



**SELF-MANAGED
SUPERANNUATION FUND
INDEPENDENT AUDITOR'S
REPORT**

Approved SMSF auditor details

| | |
|----------------------------|------------------------------------|
| Name: | Luke Salmon |
| Business name: | Auditing & Accounting Solutions |
| Business postal: | P.O Box 436, Launceston, TAS, 7250 |
| SMSF auditor number (SAN): | 100036539 |

Self-managed superannuation fund details

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|--|--|
| Self-managed superannuation fund (SMSF) name: | Stewart Retirement Fund |
| Australian business number (ABN) or tax file number (TFN): | 16 425 743 554 |
| Address: | 24 Grevillea Crescent, Swan View, WA, 6056 |
| Year of income being audited: | 2017 |

To the SMSF Trustee of the Stewart Retirement Fund

Part A: Financial Report

Approved SMSF Auditor's Opinion

I have audited the special purpose financial report of the Stewart Retirement Fund comprising the statement of financial position as at 30 June 2017, and the operating statement for the year then ended, 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 statements, the financial position of the fund at 30 June 2017 and the results of its operations for the year then ended.

Basis for Opinion

My audit has been conducted in accordance with Australian Auditing Standards¹. 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 self-managed superannuation fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) 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 audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Stewart Retirement 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.

Responsibilities of SMSF Trustee Directors for the Financial Report

Each SMSF trustee director 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 director 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 trustee directors 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 trustee intends to wind-up the fund. The going concern basis of accounting is appropriate when it is reasonably foreseeable that the fund will be able to meet its liabilities as they fall due.

The trustee directors are responsible for overseeing the fund's financial reporting process.

¹The Australian Auditing Standards issued by the Auditing and Assurance Standards Board.

Approved SMSF Auditor's Responsibilities for the Audit of the Financial Report

My responsibility is to express an opinion on the financial report based on my audit. I have conducted an independent audit of the financial report in order to express an opinion on it to the trustee directors.

My objective is 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 expected to influence the economic decisions of trustee directors taken on the basis of this financial report.

I have complied with the competency standards set by Australian Securities & Investments Commission (ASIC). My audit has been conducted in accordance with Australian Auditing Standards. These standards require that I 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.

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 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 trustee directors.
- Conclude on the appropriateness of the trustee directors' 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 communicate with the trustee directors 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 identify during the audit.

Part B: Compliance report

Approved SMSF Auditor's Opinion

I have performed a reasonable assurance engagement on the Stewart Retirement Fund to provide an opinion in relation to its compliance, in all material respects, with the applicable provisions of the SISA and the SISR as listed below in the *Approved SMSF auditor's Responsibility* section of this report.

In my opinion, each trustee director of the Stewart Retirement Fund has complied, in all material respects, with the applicable provisions of the SISA and the SISR specified below, for the year ended 30 June 2017.

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.

Independence and Quality Control

I have complied with the independence requirements in accordance with the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) as required by the SISR.

I apply Australian Standard on Quality Control 1 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

I have complied with the competency standards set by ASIC.

SMSF Trustee Directors' Responsibility for Compliance

Each SMSF trustee director is responsible for complying with the requirements of the SISA and the SISR and for identifying, designing and implementing internal controls as they determine necessary to meet compliance requirements and monitor ongoing compliance.

Approved SMSF Auditor's Responsibility for the Compliance Report

My responsibility is to express an opinion on the trustee directors' compliance with the applicable requirements of the SISA and the SISR, based on the compliance engagement. My procedures included testing that the fund has an investment strategy that complies with the SISA and that the trustee directors make investments in line with that strategy, however, no opinion is made on its appropriateness to the fund members.

My reasonable assurance engagement has been conducted in accordance with applicable Standards on Assurance Engagements issued by the Auditing and Assurance Standards Board, to provide reasonable assurance that the trustee directors of the fund have complied, in all material respects, with the relevant requirements of the following provisions (to the extent applicable) of the SISA and the SISR.

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

An assurance engagement to report on the fund's compliance with the applicable requirements of the SISA and the SISR involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on my judgement, including the identification and assessment of risks of material non-compliance.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SISA and the SISR for the year ended 30 June 2017.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SISA and the SISR apart from those specified.

Inherent Limitations

Due to the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the listed provisions may occur and not be detected. A reasonable assurance engagement does not provide assurance on whether compliance with the listed provisions will continue in the future.

A handwritten signature in cursive script that reads "Salmon".

