Superannuation Industry (Supervision) Act 1993 and the trust deed. The trustee(s) has determined that the fund is not a reporting entity.

The financial statements have been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 112 : Income Taxes

AASB 1031: Materiality

AASB 110 : Events After the Balance Sheet Date

No other Accounting Standards, Australian Accounting Interpretation or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements are prepared on a cash basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

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

**a. Measurement of Investments**

Investments of the fund have been measured at net market values as at the reporting date. Changes in the net market value of assets are recognized in the operating statement in periods in which they occur.

Net market values have been determined as follows:

In the case of:

- i) shares and other securities listed on the Australian Stock Exchange by reference to the relevant market quotations at the reporting date;
- ii) Units in unit trusts listed on the Australian Stock Exchange by reference to the relevant market quotations at the reporting date;
- iii) Fixed Interest Securities by reference to the redemption value at the reporting date;
- iv) Units in managed funds by reference to the unit redemption price at the reporting date;
- v) Real Estate - in year of acquisition - at cost, in subsequent years by independent market valuation;
- vi) Artwork, antiques or other exotic investments - in year of purchase at cost, in subsequent years by independent market valuation;
- vii) Units in unlisted Unit Trusts by reference to net tangible asset backing or at cost; and
- viii) Share and Options in unlisted Companies by reference to net tangible asset backing or at cost.

**b. Liability for Accrued Benefits**

The liability for accrued benefits is the fund's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at reporting date.

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**SHAN & TARN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**c. Income Tax Expense**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred income tax assets are not recognized as there is not sufficient certainty that they will be recovered in the future.

**d. Superannuation Contributions Surcharge**

The trustee is unable to determine the amount of surcharge liability for the current reporting period with sufficient reliability for recognition in the financial report until an assessment is received from the Australian Taxation Office. Accordingly, the superannuation fund is recognizing the superannuation contributions surcharge as an expense at the time of receipt of an assessment from the Australian Taxation Office. The cost of surcharge is charged to the relevant member's accounts.

**e. Excess Contributions Tax**

The trustee is unable to determine the amount of excess contributions tax for the current reporting period with sufficient reliability for recognition in the financial report until an assessment is received from the Australian Taxation Office. Accordingly, the superannuation fund is recognizing the excess contributions tax as an expense at the time of receipt of an assessment from the Australian Taxation Office. The cost of excess contributions tax is charged to the relevant member's accounts.

**f. Subsequent Events**

Since 30 June 2020 there has been increased volatility in the equities market which in many cases has led to significant reductions in equity prices. Given the volatility, it is not possible to quantify the effect this has had on the value of the fund's equities.

**2. Liability for Accrued Benefits**

The liability for accrued benefits is the fund's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at the reporting date. Changes in the Liability for Accrued Benefits are as follows:

	2020	2019
	\$	\$
Liability for Accrued Benefits at beginning of period	66,005	56,750
Add:		
Benefits Accrued as a Result of Operations	4,434	9,254
- Adjustment of Deferred Tax Liability /Deferred Tax Asset	-	-

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**SHAN & TARN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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Liability for Accrued Benefits at end of period	70,439	66,005
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**3. Vested Benefits**

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

	2020	2019
	\$	\$
Vested Benefits	70,439	66,005

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**4. Guaranteed Benefits**

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

**5. Changes in Market Values**

Investments and other assets of the fund are valued at the end of the reporting period as described in Note 1 - Summary of Significant Accounting Policies. A detailed schedule of investments is attached to these financial statements. A summary of the change in Market Values is as follows:

	2020	2019
	\$	\$
Other Assets	(2,814)	(26)
Shares in Listed Companies (Australian)	1,573	(1,410)
Shares in Listed Companies (Overseas)	5,323	3,365
	4,081	1,929

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**6. Income Tax**

Income Tax is payable by the superannuation fund at rate of 15% on the contributions received and the income of the fund. There has been no change in the Income Tax rate during the year. Additional income tax may be payable by the Fund where the "adjusted taxable income" of Fund members exceeds the levels prescribed by the Superannuation Contributions Surcharge Assessment and Collection Act 1997. This additional Contributions Tax (Surcharge) is brought to account in the year that it is paid. The Income Tax payable by the superannuation fund has been calculated as follows:

	2020	2019
	\$	\$
Benefits accrued as a result of operations before income tax	6,612	10,911

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**SHAN & TARN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Prima facie income tax on accrued benefits	992	1,637
Add/(Less) Tax Effect of:		
Increase in Market Value of Investments	(612)	(289)
Benefits Paid - Preserved/Taxable	1,342	-
Benefits Paid - Preserved/Tax Free	158	-
Accounting (Profits)/Losses on Sale of Investments	299	310
	1,186	20
Income Tax Expense	2,178	1,657
Income tax expense comprises:		
Income Tax Payable/(Refundable)	1,744	1,657
Tax Instalments Paid	434	-
	2,178	1,657

**SHAN & TARN FUND**  
**TRUSTEE: SHAN & TARN INVESTMENTS PTY LTD**  
**ACN: 610 295 693**  
**TRUSTEES DECLARATION**

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

The directors of the trustee company declare that:

- i. the financial statements and notes to the financial statements for the year ended 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 ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
- ii. the financial statements and notes to the financial 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.

Specifically, the trustees declare that

- in accordance with s 120 of the Superannuation Industry (Supervision) Act 1993, no individual trustee has been or is a disqualified person;
- the fund has satisfactory title to all assets, all assets are unencumbered and free from charge as prescribed by s 50 of the Superannuation (Supervision) Act 1993 and reg 13.14 of the Superannuation Industry (Supervision) Act 1994; and
- to the knowledge of the trustees, there have been no events or transactions subsequent to the balance date which could have a material impact on the fund. Where such events have occurred, the effect of such events has been accounted and noted in the fund's financial statements
- the trustees are aware of a change in market conditions post 30 June 2020, which is expected to cause a decline in markets but are not able to estimate exact impact

Signed in accordance with a resolution of the directors of the trustee company by:

Shannon Renae Takarangi  
Shan & Tarn Investments Pty Ltd  
Director

Tania Maree Takarangi

**SHAN & TARN FUND**  
**TRUSTEE: SHAN & TARN INVESTMENTS PTY LTD**  
**ACN: 610 295 693**  
**TRUSTEES DECLARATION**

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Shan & Tarn Investments Pty Ltd  
Director

DATED:    /    /

**SHAN & TARN FUND  
COMPILATION REPORT**

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We have compiled the accompanying special purpose financial statements of the client, which comprise the statement of financial position as at 30 June 2020, and the operating statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in the notes.

*The Responsibility of the client*

The Client is solely responsible for the information contained in the special purpose financial statements and has determined that the (financial reporting framework/basis of accounting) used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

*Our Responsibility*

On the basis of information provided by the Client we have compiled the accompanying special purpose financial statements in accordance with the (financial reporting framework/basis of accounting) and APES 315 Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Client provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the Client. We do not accept responsibility to any other person for the content of the special purpose financial statements.

CTSA Group Pty Limited

of

Gpo Box 673  
Sydney NSW 2001

Dated:     /     /

**SHAN & TARN FUND**  
**SELF-MANAGED SUPERANNUATION FUND**  
**INDEPENDENT AUDITOR'S REPORT**

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**Approved SMSF auditor details**

Name	Marjon Muizer
Business name	Sf Audits Pty Limited
Business postal address	32 Wills Road
	Woollooware NSW 2230
SMSF auditor number (SAN)	100015012

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**Self-managed superannuation fund details**

Self-managed superannuation fund (SMSF) name	Shan & Tarn Fund
Australian business number (ABN) or tax file number (TFN)	44909493748
Address	58 Coachwood Drive
	Molendinar QLD 4214
Year of income being audited	2020

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**To the SMSF trustee**

To the SMSF trustee of	Shan & Tarn Fund
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**SHAN & TARN FUND**  
**SELF-MANAGED SUPERANNUATION FUND**  
**INDEPENDENT AUDITOR'S REPORT**

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**PART A: FINANCIAL AUDIT**

**Opinion**

I have audited the special purpose financial report of the Shan & Tarn Fund comprising the Statement of Financial Position as at 30 June 2020, and the Operating Statement, a summary of significant accounting policies and other explanatory notes.

In my opinion, the financial report presents fairly in all material respects, in accordance with the accounting policies described in the notes to the financial report, the financial position of the fund at 30 June 2020 and the results of its operations for the year then ended.

