

Super Fund Tax Calculator					
Fund			Drummond Superannuation Fund		
Year			2022		
Assessable income			55756		49375
					1296
ECPI		19.044%	10618		967
					265
Total income			45138		3853
					55756
Less:					
Filing fee			259		
Total exps	4205		3195		
			3454		
Taxable income			41684		
Tax on earnings			6252.60		
Expenses					
			Deductible	Non- deductible	
Auditor fee		330	271	59	
Other expenses		3875	3182	693	
		4205	3454	751	

Members' Funds			Richard pension a/c	Deborah TRIS a/c	Richard acc a/c	Deborah acc a/c		
Opening balance			149888.35	296964.04	0.00	475979.80		
Contributions - taxable			0.00	0.00	0.00	21183.17		
Contributions - non taxable			0.00	0.00	0.00	0.00		
Rollovers, etc.			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		
			149888.35	296964.04	0.00	497162.97		
Less:								
Benefits			<u>149149.57</u>	<u>5940.00</u>	<u>0.00</u>	<u>0.00</u>		
			738.78	291024.04	0.00	497162.97		788925.79
Tax on contributions					0.00	3177.45		3177.45
Tax on earnings	Net income	18011.00	427.28	862.65	0.00	1411.72		2701.65
		23673.00	0.00	1313.22	0.00	2237.73		<u>3550.95</u>
Total tax								9313.05
Net income before tax per TB		-35424.28						
Less contributions		<u>21183.17</u>						
Allocation of income		-56607.45	-311.50	-20623.23	0.00	-35672.72		
HL allocation - entry in members details			-149888.35	-28739.10	0.00	-21316.45		

Drummond Superannuation Fund
ABN 61 034 579 079
Comparative Trial Balance as at 30 June 2022

	2022 \$ Dr	2022 \$ Cr	2021 \$ Dr	2021 \$ Cr
Income				
0550		49,374.82		35,586.15
0551		1,295.90		1,320.86
0567		967.12		936.86
0575		265.25		604.08
0601		5,779.47		120.58
0716.04		21,183.17		19,791.94
0865	108,886.62			134,969.75
0866	1,198.39			2,577.81
Expenses				
1510	2,530.00		2,310.00	
1512	132.00		132.00	
1535	330.00		330.00	
1545	18.00		12.50	
1685	56.00		55.00	
1688	259.00		259.00	
1780	880.00			
1998.01	427.28		716.70	
1998.02	2,175.87		1,419.96	
1998.04	3,649.45		2,290.14	
1999.04	3,177.45		2,968.80	
Current Assets				
2000	12,896.78		12,668.34	
2001	5,817.60		1,243.17	
2002	123,315.30		78,054.41	
2101	770.80		725.58	
2404			75,000.00	

The accompanying notes form part of these financial statements.

Drummond Superannuation Fund
ABN 61 034 579 079
Comparative Trial Balance as at 30 June 2022

	2022 \$ Dr	2022 \$ Cr	2021 \$ Dr	2021 \$ Cr
Non Current Assets				
2520	Shares in listed companies	537,051.22	712,560.83	
2640	Units in managed funds	37,912.26	39,557.36	
Current Liabilities				
3141	Other creditors		259.00	259.00
3325	Taxation	5,383.33	3,281.50	
Equity				
4000.01	Opening balance - Members fund		149,888.35	126,393.29
4000.02	Opening balance - Members fund		296,964.04	247,846.11
4000.04	Opening balance - Members fund		475,979.80	371,938.86
4080.01	Benefits paid	149,149.57	3,800.00	
4080.02	Benefits paid	5,940.00	4,960.00	
		<u>1,001,956.92</u>	<u>1,001,956.92</u>	<u>942,345.29</u>
			<u>942,345.29</u>	
	Net Loss	44,854.33		185,413.93

The accompanying notes form part of these financial statements.