Luke Salmon
Registered SMSF Auditor
Launceston, 30 April 2018

Appendix 1 – Explanation of listed sections and regulations in compliance report

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 trustee must keep and maintain accounting records for a minimum of five years |
| S35B | The trustee must prepare, sign and retain accounts and statements |
| S35C(2) | The trustee 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"> • fund members upon their retirement • fund members upon reaching a prescribed age • the dependants of a fund member in the case of the member's death before retirement |
| S65 | The trustee must not loan monies or provide financial assistance to any member or relative at any time during the financial year |
| S66 | The trustee must not acquire any assets (not listed as an exception) from any member or related party of the fund |
| S67 | The trustee 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 trustee must comply with the in-house asset rules |
| S103 | The trustee must keep minutes of all meetings and retain the minutes for a minimum of 10 years |
| S104 | The trustee 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 trustee 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 director, 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 | The trustee 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 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 | The Trustee must not recognise an assignment of a super interest of a member or beneficiary |
| Reg 13.13 | The Trustee must not recognise a charge over or in relation to a member's benefits |
| Reg 13.14 | The Trustee 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 |

Stewart Retirement Fund

ABN 16 425 743 554

Financial Statements
For the year ended 30 June 2017



43 Sayer Street Midland 6056

Phone: 92742844 Fax: 92741665

Email: info@stpmidland.com.au

Stewart Retirement Fund
ABN 16 425 743 554
Operating Statement
For the year ended 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|---|----------|----------------------|------------------------|
| Revenue | | | |
| Employers contributions | | 4,320 | 2,094 |
| Members contributions | | 4,304 | 0 |
| Other revenue | <u>2</u> | <u>65,046</u> | <u>(24,320)</u> |
| Total revenue | | <u>73,670</u> | <u>(22,226)</u> |
| Expenses | | | |
| General administration | <u>3</u> | <u>4,536</u> | <u>4,209</u> |
| Total expenses | | <u>4,536</u> | <u>4,209</u> |
| Benefits Accrued as a Result of Operations Before Income Tax | | | |
| | | 69,134 | (26,435) |
| Income tax expense | <u>4</u> | <u>658</u> | <u>338</u> |
| Benefits Accrued as a Result of Operations | <u>5</u> | <u><u>68,477</u></u> | <u><u>(26,774)</u></u> |

The accompanying notes form part of these financial statements.

Stewart Retirement Fund
ABN 16 425 743 554
Statement of Financial Position as at 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|-----------------------|-----------------------|
| Investments | | | |
| Shares in listed companies | | 162,334 | 157,404 |
| Total Investments | | <u>162,334</u> | <u>157,404</u> |
| Other Assets | | | |
| Cash at bank | | 267,719 | 201,425 |
| Undeposited Cheques | | 0 | 24,243 |
| Preliminary expenses | | 1,659 | 1,659 |
| Total other assets | | <u>269,378</u> | <u>227,327</u> |
| Total assets | | <u>431,712</u> | <u>384,731</u> |
| Liabilities | | | |
| Income tax payable | 4 | (1,859) | (3,363) |
| Total liabilities | | <u>(1,859)</u> | <u>(3,363)</u> |
| Net Assets Available to Pay Benefits | | <u><u>433,571</u></u> | <u><u>388,094</u></u> |
| Represented by: | | | |
| Liability for Accrued Members' Benefits | | | |
| Allocated to members' accounts | | 433,571 | 388,094 |
| | 5 | <u><u>433,571</u></u> | <u><u>388,094</u></u> |

The accompanying notes form part of these financial statements.

Stewart Retirement Fund
ABN 16 425 743 554
Notes to the Financial Statements
For the year ended 30 June 2017

2017

2016

Note 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 trustees have determined that the fund is not a reporting entity.

The statements have been prepared in accordance with the requirements of the following accounting standards:

AASB 112: Income Taxes

AASB 1031: Materiality

AASB 110: Events after the Reporting Period

No other Australian Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements are prepared on an accruals 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:

- Measurement of Assets

Investments of the fund have been measured at market values after allowing for costs of realisation. Changes in the market value of assets are brought to account in the income statement in the periods in which they occur.

Market values have been determined as follows:

- (i) shares and other securities listed on the Australian Stock Exchange by reference to the relevant market quotations at the reporting date;
- (ii) mortgage loans by reference to the outstanding principal of the loans;
- (iii) units in managed funds by reference to the unit redemption price at the reporting date;
- (iv) insurance policies by reference to the surrender value of the policy; and
- (v) property, plant and equipment at trustees' assessment of their realisable value.

- 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.

The accompanying notes form part of these financial statements.

Stewart Retirement Fund
ABN 16 425 743 554
Notes to the Financial Statements
For the year ended 30 June 2017

2017

2016

- 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 recognised from the initial recognition of an asset or liability, excluding a business combination, 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 realised or liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, and the anticipation that the superannuation fund will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

- Superannuation Contributions Surcharge

The superannuation fund is recognising the superannuation contributions surcharge as an expense at the time of the receipt of an assessment from the Australian Taxation Office. The cost of the surcharge is charged to the relevant member's account.

Note 2: Other Revenue

| | | |
|--|----------------|-----------------|
| Dividends - franked | 6,419 | 9,240 |
| Dividends - unfranked | 241 | 0 |
| Dividends - franking Credits | 2,751 | 3,960 |
| Interest received | 817 | 571 |
| Total capital gains | (46,420) | (35,570) |
| Changes in NMV - other assets | 101,238 | (2,522) |
| | <u>65,046</u> | <u>(24,320)</u> |
| b) Other Assets | | |
| Unrealised other assets held at reporting date | | |
| Changes in NMV | 101,238 | (2,522) |
| | <u>101,238</u> | <u>(2,522)</u> |
| | <u>101,238</u> | <u>(2,522)</u> |

The accompanying notes form part of these financial statements.