**Basis for Opinion**

My audit has been conducted in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Approved SMSF Auditor's Responsibilities for the Audit of the Financial Report section of this report. I am independent of the SMSF in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)(the Code) that are relevant to this audit and as required by the Superannuation Industry (Supervision) Regulations 1994 (SISR). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of Matter – Basis of accounting**

I draw attention to note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist Shan & Tarn Fund meet the requirements of the SMSF's governing rules, the Superannuation Industry (Supervision) Act 1993 (SISA) and the SISR. As a result, the financial report may not be suitable for other purposes and should not be distributed to parties other than the trustees. My opinion is not modified in respect of this matter.

**Responsibilities of SMSF trustees for the financial report**

Each SMSF trustee (individual trustee or director of the corporate trustee) is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the SMSF's governing rules, the SISA and the SISR. Each trustee is also responsible for such internal controls as they determine are necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustees are responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees intend to wind-up the fund or have not realistic alternative but to do so.

Each SMSF trustee is responsible for overseeing the fund's financial reporting process.

**Approved SMSF auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be

**SHAN & TARN FUND**  
**SELF-MANAGED SUPERANNUATION FUND**  
**INDEPENDENT AUDITOR'S REPORT**

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expected to influence the economic decisions of trustees taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of an internal control.
- Obtain an understanding of internal controls relevant to the audit 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 fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial report or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I may identify during the audit.

## **PART B: COMPLIANCE ENGAGEMENT**

### **Opinion**

I have undertaken a reasonable assurance engagement on Shan & Tarn Fund's compliance, in all material respects, with the applicable provisions of the SISA and the SISR as listed below for the year ended 30 June 2020.

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

In my opinion, each trustee of Shan & Tarn Fund has complied in all material respects, with the listed provisions, for the year ended 30 June 2020.

### **Basis for Opinion**

I have conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements issued by the Auditing and Assurance Standards Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



Date :                      /        /

**SHAN & TARN FUND**  
**SELF-MANAGED SUPERANNUATION FUND**  
**INDEPENDENT AUDITOR'S REPORT**

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**Appendix 1- Explanation of listed sections and regulations in compliance engagement**

This appendix is included to assist with the meaning of the legislation and regulations listed above

Section or Regulation	Explanation
S17A	The fund must meet the definition of an SMSF
S35AE	The trustees must keep and maintain accounting records for a minimum of five years
S35B	The trustees must prepare, sign and retain accounts and statements
S35C(2)	The trustees must provide the auditor with the necessary documents to complete the audit in a timely and professional manner; and within 14 days of a written request from the auditor
S62	The fund must be maintained for the sole purpose of providing benefits to any or all of the following: <ul style="list-style-type: none"> <li>• fund members upon their retirement</li> <li>• fund members upon reaching a prescribed age</li> <li>• the dependants of a fund member in the case of the member's death before retirement</li> </ul>
S65	The trustees must not loan monies or provide financial assistance to any member or relative at any time during the financial year
S66	The trustees must not acquire any assets (not listed as an exception) from any member or related party of the fund
S67	The trustees of the fund must not borrow any money or maintain an existing borrowing (not listed as an exception)
S67A & 67B	The fund must comply with the limited recourse borrowing arrangement rules when borrowing to purchase single acquirable asset or replacement assets (not listed as an exception to the borrowing rules)
S82-85	The trustees must comply with the in-house asset rules
S103	The trustees must keep minutes of all meetings and retain the minutes for a minimum of 10 years

**SHAN & TARN FUND**  
**SELF-MANAGED SUPERANNUATION FUND**  
**INDEPENDENT AUDITOR'S REPORT**

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**Appendix 1 (Continued)**

S104	The trustees must keep up to date records of all trustee or director of corporate trustee changes and trustee consents for a minimum of 10 years
S104A	Trustees who became a trustee on or after 1 July 2007 must sign and retain a trustee declaration
S105	The trustees must ensure that copies of all member or beneficiary reports are kept for a minimum of 10 years
S109	All investment transactions must be made and maintained at arms- length – that is, purchase, sale price and income from an asset reflects a true market value/rate of return
S126K	A disqualified person cannot be a trustee, investment manager or custodian of a superannuation fund
Sub Reg 1.06 (9A)	Pension payments must be made at least annually, and must be at least the amount calculated under Schedule 7
Reg 4.09	Trustees must formulate, regularly review and give effect to an investment strategy for the fund
Reg 4.09A	The assets of the SMSF must be held separately from any assets held by the trustee personally or by a standard employer sponsor or an associate of the standard employer sponsor
Reg 5.03	Investment returns must be allocated to members in a manner that is fair and reasonable
Reg 5.08	Member minimum benefits must be maintained in the fund until transferred, rolled over, allotted (to the member's spouse) or cashed out in a permitted fashion
Reg 6.17	Payments of member benefits must be made in accordance with Part 6 or Part 7A of the regulations and be permitted by the trust deed
Reg 7.04	Contributions can only be accepted in accordance with the applicable rules for the year being audited
Reg 8.02B	When preparing accounts and statements required by subsection 35B(1) of SISA, an asset must be valued at its market value
Reg 13.12	Trustees must not recognise an assignment of a super interest of a member or beneficiary
Reg 13.13	Trustees must not recognise a charge over or in relation to a member's benefits
Reg 13.14	Trustees must not give a charge over, or in relation to, an asset of the fund
Reg 13.18AA	Investments in collectables and personal use assets must be maintained in accordance with prescribed rules

**SHAN & TARN FUND**  
**STATEMENT OF TAXABLE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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	2020
	\$
Benefits Accrued as a Result of Operations before Income Tax	6,612.00
<b>Less:</b>	
Increase in Market Value of Investments	(4,081.00)
	<hr/> (4,081.00) <hr/>
	2,531.00
<b>Add:</b>	
Benefits Paid - Preserved/Taxable	8,950.00
Benefits Paid - Preserved/Tax Free	1,050.00
Accounting Capital Losses	1,991.00
	<hr/> 11,991.00 <hr/>
<b>Taxable Income</b>	<hr/> <b>14,522.00</b> <hr/>
<b>Tax Payable on Taxable Income</b>	<b>2,178.30</b>
<b>Less:</b>	
Instalments Paid	434.00
	<hr/> 434.00 <hr/>
<b>Income Tax Payable/(Refund)</b>	<hr/> <b>1,744.30</b> <hr/>
<b>Add:</b>	
Supervisory levy	259.00
<b>Total Amount Due or Refundable</b>	<hr/> <b>2,003.30</b> <hr/>

**SHAN & TARN INVESTMENTS PTY LTD**  
**ACN: 610 295 693**  
**ATF SHAN & TARN FUND**  
**MINUTES OF A MEETING OF THE DIRECTOR(S) HELD ON 30/06/2020**  
**AT 58 COACHWOOD DRIVE, MOLENDINAR QLD 4214**

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**PRESENT:**

Shannon Renae Takarangi  
Tania Maree Takarangi

**MINUTES:**

The Chair reported that the minutes of the previous meeting had been signed as a true record.

**FINANCIAL STATEMENTS  
OF SUPERANNUATION  
FUND:**

It was resolved that the financial statements would be prepared as special purpose financial statements as, in the opinion of the trustee(s), the superannuation fund is a non-reporting entity and therefore is not required to comply with all Australian Accounting Standards.

The Chair tabled the financial statements and notes to the financial statements of the superannuation fund in respect of the year ended 30 June 2020 and it was resolved that such statements be and are hereby adopted as tabled.

**ANNUAL RETURN:**

Being satisfied that the fund had complied with the requirements of the Superannuation Industry (Supervision) Act 1993 (SISA) and Regulations during the year ended 30 June 2020, it was resolved that the annual return be approved, signed and lodged with the Australian Taxation Office.

**TRUST DEED:**

The Chair tabled advice received from the fund's legal adviser confirming that the fund's trust deed is consistent with all relevant superannuation and trust law.

**INVESTMENT STRATEGY:**

The allocation of the fund's assets and the fund's investment performance over the financial year were reviewed and found to be within acceptable ranges outlined in the investment strategy. After considering the risk, rate of return and liquidity of the investments and the ability of the fund to discharge its existing liabilities, it was resolved that the investment strategy continues to reflect the purposes and circumstances of the fund and its members. Accordingly, no changes in the investment strategy were required.