JOURNAL SHEET

CLIENT NAME: Drummond SF PAGE NO: 1
 BALANCE DATE: 30/6/21 PREPARED BY: NJ DATE: 16/2/22

DATE	NO	DETAILS	CODE	DR		CR	
6/12/21	1.	Taxation	3325	7103	74		
		Divs	0550			7103	74
		(franking credits)					(P)
6/12/21	2.	Shares	2520			33506	66
		Units	2640			649	02
		Change in NMV - Shares	0865	33506	66		
		✓ - tax	0866	649	02		
		(Change in NMV)					(P)
6/12/21	3.	Tax on cost	1999.04	1499	55		
		Tax on earnings	1998.01	427	28		
		✓	1998.02	862	65		
		✓	1998.04	1411	75		
		Taxation	3325			4201	20
		(Tax to 6/12/21)					(P)
30/6/22	4.	Taxation	3325	5412	93		
		Divs.	0550			5412	93
		(franking credits)					(P)
30/6/22	5.	Shares	BHP in specie	2520	5356	80	
		Div	0550			5356	80
		✓	0550			2295	77
		Taxation	3325	2295	77		
		(In specie div - BHP)					(P)
	6.	Debtors	BWP	2101	460	72	
		✓	TCL	2101	310	08	
		Dist - tax	BWP	0567		460	72
		✓	TCL	0567		310	08
		(Distributions recd post 6/22)					(P)

JOURNAL SHEET

CLIENT NAME: Drummond SF PAGE NO: 2

BALANCE DATE: 30/6/22 PREPARED BY: NJ DATE: 22/2/23

DATE	NO	DETAILS	CODE	DR	CR
	7.	Dist TCL CB dec.	0567	248	22
		Units TCL CB dec	2640		248 22
		Taxation FIC	3325	0	94
		Dist TCL	0567		0 94
		(Components of TCL)			(P)
<hr/>					
	8.	Dist BWP CB adj	0567	198	49
		Units	2640		198 49
		(Components of BWP)			(P)
<hr/>					
	9.	Shares	2520	5779	47 75379 96
		Capital gain	0601		5779 47
		Change in value	0065	75379	96
		Units	2640		549 37
		Change in NMV	0866	549	37
		(Change in NMV + POS)			(P)
<hr/>					
	10	Suppliers	1688	259	-
		Other creditors	3141		259 -
		(Suppliers due 30/6/22)			(P)
<hr/>					
	11.	Tax on earnings	1998.02	1313	228
		✓	1998.04	2237	73
		Taxable	3325		1677 90
		Tax on cost	1999.04	1677	90
		(Tax for the year)			(P)

27 February 2023

Reference number: 123821183

The Trustees
Drummond Superannuation Fund
c/o NJ Accountants Pty Ltd
Unit 23, 328 ALBANY HWY
VICTORIA PARK WA 6100

Dear Trustees,

SECTION 295.390 ACTUARY'S CERTIFICATE OF EXEMPT INCOME

This certificate has been prepared for the Trustees of Drummond Superannuation Fund to certify the exempt income proportion in accordance with section 295.390 of the Income Tax Assessment Act ("ITAA") 1997 for the 2021/22 income year.

I hereby certify that the proportion of the applicable income of Drummond Superannuation Fund ("the Fund") for the year ending 30 June 2022 that should be exempt from income tax is: **19.044%**

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

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

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

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

Yours sincerely,



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

Appendix A – Information used to calculate the exempt income proportion

Fund data and financials

This certificate has been prepared at the request of, and based on data supplied by, NJ Accountants Pty Ltd on behalf of the Trustees for the 2021/22 income year. A summary of the data supplied to us for the purpose of calculating the exempt income proportion is provided below:

Name of fund: Drummond Superannuation Fund

Fund ABN: 61034579079

Trustee: Debrikd Nominess Pty Ltd

Members: (1) Richard Drummond
(2) Deborah Drummond

	Member 1	Member 2
Date of birth	30 Jun 1945	16 Apr 1957
Value of retirement phase income streams as at 1 Jul 2021	\$149,888	\$0
Value of retirement phase income streams at 1 Jul 2021 excluding liabilities in respect to segregated current pension assets.	\$149,888	\$0

The aggregate operating statement information is:

Assets available at 1 July 2021	\$922,832
Plus	
Concessional contributions	\$21,183
Less	
Pension payments and lump sum withdrawals	\$155,090
Equals	
Balance before income and expenses	\$788,926
Preliminary net income	(\$56,607)
Gross assets available at year end (before tax)	\$732,319

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

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

- ◆ Member Two converted their non-retirement phase TRIS to a retirement phase TRIS on 16 April 2022.

The information provided to us indicated that this Fund had disregarded small fund assets, as defined in section 295.387 of the ITAA 1997. The Fund therefore had no segregated current pension assets or segregated non-current assets and could not use the segregated method to claim exempt current pension income during the income year.

Minimum pension standards

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

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

Appendix B – Fund liabilities

Segregated current pension assets

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

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

However, as long as the fund was not solely in retirement phase for the entire income year, trustee(s) can choose to treat periods of the year where the fund is 100% in retirement phase as unsegregated and therefore claim exempt income solely using the proportionate method. Trustee(s) must choose to claim exempt income in this manner as, if no choice is made, periods which are 100% in retirement phase must claim exempt income under the segregated method.