Stewart Retirement Fund
ABN 16 425 743 554
Notes to the Financial Statements
For the year ended 30 June 2017

| | 2017 | 2016 |
|--|-------|-------|
| Note 3: General Administration Expenses | | |
| Accountancy | 3,580 | 3,270 |
| Audit fees | 650 | 650 |
| Bank Fees And Charges | 0 | 30 |
| Fees & charges | 259 | 259 |
| Filing Fees | 47 | 0 |
| | 4,536 | 4,209 |

Note 4: Income Tax Expense

The prima facie tax payable on benefits accrued as a result of operations before income tax is reconciled to the income provided in the accounts as follows:

| | | |
|--------------------|-----|-----|
| | 0 | 0 |
| Income tax expense | 658 | 338 |

The income tax expense comprises amounts set aside as:

| | | |
|--------------------|---|---|
| Income tax expense | 0 | 0 |
|--------------------|---|---|

Note 5: Liability for Accrued Benefits

Stewart Retirement Fund
ABN 16 425 743 554
Notes to the Financial Statements
For the year ended 30 June 2017

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| <hr/> | | |
| Changes in the liability for accrued benefits | | |
| Liability for accrued benefits at the beginning of the period | 388,094 | 438,692 |
| Add: | | |
| Benefits accrued as a result of operations | 68,477 | (26,774) |
| Less: | | |
| Benefits paid | <u>(23,000)</u> | <u>(23,824)</u> |
| Benefits accrued at the end of the financial period | <u><u>433,571</u></u> | <u><u>388,094</u></u> |

The accompanying notes form part of these financial statements.

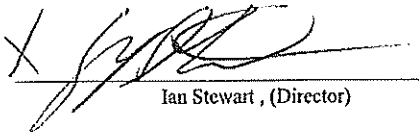
Stewart Retirement Fund
ABN 16 425 743 554
Trustee's Declaration

The director of Stewart Nominees (WA) Pty Ltd has determined that the fund is not a reporting entity and 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 director of the trustee company:

- (i) the financial statements and notes to the financial statements for the year ended 30 June 2017 present fairly, in all material respects, the financial position of the Superannuation Fund at 30 June 2017 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; and
- (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 2017.

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



Ian Stewart, (Director)

Midland

Date

Stewart Retirement Fund
ABN 16 425 743 554
Member's Information Statement
For the year ended 30 June 2017

| | 2017 | 2016 |
|--|--------|---------|
| | \$ | \$ |
| Ian Stewart (Accumulation) | | |
| Opening balance - Members fund | 17,921 | 17,289 |
| Allocated earnings | 2,794 | (1,124) |
| Employers contributions | 4,320 | 2,094 |
| Members contributions | 4,304 | 0 |
| Income tax expense - earnings | (10) | (24) |
| Income tax expense - contrib'n | (648) | (314) |
| Balance as at 30 June 2017 | 28,681 | 17,921 |
| Withdrawal benefits at the beginning of the year | 17,921 | 17,289 |
| Withdrawal benefits at 30 June 2017 | 28,681 | 17,921 |

Withdrawal Benefit

Your withdrawal benefit is the amount you are entitled to on resignation or retirement and represent the sum of:

- member contributions
- superannuation guarantee contributions
- award contributions
- other employer contributions made on your behalf

and earnings (after income tax) associated with the above contributions.

The preserved portion of your withdrawal benefit is the amount which cannot be paid out until you permanently retire from the workforce on or after age 55. The preservation age is to be increased from 55 to 60, on a phased in basis, by 2025.

Contact Details

If you require further information on your withdrawal benefit please contact Ian Stewart or write to The Trustee, Stewart Retirement Fund.

Stewart Retirement Fund
ABN 16 425 743 554
Member's Information Statement
For the year ended 30 June 2017

| | 2017 \$ | 2016 \$ |
|--|----------------|----------------|
| Ian Stewart (Pension) | | |
| Opening balance - Members fund | 370,173 | 421,402 |
| Allocated earnings | 57,716 | (27,405) |
| Benefits paid | (23,000) | (23,824) |
| Balance as at 30 June 2017 | <u>404,890</u> | <u>370,173</u> |
| Withdrawal benefits at the beginning of the year | 370,173 | 421,402 |
| Withdrawal benefits at 30 June 2017 | 404,890 | 370,173 |

Withdrawal Benefit

Your withdrawal benefit is the amount you are entitled to on resignation or retirement and represent the sum of:

- member contributions
- superannuation guarantee contributions
- award contributions
- other employer contributions made on your behalf

and earnings (after income tax) associated with the above contributions.

The preserved portion of your withdrawal benefit is the amount which cannot be paid out until you permanently retire from the workforce on or after age 55. The preservation age is to be increased from 55 to 60, on a phased in basis, by 2025.

Contact Details

If you require further information on your withdrawal benefit please contact Ian Stewart or write to The Trustee, Stewart Retirement Fund.