**INSURANCE COVER:**

The trustee(s) reviewed the current life and total and permanent disability insurance coverage on offer to the members and resolved that the current insurance arrangements were appropriate for the fund.

**ALLOCATION OF INCOME:**

It was resolved that the income of the fund would be allocated to the members based on their average daily balance (an alternative allocation basis may be percentage of opening balance).

INVESTMENT  
ACQUISITIONS:

It was resolved to ratify the investment acquisitions throughout the financial year ended 30 June 2020.

INVESTMENT DISPOSALS:

It was resolved to ratify the investment disposals throughout the financial year ended 30 June 2020.

AUDITORS

It was resolved that

Sf Audits Pty Limited

of

32 Wills Road  
Woollooware NSW 2230

act as auditors of the Fund for the next financial year.

TRUSTEE STATUS:

Each of the trustee(s) confirmed that they are qualified to act as trustee(s) of the fund and that they are not disqualified persons as defined by s 120 of the SISA.

CONTRIBUTIONS  
RECEIVED:

It was resolved that the contributions during the year be allocated to members as follows:

Employer Contributions-Concessional:

Shannon Renae Takarangi - \$15,401

PAYMENT OF BENEFITS

The trustee has ensured that any payment of benefits made from the fund, meets the requirements of the fund's deed and does not breach the superannuation laws in relation to:

1. making payments to members; and,
2. breaching the fund or the member investment strategy.

The trustee has reviewed the payment of the benefit and received advice that the transfer is in accordance with the Deed and the superannuation laws. As such the trustee has resolved to allow the payment of the benefits on behalf of the member.

The trustees confirmed that the total amount withdrawn during the year is as follows:

Shannon Renae Takarangi - \$10,000

CLOSURE:

All resolutions for this meeting were made in accordance with the SISA and Regulations.

There being no further business the meeting then closed.

Signed as a true record –

.....  
Shannon Renae Takarangi  
Director

.....  
Tania Maree Takarangi  
Director

**Member's Statement**  
**SHAN & TARN FUND**

**MR SHANNON RENAE TAKARANGI**  
**58 COACHWOOD DRIVE**  
**MOLENDINAR QLD 4214**

The Trustee of the above named fund wishes to advise you of the circumstances of your entitlement in the Fund at 30 June 2020 and for the reporting period 1 July 2019 to 30 June 2020.

<b>Your Details</b>		<b>Your Balance</b>	
Date of Birth	10 December 1973	<b>Total Benefits</b>	<b>\$63,405</b>
Tax File Number	Provided	Comprising:	
Date Joined Fund	20 January 2016	- Preserved	\$63,405
Service Period Start Date	22 June 1998	- Restricted Non Preserved	
Date Left Fund		- Unrestricted Non Preserved	
Member Mode	Accumulation	Including:	
Account Description		- Tax Free Component	\$5,158
Current Salary		- Taxable Component	\$58,248
Vested Amount	\$63,405		
Insured Death Benefit			
Total Death Benefit	\$63,405		
Disability Benefit			
Nominated Beneficiaries			

<b>Your Detailed Account</b>	<b>Preserved</b>	<b>Restricted Non Preserved</b>	<b>Unrestricted Non Preserved</b>	<b>Total</b>
Opening Balance at 1 July 2019	59,101			59,101
<u>Add: Increases to Member's Account</u>				
<u>During the Period</u>				
Concessional Contributions	15,401			15,401
Non-Concessional Contributions				
Other Contributions				
Govt Co-Contributions				
Employer Contributions - No TFN				
Proceeds of Insurance Policies				
Share of Net Income/(Loss) for period	1,095			1,095
Transfers in and transfers from reserves				
	16,496			16,496
	75,596			75,596
<u>Less: Decreases to Member's Account</u>				
<u>During the Period</u>				
Benefits/Pensions Paid	10,000			10,000
Contributions Tax	2,310			2,310
Income Tax	(119)			(119)
No TFN Excess Contributions Tax				
Division 293 Tax				
Excess Contributions Tax				
Refund Excess Contributions				
Insurance Policy Premiums Paid				
Management Fees				
Share of fund expenses				
Transfers out and transfers to reserves				
	12,191			12,191
<b>Member's Account Balance at 30/06/2020</b>	<b>63,405</b>			<b>63,405</b>

Reference: SHA00018 / 501



**Availability of Other Fund Information**

Other information about the Fund is available at your request from the Trustee. If you would like any further information, please contact the Trustee.

**Trustee's Disclaimer**

This statement has been prepared by the Trustee for the member whose name appears at the top of this statement. Every effort has been made by the Trustee to ensure the accuracy and completeness of this Statement. The Trustee does not accept any liability for any error, omission or misprint. All amounts shown in relation to benefits do not take into account any amounts which may be withheld to satisfy the requirements imposed by the Income Tax Assessment Act 1936.

Signed by all the trustees of the fund

Shannon Renae Takarangi  
Director

Tania Maree Takarangi  
Director

Statement Date:     /     /

**Member's Statement**  
**SHAN & TARN FUND**

**MRS TANIA MAREE TAKARANGI**  
**58 COACHWOOD DRIVE**  
**MOLENDINAR QLD 4214**

The Trustee of the above named fund wishes to advise you of the circumstances of your entitlement in the Fund at 30 June 2020 and for the reporting period 1 July 2019 to 30 June 2020.

<b>Your Details</b>		<b>Your Balance</b>	
Date of Birth	25 October 1970	<b>Total Benefits</b>	<b>\$7,033</b>
Tax File Number	Provided	Comprising:	
Date Joined Fund	20 January 2016	- Preserved	\$7,033
Service Period Start Date	19 May 2004	- Restricted Non Preserved	
Date Left Fund		- Unrestricted Non Preserved	
Member Mode	Accumulation	Including:	
Account Description		- Tax Free Component	\$4,789
Current Salary		- Taxable Component	\$2,244
Vested Amount	\$7,033		
Insured Death Benefit			
Total Death Benefit	\$7,033		
Disability Benefit			
Nominated Beneficiaries			

<b>Your Detailed Account</b>	<b>Preserved</b>	<b>Restricted Non Preserved</b>	<b>Unrestricted Non Preserved</b>	<b>Total</b>
Opening Balance at 1 July 2019	6,904			6,904
<u>Add: Increases to Member's Account During the Period</u>				
Concessional Contributions				
Non-Concessional Contributions				
Other Contributions				
Govt Co-Contributions				
Employer Contributions - No TFN				
Proceeds of Insurance Policies				
Share of Net Income/(Loss) for period	117			117
Transfers in and transfers from reserves				
	117			117
	7,020			7,020
<u>Less: Decreases to Member's Account During the Period</u>				
Benefits/Pensions Paid				
Contributions Tax				
Income Tax	(13)			(13)
No TFN Excess Contributions Tax				
Division 293 Tax				
Excess Contributions Tax				
Refund Excess Contributions				
Insurance Policy Premiums Paid				
Management Fees				
Share of fund expenses				
Transfers out and transfers to reserves				
	(13)			(13)
<b>Member's Account Balance at 30/06/2020</b>	<b>7,033</b>			<b>7,033</b>

Reference: SHA00018 / 502

**Availability of Other Fund Information**

Other information about the Fund is available at your request from the Trustee. If you would like any further information, please contact the Trustee.

**Trustee's Disclaimer**

This statement has been prepared by the Trustee for the member whose name appears at the top of this statement. Every effort has been made by the Trustee to ensure the accuracy and completeness of this Statement. The Trustee does not accept any liability for any error, omission or misprint. All amounts shown in relation to benefits do not take into account any amounts which may be withheld to satisfy the requirements imposed by the Income Tax Assessment Act 1936.