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

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

A fund will not have disregarded small fund assets if all fund assets were solely supporting retirement phase interests for the entire income year.

Based on the information provided, our calculations assume that:

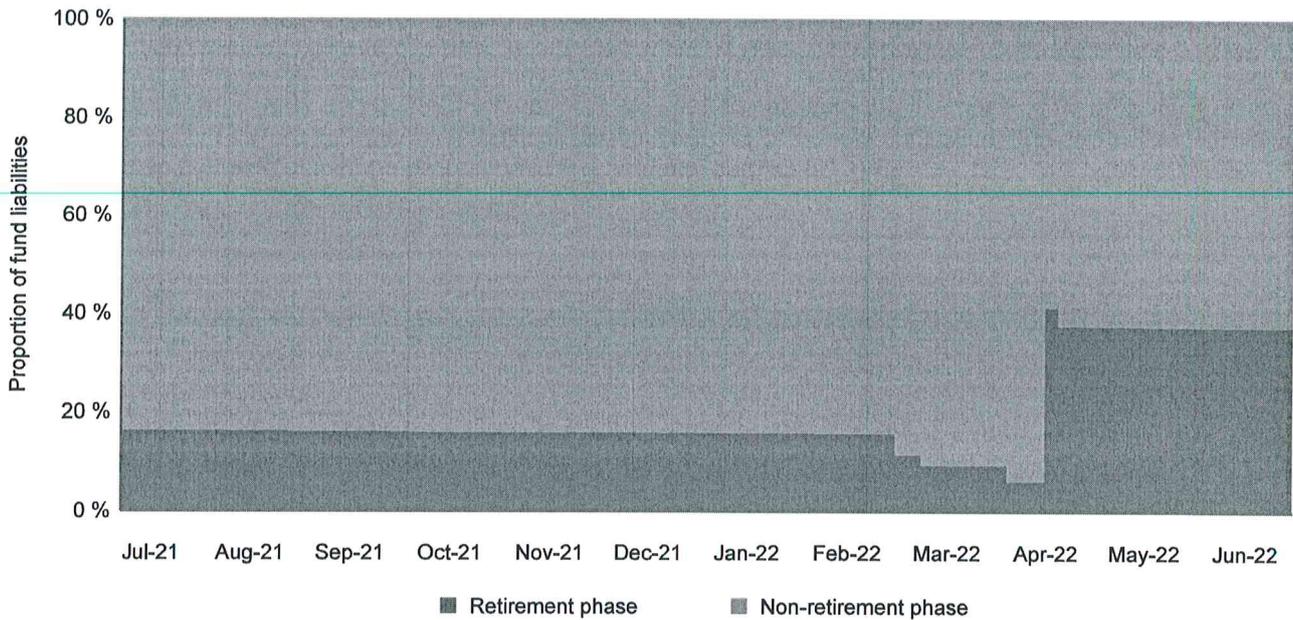
- ◆ The Fund had disregarded small fund assets for the 2022 income year and therefore had no segregated current pension assets.

Segregated non-current assets

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

Illustration of liabilities

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



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

The liabilities shown in grey and green are those that are used to calculate the exempt income proportion. These liabilities are known as 'unsegregated' and eligible income earned on assets supporting these liabilities will claim ECPI based on the exempt income proportion in this actuarial certificate.

Appendix C - Exempt income proportion results and adequacy opinion

Exempt income proportion

Superannuation funds claiming exempt current pension income ("ECPI") under section 295.390 of the ITAA 1997, known as the proportionate or unsegregated method, are required to obtain an actuary's certificate prior to lodgement of the fund's income tax return. The proportion of the applicable income, excluding income earned on segregated current pension assets and segregated non-current assets, for the year ending 30 June 2022 that should be exempt from income tax is calculated as follows:

$$\frac{\text{Average value of current pension liabilities}}{\text{Average value of superannuation liabilities}} = \frac{\$168,881}{\$886,795} = 19.044\%$$

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

	Member 1	Member 2	Fund
Exempt income proportion	12.211%	6.833%	19.044%
Non-exempt income proportion	0.000%	80.956%	80.956%

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

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

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

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

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

Adequacy opinion and methodology

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

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

Appendix D - Apportioning expenses

Methods for apportioning expenses

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

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

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

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

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

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

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

Expense deductibility proportion

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

Expense deductibility proportion:	80.956%
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This is not intended to be tax advice and you should determine whether this deductible proportion is appropriate for this fund and for each relevant fund expense prior to use.