Signed by all the trustees of the fund

Shannon Renae Takarangi  
Director

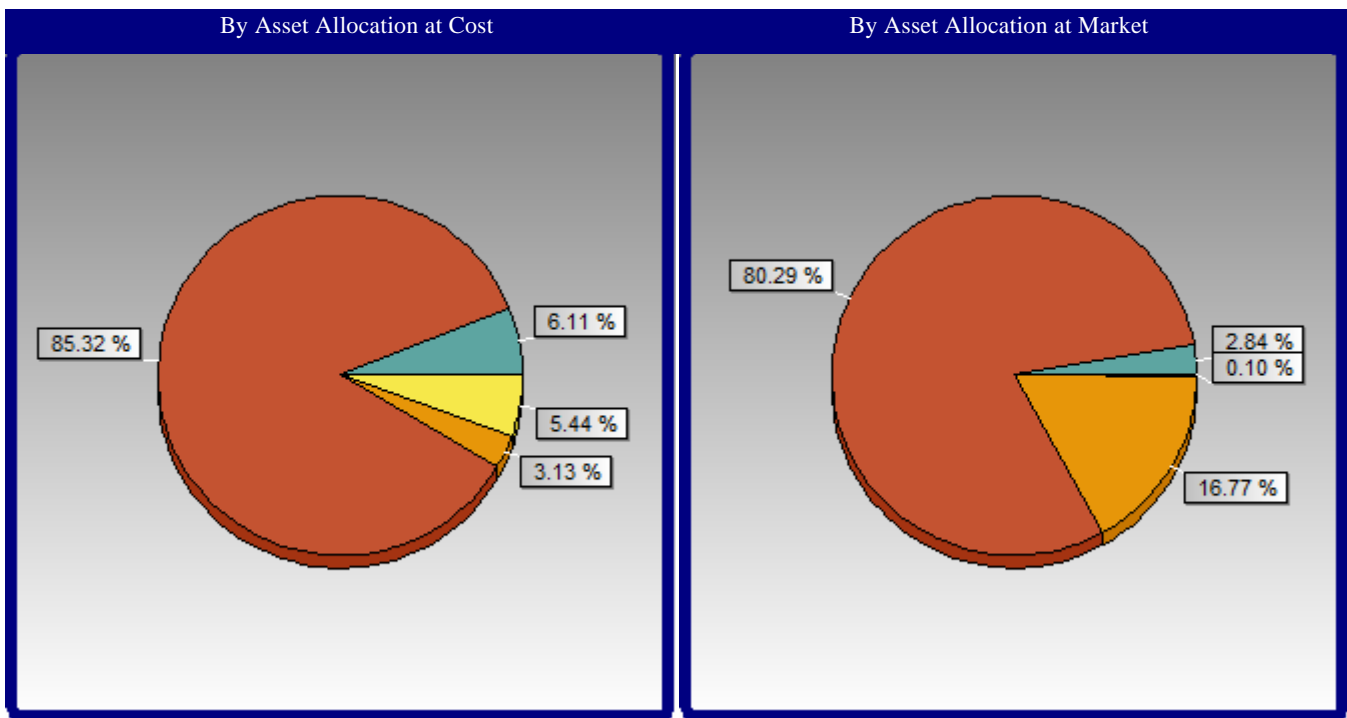
Tania Maree Takarangi  
Director

Statement Date:     /     /

**SHAN & TARN FUND**  
**INVESTMENT SUMMARY REPORT AT 30 JUNE 2020**

Investment	Units	Ave Cost	Mkt Price	Cost	Market	Unrealised Gain/(Loss)	Percent Gain/(Loss)	Percent Total
<b>Cash/Bank Accounts</b>								
Macquarie Cash Mgmt A/c # 963943857		55,812.00	55,812.00	55,812	55,812			80.29%
				55,812	55,812			80.29%
<b>Other Assets</b>								
Binance - BTC	1	600.00	14.00	600	14	(586)	(97.67%)	0.02%
CoinSpot - Powr	131	0.92	0.13	121	17	(104)	(85.95%)	0.02%
Forex CFDs Investment	1	37.00	37.00	37	37			0.05%
Worbli Tokens	261,100	0.01		2,800		(2,800)	(100.00%)	
				3,558	68	(3,490)	(98.09%)	0.10%
<b>Shares in Listed Companies (Australian)</b>								
Brainchip Holdings Ltd - Ordinary Fully Paid	9,046	0.22	0.08	2,000	733	(1,267)	(63.35%)	1.05%
Catapult Group International Ltd - Ordinary Fully Paid	1,105	1.81	1.12	2,000	1,243	(757)	(37.85%)	1.79%
				4,000	1,976	(2,024)	(50.60%)	2.84%
<b>Shares in Listed Companies (Overseas)</b>								
Advanced Micro Devices Inc Com	153	13.37	76.21	2,045	11,660	9,615	470.17%	16.77%
				2,045	11,660	9,615	470.17%	16.77%
				65,415	69,516	4,101	6.27%	100.00%

**SHAN & TARN FUND**  
**INVESTMENT SUMMARY PIE CHARTS AT 30 JUNE 2020**



Asset Groups (by Asset Allocation)	Cost		Market	
	Amount	Percent	Amount	Percent
Australian Shares	4,000	6.11%	1,976	2.84%
Cash	55,812	85.32%	55,812	80.29%
International Shares	2,045	3.13%	11,660	16.77%
Other	3,557	5.44%	67	0.10%
	65,413	100.00%	69,515	100.00%

# SMSF Tax Return

**2020**

1 Jul 2019—30 Jun 2020

975 550 518

**PART A** ELECTRONIC LODGMENT DECLARATION (FORM P, T, F, SMSF OR EX)

This declaration is to be completed where the tax return is to be lodged via the Tax Office's electronic lodgment service (ELS). 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 each partner or beneficiary or entity in our records. It is not an offence not to provide the TFNs. However, you cannot lodge your tax return electronically if you do not quote your TFN.

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)

**The Australian Business Register**

The Commissioner of Taxation, as Registrar of the Australian Business Register, may use the ABN and business details which you provide on this tax return to maintain the integrity of the register.

Please refer to the privacy statement on the Australian Business Register (ABR) website ([www.abr.gov.au](http://www.abr.gov.au)) for further information – it outlines our commitment to safeguarding your details.

**Electronic Funds Transfer – Direct Debit**

Where you have requested an EFT direct debit some of your details will be provided to your financial institution and the Tax Office's sponsor bank to facilitate the payment of your taxation liability from your nominated account.

Tax File Number	Name of partnership, trust, fund or entity	Year
975 550 518	Shan & Tarn Fund	2020

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

**Important**

Before making this declaration please check to ensure that all income has been disclosed and the tax return is true and correct in every detail. If you are in doubt about any aspect of the tax return, place all the facts before the Tax Office. The tax law provides heavy penalties for false or misleading statements on tax returns.

**Declaration - I declare that:**

- the information provided to my registered tax agent for the preparation of this tax return, including any applicable schedules is true and correct, and
- the agent is authorised to lodge this tax return.

Signature of partner, trustee or director	Date
---	------

**PART B 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 the electronic lodgment service ELS.

This 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, including any family tax benefit, will be made to the account specified.

**Agent Ref No.**

29216003

**Account Name**

Shan &amp; Tarn Fund

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

<b>Signature</b>	<b>Date</b>

**PART D TAX AGENTS CERTIFICATE (SHARED FACILITIES USERS ONLY)****Client Ref**

SHA00018

**Agent Ref No.**

29216003

**Contact Name**

Evan O'Rourke

**Contact No.**

0290081377

**Declaration - I declare that:**

- I have prepared this tax return and/or family tax benefit tax claim in accordance with the information supplied by the taxpayer
- I have received a declaration made by the taxpayer that the information provided to me for the preparation of this document is true and correct, and
- I am authorised by the taxpayer to lodge this tax return and any applicable schedules that are attached.

<b>Agent's Signature</b>	<b>Date</b>

## Section A: Fund information

Period start	01/07/2019		
Period end	30/06/2020		
<b>1 TAX FILE NUMBER</b>	975 550 518		
<b>2 NAME OF SELF-MANAGED SUPERANNUATION FUND (SMSF)</b>	Shan & Tarn Fund		
<b>3 AUSTRALIAN BUSINESS NUMBER</b>	44 909 493 748		
<b>4 CURRENT POSTAL ADDRESS</b>			
<b>Address</b>	<b>Town/City</b>	<b>State</b>	<b>Postcode</b>
GPO BOX 673	Sydney	NSW	2001
<b>5 ANNUAL RETURN STATUS</b>			
Is this the first required return for a newly registered SMSF?	No		
<b>6 SMSF AUDITOR</b>			
Title	Miss		
First name	Marjon		
Family name	Muizer		
SMSF auditor number	100015012		
Contact number	02-90081381		
<b>Auditor Address</b>	<b>Town/City</b>	<b>State</b>	<b>Postcode</b>
32 Wills Road	Woollooware	NSW	2230
Date audit was completed	<b>A</b>	22/02/2021	
Was part A of the audit report qualified?	<b>B</b>	No	
Was part B of the audit report qualified?	<b>C</b>	No	
<b>7 ELECTRONIC FUNDS TRANSFER (EFT)</b>			
<b>A. Fund's financial institution account details</b>			
BSB number	182512		
Account number	963943857		
Account name	Shan & Tarn Fund		
I would like my tax refunds made to this account	Yes		
<b>8 STATUS OF SMSF</b>			
Australian superannuation fund?	<b>A</b>	Yes	
Fund benefit structure	<b>B</b>	A	
Does the fund trust deed allow acceptance of the Government's Super Co-contribution and Low Income Super Contribution?	<b>C</b>	Yes	



## Section B: Income

### 11 INCOME

#### Prior year losses brought forward

Other Net Capital Losses		\$33,586.00
Did you have a CGT event during the year?	<b>G</b>	Yes
Have you applied an exemption or rollover?	<b>M</b>	No
Net capital gain	<b>A</b>	\$0.00

#### Losses carried forward

Other Net Capital Losses		\$35,577.00
Gross interest income	<b>C</b>	\$246.00
Assessable contributions	(R1 + R2 + R3 less R6)	<b>R</b> \$15,401.00
Assessable employer contributions	<b>R1</b>	\$15,401.00
No-TFN-quoted contributions	<b>R3</b>	\$0.00

Other income		\$147.00
<b>Total other income</b>	<b>S</b>	<b>\$147.00</b>
<b>Gross income</b>	<b>W</b>	<b>\$15,794.00</b>
<b>Total assessable income</b>	<b>V</b>	<b>\$15,794.00</b>

## Section C: Deductions and non-deductible expenses

### 12 DEDUCTIONS

		Deductions		Non-Deductible Expenses
Investment expenses	<b>I1</b>	\$700.00	<b>I2</b>	
Management and administration expenses	<b>J1</b>	\$572.00	<b>J2</b>	
<b>Totals</b>	<b>N</b>	<b>\$1,272.00</b>	<b>Y</b>	
<b>Total SMSF expenses</b>		(N + Y)	<b>Z</b>	<b>\$1,272.00</b>
<b>Taxable income or loss</b>		(TOTAL ASSESSABLE INCOME less TOTAL DEDUCTIONS)	<b>O</b>	<b>\$14,522.00</b>

## Section D: Income tax calculation statement

### 13 CALCULATION STATEMENT

Taxable income		<b>A</b>	\$14,522.00
Tax on taxable income		<b>T1</b>	\$2,178.30
Tax on no-TFN-quoted contributions		<b>J</b>	\$0.00
Gross tax		<b>B</b>	\$2,178.30
<b>Subtotal</b>	(B less C - cannot be less than zero)	<b>T2</b>	<b>\$2,178.30</b>
<b>Subtotal</b>	(T2 less D - cannot be less than zero)	<b>T3</b>	<b>\$2,178.30</b>
<b>REFUNDABLE TAX OFFSETS</b>	(E1 + E2 + E3 + E4)	<b>E</b>	\$0.00
Complying fund's franking credits tax offset		<b>E1</b>	\$0.00

Tax Payable	<b>T5</b>	\$2,178.30
Tax offset refunds (Remainder of refundable tax offsets)	<b>I</b>	\$0.00
PAYG instalments raised	<b>K</b>	\$434.00
Supervisory levy	<b>L</b>	\$259.00
Supervisory levy adjustment for wound up funds	<b>M</b>	\$0.00
Supervisory levy adjustment for new funds	<b>N</b>	\$0.00
<b>Amount payable</b>	<b>S</b>	<b>\$2,003.30</b>

## Section E: Losses

<b>14</b> LOSSES		
Net capital losses carried forward to later income years	<b>V</b>	\$35,577.00

## Section H: Assets and liabilities

<b>15</b> ASSETS		
<b>15b</b> Australian direct investments		
Cash and term deposits	<b>E</b>	\$55,812.00
Listed shares	<b>H</b>	\$1,976.00
Other assets	<b>O</b>	\$3,140.00
<b>15c</b> Other investments		
Crypto-Currency	<b>N</b>	\$31.00
<b>15d</b> Overseas direct investments		
Overseas shares	<b>P</b>	\$11,660.00
<b>Total Australian and overseas assets</b>	<b>U</b>	<b>\$72,619.00</b>
<b>15e</b> In-house assets		
Did the fund have a loan to, lease to or investment in, related parties (known as in-house assets) at the end of the income year?	<b>A</b>	Yes
Amount		\$3,102.00
<b>16</b> LIABILITIES		
Total member closing account balances	<b>W</b>	\$70,441.00
Other liabilities	<b>Y</b>	\$2,178.00
<b>Total liabilities</b>	<b>Z</b>	<b>\$72,619.00</b>

## Section K : Declarations

### PREFERRED TRUSTEE OR DIRECTOR CONTACT DETAILS

Title	Mr
First name	Shannon
Other name	Renae
Family name	Takarangi
Contact number	02 90081377

TAX AGENT'S CONTACT DETAILS

Practice name	CTSA Group
Title	Mr
First name	EVAN
Family name	O'Rourke
Contact number	02 90081377

# Member 1 — Takarangi, Shannon Renae (402182799)

Account status	Open	
Tax File Number	402182799	
<b>INDIVIDUAL NAME</b>		
Title	Mr	
Given name	Shannon	
Other given names	Renae	
Family name	Takarangi	
Suffix		
Date of birth	10 Dec 1973	
Date of death		
<b>CONTRIBUTIONS</b>		
Opening account balance		\$59,101.00
Employer contributions	<b>A</b>	\$15,401.00
Principal Employer ABN	<b>A1</b>	
Personal contributions	<b>B</b>	
CGT small business retirement exemption	<b>C</b>	
CGT small business 15 year exemption	<b>D</b>	
Personal injury election	<b>E</b>	
Spouse and child contributions	<b>F</b>	
Other third party contributions	<b>G</b>	
Proceeds from primary residence disposal	<b>H</b>	
Receipt date	<b>H1</b>	
Assessable foreign superannuation fund amount	<b>I</b>	
Non-assessable foreign superannuation fund amount	<b>J</b>	
Transfer from reserve: assessable amount	<b>K</b>	
Transfer from reserve: non-assessable amount	<b>L</b>	
Contributions from non-complying funds and previously non-complying funds	<b>T</b>	
Any other contributions (including Super Co-contributions and Low Income Super Contributions)	<b>M</b>	
<b>Total Contributions</b>	<b>N</b>	<b>\$15,401.00</b>

**OTHER TRANSACTIONS**

Allocated earnings or losses	<b>O</b>	(\$1,095.00)
Inward rollovers and transfers	<b>P</b>	
Outward rollovers and transfers	<b>Q</b>	
TRIS Count		
Accumulation phase account balance	<b>S1</b>	\$63,407.00
Retirement phase account balance – Non CDBIS	<b>S2</b>	
Retirement phase account balance – CDBIS	<b>S3</b>	
Accumulation phase value	<b>X1</b>	
Retirement phase value	<b>X2</b>	
Outstanding Limited recourse borrowing arrangement	<b>Y</b>	
Lump Sum payment	<b>R1</b>	\$10,000.00 B
Income stream payment	<b>R2</b>	
<b>Closing account balance</b>	<b>S</b>	<b>\$63,407.00</b>

## Member 2 — Takarangi, Tania Maree (806461280)

Account status	Open
Tax File Number	806461280
<b>INDIVIDUAL NAME</b>	
Title	Mrs
Given name	Tania
Other given names	Maree
Family name	Takarangi
Suffix	
Date of birth	25 Oct 1970
Date of death	
<b>CONTRIBUTIONS</b>	
Opening account balance	\$6,904.00
Employer contributions	<b>A</b>
Principal Employer ABN	<b>A1</b>
Personal contributions	<b>B</b>
CGT small business retirement exemption	<b>C</b>
CGT small business 15 year exemption	<b>D</b>
Personal injury election	<b>E</b>
Spouse and child contributions	<b>F</b>
Other third party contributions	<b>G</b>
Proceeds from primary residence disposal	<b>H</b>
Receipt date	<b>H1</b>
Assessable foreign superannuation fund amount	<b>I</b>
Non-assessable foreign superannuation fund amount	<b>J</b>
Transfer from reserve: assessable amount	<b>K</b>
Transfer from reserve: non-assessable amount	<b>L</b>
Contributions from non-complying funds and previously non-complying funds	<b>T</b>
Any other contributions (including Super Co-contributions and Low Income Super Contributions)	<b>M</b>
<b>Total Contributions</b>	<b>N</b>

**OTHER TRANSACTIONS**

Allocated earnings or losses	<b>O</b>	\$130.00
Inward rollovers and transfers	<b>P</b>	
Outward rollovers and transfers	<b>Q</b>	
TRIS Count		
Accumulation phase account balance	<b>S1</b>	\$7,034.00
Retirement phase account balance – Non CDBIS	<b>S2</b>	
Retirement phase account balance – CDBIS	<b>S3</b>	
Accumulation phase value	<b>X1</b>	
Retirement phase value	<b>X2</b>	
Outstanding Limited recourse borrowing arrangement	<b>Y</b>	
Lump Sum payment	<b>R1</b>	
Income stream payment	<b>R2</b>	
<b>Closing account balance</b>	<b>S</b>	<b>\$7,034.00</b>

# Capital Gains Tax Schedule

1 CURRENT YEAR CAPITAL GAINS AND CAPITAL LOSSES	Capital gains	Capital losses
Shares in companies listed on an Australian securities exchange	<b>A</b>	<b>K</b> \$1,991.00
Other shares	<b>B</b>	<b>L</b>
Units in unit trusts listed on an Australian securities exchange	<b>C</b>	<b>M</b>
Other units	<b>D</b>	<b>N</b>
Real estate situated in Australia	<b>E</b>	<b>O</b>
Other real estate	<b>F</b>	<b>P</b>
Amount of capital gains from a trust (including a managed fund)	<b>G</b>	
Collectables	<b>H</b>	<b>Q</b>
Other CGT assets and any other CGT events	<b>I</b>	<b>R</b>
Amount of capital gain previously deferred under transitional CGT relief for superannuation funds	<b>S</b>	
Total current year	<b>J</b>	<b>A</b> \$1,991.00
<b>2 CAPITAL LOSSES</b>		
Total current year capital losses applied		<b>B</b>
Total prior year net capital losses applied		<b>C</b>
Total capital losses transferred in applied (only for transfers involving a foreign bank branch or permanent establishment of a foreign financial entity)		<b>D</b>
Total capital losses applied		<b>E</b>
<b>3 UNAPPLIED NET CAPITAL LOSSES CARRIED FORWARD</b>		
Net capital losses from collectables carried forward to later income years		<b>A</b>
Other net capital losses carried forward to later income years		<b>B</b> \$35,577.00
<b>4 CGT DISCOUNT</b>		
Total CGT discount applied		<b>A</b>
<b>5 CGT CONCESSIONS FOR SMALL BUSINESS</b>		
Small business active asset reduction		<b>A</b>
Small business retirement exemption		<b>B</b>
Small business rollover		<b>C</b>
Total small business concessions applied		<b>D</b> \$0.00
<b>6 NET CAPITAL GAIN</b>		
		<b>A</b> \$0.00
1J less 2E less 4A less 5D (cannot be less than zero). Amount will appear at label A, Net capital gain on your tax return		
<b>7 EARNOUT ARRANGEMENTS</b>		
Income year earnout right created		<b>F</b>
Amended net capital gain or capital losses carried forward		<b>G</b>



**8 OTHER CGT INFORMATION REQUIRED (IF APPLICABLE)**

Small business 15 year exemption – exempt capital gains	<b>A</b>
Capital gains disregarded by a foreign resident	<b>B</b>
Capital gains disregarded as a result of a scrip for scrip rollover	<b>C</b>
Capital gains disregarded as a result of an inter-company asset rollover	<b>D</b>
Capital gains disregarded by a demerging entity	<b>E</b>

# Losses schedule

## Part A Losses carried forward to the 2020–2021 income year

### 1 TAX LOSSES CARRIED FORWARD TO LATER INCOME YEARS

2019–2020	<b>B</b>	
2018–2019	<b>C</b>	
2017–2018	<b>D</b>	
2016–2017	<b>E</b>	
2015–2016	<b>F</b>	
2014–2015 and earlier years	<b>G</b>	
<b>Total</b>	<b>U</b>	

### 2 NET CAPITAL LOSSES CARRIED FORWARD TO LATER INCOME YEARS

2019–2020	<b>H</b>	\$1,991.00
2018–2019	<b>I</b>	\$2,065.00
2017–2018	<b>J</b>	\$10,307.00
2016–2017	<b>K</b>	\$21,118.00
2015–2016	<b>L</b>	\$96.00
2014–2015 and earlier years	<b>M</b>	
<b>Total</b>	<b>V</b>	<b>\$35,577.00</b>

## Part B Ownership and same business test

### 1 WHETHER CONTINUITY OF MAJORITY OWNERSHIP TEST PASSED

2019–2020	<b>A</b>
2018–2019	<b>B</b>
2017–2018	<b>C</b>
2016–2017	<b>D</b>
2015–2016	<b>E</b>
2014–2015 and earlier years	<b>F</b>

### 2 AMOUNT OF LOSSES DEDUCTED FOR WHICH THE CONTINUITY OF MAJORITY OWNERSHIP TEST IS NOT PASSED BUT THE BUSINESS CONTINUITY TEST IS SATISFIED – EXCLUDES FILM LOSSES

Tax losses	<b>G</b>
Net capital losses	<b>H</b>

### 3 LOSSES CARRIED FORWARD FOR WHICH THE BUSINESS CONTINUITY TEST MUST BE SATISFIED BEFORE THEY CAN BE DEDUCTED IN LATER YEARS – EXCLUDES FILM LOSSES

Tax losses	<b>I</b>
Net capital losses	<b>J</b>

### 4 DO CURRENT YEAR LOSS PROVISIONS APPLY?

Is the company required to calculate its taxable income or tax loss for the year under Subdivision 165-B or its net capital gain or net capital loss for the year under Subdivision 165-CB of the <i>Income Tax Assessment Act 1997</i> (ITAA 1997)?	<b>K</b>
--	----------

**Part C Unrealised losses**

Has a changeover time occurred in relation to the company after 1.00pm by legal time in the Australian Capital Territory on 11 November 1999?	<b>L</b>
At the changeover time did the company satisfy the maximum net asset value test under section 152-15 of ITAA 1997?	<b>M</b>
If you selected No at M, has the company determined it had an unrealised net loss at the changeover time?	<b>N</b>
If you selected Yes at N, what was the amount of unrealised net loss calculated under section 165-115E of ITAA 1997?	<b>O</b>

**Part D Life insurance companies**

Complying superannuation class tax losses carried forward to later income years	<b>P</b>
Complying superannuation net capital losses carried forward to later income years	<b>Q</b>

**Part E Controlled foreign company losses**

Current year CFC losses	<b>M</b>
CFC losses deducted	<b>N</b>
CFC losses carried forward	<b>O</b>

**Part F Tax losses reconciliation statement**

Balance of tax losses brought forward from the prior income year	<b>A</b>	
<b>ADD</b> Uplift of tax losses of designated infrastructure project entities	<b>B</b>	
<b>SUBTRACT</b> Net forgiven amount of debt	<b>C</b>	
<b>ADD</b> Tax loss incurred (if any) during current year	<b>D</b>	
<b>SUBTRACT</b> Tax losses carried back	<b>K</b>	
<b>ADD</b> Tax loss amount from conversion of excess franking offsets	<b>E</b>	
<b>SUBTRACT</b> Net exempt income	<b>F</b>	
<b>SUBTRACT</b> Tax losses forgone	<b>G</b>	
<b>SUBTRACT</b> Tax losses deducted	<b>H</b>	
<b>SUBTRACT</b> Tax losses transferred out under Subdivision 170-A (only for transfers involving a foreign bank branch or a PE of a foreign financial entity)	<b>I</b>	
<b>Total tax losses carried forward to later income years</b>	<b>J</b>	<b>\$0.00</b>

22 February 2021

SF Audits Pty Ltd  
32 Wills Road  
Woollooware NSW 2230

Dear Sir / Madam,

In connection with your examination of the special purpose financial report of the Shan & Tarn Fund as at 30 June, 2020, we acknowledge our responsibility for ensuring the financial report is in accordance with the accounting standards 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.

We confirm we are knowledgeable on the matters contained in this representation letter.

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.

We confirm you have been provided with the governing rules applicable to the fund as at year end.

**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 is permitted by the legislation) or of others.

**5. Investments**

- a) Investments as at year end 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 otherwise been disclosed in the financial report;
- c) The investment strategy has been determined with due regard to risk, return, liquidity and diversification; and
- d) Every effort has been made to ensure 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, and you have been provided with copies of any updates to the governing rules made during the financial year.

## **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/trustee directors have been nominated, have consented to act, and may only be removed in such manner and circumstances as are allowed in the governing rules;
- b) The trustee(s) complied with all the trustee standards set out in the regulations and the covenants prescribed by SIS Section 52B;
- c) No individual trustee or trustee director 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 misstated as a result of fraud and advise we have no knowledge of any actual, suspected or alleged fraud affecting the fund. There have been no irregularities that could elude to a 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 misstatements that would affect the financial report of the fund.

**9. Contributions**

Contributions, if any, received by the fund have been reviewed in line with the limits imposed by the legislation, taking into account contributions paid to other superannuation funds, and any excessive contributions will be dealt with as required by the ATO.

**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.

**14. Timing of Representations**

It is taken that the above representations are applicable to the 2020 audit of the fund. Should this representation letter be signed on a date other than when the audit report is signed, we note that the above representations are still appropriate, relevant and accurate to the date on which your audit report is signed. Should this not be the case, we shall inform you prior to the finalisation of your audit, and the signing of your audit report.

Yours faithfully,

.....  
Shannon Renae Takarangi  
Trustee / Trustee Director

.....  
Tania Maree Takarangi  
Trustee/Trustee Director

22 February 2021

The Trustee  
Shan & Tarn Fund

ABN 97 747 788 286  
[www.SFAudits.com.au](http://www.SFAudits.com.au)

32 Wills Road  
Woollooware NSW 2230

[info@sfaudits.com.au](mailto:info@sfaudits.com.au)  
02 8967 0000 / 0433 649 887

## **Appointment as Auditor**

You have requested that we audit the financial statements of Shan & Tarn Fund for the year ending 30 June 2020. I am pleased to confirm my acceptance of the appointment and would now like to set out my understanding of the terms of this engagement.

## **What you must do**

Each trustee's duties and responsibilities include but are not limited to:

- Ensuring the fund has clear ownership of its investments. To protect fund assets, ownership should be recorded in a way that clearly distinguishes them from personal or business assets. Fund assets should be held in the name of the Trustee(s) as trustee for the Fund.
- Recording all assets of the fund at Market Value.
- Making and maintaining all investment transactions at arms-length, with the purchase and sale price, expenses and income always reflecting a true market value or rate of return.
- Preparing an investment strategy and making investment decisions in accordance with that strategy.
- Safeguarding of superannuation fund assets and member's benefits.
- Maintaining adequate accounting records and internal controls.
- Selecting accounting policies and preparation of the financial statements and returns.
- Implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error.
- Keeping meeting minutes, reports & fund records such as changes of trustees for a period of at least 10 years.
- Providing the auditor with the necessary documents to complete the audit in a timely and professional manner and within 14 days of a written request from the auditor.
- Compliance with the Superannuation Industry (Supervision) Act 1993 (SIS).

You may have chosen to seek assistance and/or advice with some or all of these responsibilities.

The audit of the financial report does not relieve you of these responsibilities.

You will also need to make information declarations to me and confirm that you have completed your legislative obligations. Your agreement to these terms includes authorising any existing fund auditor to communicate with me about the fund. My acceptance of this engagement is subject to any decision I may make after communication with any existing auditor.

As part of my audit, I will request from the trustees written confirmation concerning representations made to me in connection with the audit.

## **What I must do**

In accordance with Section 35C of the Superannuation Industry (Supervision) Act 1993 (“**SIS**”), the financial report of a regulated superannuation fund must be audited by an approved auditor. The auditor must give the trustee a report on the special purpose financial report in the approved form within the prescribed time after the year of income to which the financial report relates.

## **Audit of the Financial Report**

The work undertaken by me to form an opinion is permeated by judgement, in particular regarding the nature, timing and extent of the audit procedures for gathering of audit evidence and the drawing of conclusions based on the audit evidence gathered. In addition, there are inherent limitations in any audit, and these include the use of testing, the inherent limitations of any internal control structure, the possibility of collusion to commit fraud, and the fact that most audit evidence is persuasive rather than conclusive. As a result, my audit can only provide reasonable – not absolute – assurance that the financial report is free from material misstatement.

My audit will be conducted in accordance with Australian Auditing Standards. The objective of the audit is to obtain a reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an audit report on the financial report.

My audit work involves examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report in order to form an opinion as to whether, in all material respects, the financial report is fairly stated in accordance with the accounting policies described in the notes thereto.

My audit will be planned and conducted primarily to enable me to express my professional opinion as to whether the financial report complies with Australian Accounting Standards and other reporting requirements as adopted by the trustee, but, also, so as to have reasonable expectation of detecting material misstatements arising as a result of irregularities which would have a material effect on the financial report. Unless otherwise agreed to, I assume no responsibility to design audit procedures to identify matters that may be appropriate to report to you.

## **Audit of SIS compliance**

I am also required to form a conclusion in respect of compliance with certain aspects of SIS and the Regulations. It is each trustee's responsibility to ensure company with SIS and the Regulations. I note each trustee is responsible for providing access to all information that is relevant to the compliance engagement, and any additional information that may be required as part of the compliance engagement.

I note this is a direct engagement, and the compliance aspect of my audit is considered to be a reasonable assurance engagement, that is, I am required to plan the compliance engagement to reduce the engagement risk to an acceptably low level. The compliance aspect of the assurance report is intended to be used by the trustee of the fund, and the content of the report will be as determined by the ATO. My report must refer to the following sections and regulations:

- Sections: 17A, 35AE, 35B, 35C(2), 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.

## **Report on Significant Matters**

Under Section 129 of SIS I am required to report to you in writing if during the course of, or in connection with, my audit I become aware of certain contraventions of the Act or Regulations which I believe occurred, are occurring or may occur. There are instances where I will be obligated to report the contravention(s) to the Australian Taxation Office (ATO). I am also required under Section 130 to report to you and the ATO if I believe the fund may be about to become, or may be in an unsatisfactory financial position.



## **Report on Other Matters**

I am required to inform you of certain uncorrected misstatements identified during the audit, and I must obtain representations from you acknowledging the uncorrected misstatements have been brought to your attention, and that you have considered the effects of these misstatements to be either material or immaterial individually, and in aggregate to the financial report.

At the completion of the audit I will prepare an audit management letter to advise you of any matters encountered during the audit that I believe should be brought to your attention. I am also required to form an opinion on the accounting policies adopted in preparing the financial report. Please note you should not assume that matters reported to you, or that a report that there are no matters to be communicated, indicates that there are no additional matters that you should be aware of in meeting your responsibilities.

## **Privacy and Quality Control**

The conduct of my audit in accordance with Australian Auditing Standards means that information acquired by me in the course of my audit is subject to strict confidentiality requirements. I am also subject to the Privacy Act 1988 in the handling of personal information. I will not use any personal information obtained during the audit for any purpose other than for the purpose of conducting the audit.

I will keep secure personal information obtained during the audit to ensure it is not misused, lost, or improperly accessed, modified or disclosed. To manage work efficiently, I may engage a contractor or service provider to perform part of the audit function. They will have access to your fund records only for the purpose of completing part of the audit engagement. At all times their work will be subject to my supervision and control.

My audit files may be subject to review as part of the quality control review program of CPA Australia which monitors compliance with professional standards by its members. My audit files may also be subject to review by the ATO and the Australian Securities and Investments Commission (ASIC). I advise you that by signing this letter you acknowledge that, if requested, my audit files relating to this audit will be made available under any of these review programs. Should this occur I will advise you. The same strict confidentiality requirements apply under the CPA, ATO and ASIC reviews that apply to myself as your auditor.

## **Fees**

My fees, which will be billed as work progresses, are based on the time required to complete the engagement, plus direct out-of-pocket expenses. It is policy that my fees be collected within 14 days from the date the invoice was issued, and I trust that this arrangement is acceptable to you.

## **Other**

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 and SIS compliance. This letter will be effective for future years unless it is terminated, amended or superseded.

We would be pleased to provide any further information or explanations you may require.

Yours faithfully

**SF Audits Pty Ltd**

Marjon Muizer  
Principal

The Trustee(s) agree with the above terms and conditions of the audit engagement of Shan & Tarn Fund as set out in this letter and authorise any existing auditor to communicate with you in respect of professional matters associated with the fund

.....  
Shannon Renae Takarangi  
Trustee / Trustee Director

.....  
Tania Maree Takarangi  
Trustee / Trustee Director

# Investment strategy guide

## Shan & Tarn Fund

### Members

Shannon Renae Takarangi  
Tania Maree Takarangi

### Trustees

Shan & Tarn Investments Pty Ltd

### Objectives

The following investment objectives and strategies are in accordance with section 52(2)(f) of the *Superannuation Industry (Supervision) Act, 1993* ('SIS Act').

As a general investment objective, the Trustee aims to achieve reasonable medium to long-term growth maintaining low levels of capital volatility and risk.

The Trustee however, accepts that volatility will occur within asset classes in the short-term but will seek sufficient diversification through the Fund's investment portfolio to minimise risk.

The Trustee aims to:

- create superannuation Benefits to members and their Dependents to meet their retirement needs; and
- ensure that the allocation of resources are distributed amongst an appropriate selection of investments by the Fund to support the above objective.

### Investment Strategy

The Trustee will formulate, review regularly and give effect to the Fund's investment structure which may include but is not limited to all or one of the following:

- stocks, derivatives, direct equities, dividend reinvestment programs and rights issues;
- property trusts and affiliated investments;
- managed investments and affiliated products;
- direct residential industrial or commercial property investment;
- the Fund may borrow to acquire the beneficial interest in listed Company shares provided the lender's rights on any default of the borrowing or the sum of the borrowing and charges related to the borrowing are limited to rights relating to those listed shares or any replacement to the listed shares.
- the Fund may borrow to acquire the beneficial interest in real estate, provided the lenders rights on any default of the borrowing or the sum of the borrowing and charges related to the borrowing are limited to rights relating to that real estate or any replacement to the real estate.
- bank and other financial institution securities, term deposits, debentures, bonds and secured and unsecured notes; and
- any other investment that does not breach the rules of the Fund.

The below listed range of investments are merely suggestive and is subject to Trustee discretion in varying the allocation of resources at any time if market conditions or other circumstances warrant a change. If the Trustee wishes to venture into opportunities beyond the below listed parameters, the investment strategy of the Fund and all decisions made must then be revised.

After due consideration of the level of risk, diversity, liquidity, the ages of the members and the ability of the fund to discharge the fund's existing and prospective liabilities, the following indicative investment allocation was deemed appropriate:

<b>Asset Range</b>	<b>Range</b>
Cash	0-90%
Other Assets	0-10%
Shares in Listed Companies (Australian)	0-10%
Shares in Listed Companies (Overseas)	0-20%
<b>Total</b>	<b>100%</b>

The Trustee may seek professional advice of accountants, solicitors or financial planners in the structure and planning of the investment strategy. In formulating, regularly reviewing and giving effect to the investment strategy, the Trustee has taken into account the features of investment types according to both the objectives and superannuation laws summarised below:

- Investment risks and return;
- Liquidity and cash-flow requirements;
- Investment diversification;
- The Fund's ability to discharge liabilities; and
- Whether the Trustee of the Fund should hold a contract of insurance that provides insurance cover for one or more members of the Fund.

### **Insurance**

The Trustees have considered whether the Fund should hold a contract of insurance that provides insurance cover for one or more members of the Fund.

The Trustees will take out such insurance if requested to do so by a member of the Fund.

### **Policies**

In order to achieve the objectives, the Trustee had adopted the following policies:

- Regular monitoring of the Fund's investments performance covering the rate of return in income and capital growth, risk profile of the portfolio and the expected cash flow requirements.
- Revising the investment portfolio according to changes in market conditions.

The Trustee will review the strategy at least annually, reserving the right to make changes when appropriate, and to ensure that investments align with the overall strategy.

### **Executed by or on behalf of the Trustee**

**Dated:** \_\_\_\_\_

\_\_\_\_\_  
Shannon Renae Takarangi

**Dated:** \_\_\_\_\_

\_\_\_\_\_  
Tania Maree Takarangi

## **Appendix 1. Use of Derivatives and Risk Management Statement**

Derivatives are financial assets or liabilities whose values are determined by other assets, liabilities or indices. There are many different types of Derivatives. For example, forwards, futures, options, warrants, contracts for difference (CFD), swaps, etc.

The superannuation law allow super funds to invest in Derivatives; however there is a need to incorporate a Risk Management Policy in order to ensure that the investment covenants continue to be met at all times. Derivatives can improve portfolio returns – via more income – or limit potential losses if a Trustee is concerned about the value of an asset falling.

### What is the purpose of this risk management statement?

A risk management statement sets out the uses and controls related to the use of derivatives. These controls are in place to prevent the improper use of derivatives. Importantly, derivatives are not considered in isolation, but as part of the investment strategy implemented by the trustees.

### Purposes for using derivatives

Derivatives can be used by Trustees for a variety of purposes, including (but not limited to) the following:

- Tactical reasons – Derivatives may be used to effect a change in investment strategy, i.e. to effect a change in asset allocation.
- Hedging – Derivatives may be used to protect the value of an investment against market fluctuations, or to reduce volatility.
- Cost – Derivatives may be used to obtain pricing advantages over using the physical market.

Alternatively, through the use of derivatives, you can reduce the transactional costs associated with market trading.

### Methods of accessing derivatives

Derivatives are financial assets or liabilities whose values are determined by other assets, liabilities or indices. There are many different types of derivatives. For example, forwards, futures, options, warrants, contracts for difference (CFD), swaps, etc.

### Trustees may use derivatives in three broad ways:

- invest directly in derivatives
- invest in a collective investment scheme or schemes;
- employ an external investment manager to manage all or part of their investments as an individually managed portfolio, and the manager uses derivatives in managing assets for the Fund.

### Improper use of derivatives

The Trustees will avoid improper use of derivatives. Derivatives should not be used for 'speculation'. Speculation means use which results in one or more of the following:

- the net exposure of the Fund to an asset class (e.g. Australian equities) being outside the limits set out in the Fund's investment strategy.;
- the risk involved for the whole portfolio being outside that which the trustees considered appropriate when they developed and approved the Fund's investment strategy;
- the Fund holding uncovered derivatives.

### Risk Management Policies for Use of Derivatives

The Trustees have decided to enhance the management of investment risk via the use of derivatives. The trustees are not intending to use derivatives for speculation and will limit their exposure to **20%** of the assets of the Fund.

The Trustees may at times use derivatives with the following objectives:

Managing exposure limits	<p>The Trustees will:</p> <ul style="list-style-type: none"><li>• Limit market exposure to <b>20%</b> of the value of assets of the Fund.</li><li>• Excluding the use of 'naked' position unless cash equal to the exposure is available to meet the position; stock is available to meet the position; or a bought position is available to hedge the sold position and the net exposure can be met via cash held by the Fund.</li></ul>
Covering position with cash or equivalent	<p>The Trustees will ensure that cover consists of assets that in the responsible party's judgment are equivalent to cash, and can be converted to cash within the settlement period. As such, Trustees will ensure that there is sufficient cash, or equivalent, to meet all potential obligations arising from the underlying asset exposure represented by the derivative position.</p>
Covering position with derivatives	<p>The Trustees will ensure that cover consists of assets that in the responsible party's are considered a reasonable hedge. This means that net derivative positions can be considered where relevant.</p>
Liquidity The trustees will ensure:	<p>that the duration of the derivative exposure is limited such that no more than <b>20%</b> of exposure and margin is attributable to positions with an expiry of greater than 12 months; and</p> <ul style="list-style-type: none"><li>• that for positions requiring margin, sufficient liquidity is available, should margin increase due to an increase in volatility or and increase in the interval of the security</li></ul>

# Virtual Cabinet Portal Digital Signatures

## Digital Signature Verification

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## Signature Dates and Times

All dates and times shown in the signatures below are expressed in Coordinated Universal Time (UTC), which is generally equivalent to GMT.

You can find out more about UTC at the following web page:

<http://www.virtualcabinetportal.com/WhatIsUTC>

## Signature 1

Signed by Shannon Takarangi using authentication code N2V8cFVRRXZSVEco at IP address 203.43.150.242, on 2021/06/20 23:53:54 Z.

Shannon Takarangi's e-mail address is: shantarnsmsf@yahoo.com.