

IS2 SUPERANNUATION FUND
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	2016	2015
	\$	\$
Investments		
Managed Investments (Australian)	1,121,403.25	5,574,429.69
Borrowing Cost	-	14,994.00
	1,121,403.25	5,589,423.69
Other Assets		
Cash at Bank	43,582.17	166,494.84
Distributions Receivable	30,101.61	239,411.22
Income Tax Refundable (Note 7)	31,154.17	-
	104,837.95	405,906.06
Total Assets	1,226,241.20	5,995,329.75
Less:		
Liabilities		
Investment Trust Loans	-	4,322,003.40
Income Tax Payable (Note 7)	-	6,361.73
PAYG Payable	3,577.00	-
	3,577.00	4,328,365.13
Net Assets Available to Pay Benefits	1,222,664.20	1,666,964.62
Represented by:		
Liability for Accrued Benefits (Notes 2, 3, 4)		
Saywell, Ivor Bruce	1,020,006.94	1,666,964.62
Saywell, Ivor Bruce	202,657.26	-
	1,222,664.20	1,666,964.62

IS2 SUPERANNUATION FUND
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Income		
Capital Gains/(Losses) - Taxable	222,693.85	320.29
Capital Gains/(Losses) - Non Taxable	195,106.91	-
Capital Gains - Tax Deferred Write Backs	(30,718.47)	-
Distributions Received	142,430.02	380,338.66
Increase in Market Value of Investments (Note 5)	-	378,796.97
Interest Received	4,262.73	7,327.73
Member/Personal Contributions - Concessional (Taxable)	35,000.00	35,000.00
Member/Personal Contributions - Non Concessional (Undeducted)	180,000.00	180,000.00
Other Income	-	387.83
Transfers In - Unrestricted Non Preserved/Tax Free	-	340,000.00
	748,775.04	1,322,171.48
Expenses		
Accountancy Fees	4,180.00	4,180.00
Administration Costs	321.00	320.00
ATO Supervisory Levy	259.00	518.00
Auditor's Remuneration	495.00	495.00
Bank Charges	15.00	-
Borrowing Expense	-	4,500.00
Decrease in Market Value of Investments (Note 5)	569,143.25	-
Investment Expenses	37,606.91	40,622.26
Interest Paid	194,727.42	22,612.43
Pensions Paid - Unrestricted Non Preserved - Tax Free	146,646.50	-
Pensions Paid - Unrestricted Non Preserved - Taxable	238,353.50	-
	1,191,747.58	73,247.69
Benefits Accrued as a Result of Operations before Income Tax	(442,972.54)	1,248,923.79
Income Tax (Note 7)		
Income Tax Expense	-	42,975.75
	-	42,975.75
Benefits Accrued as a Result of Operations	(442,972.54)	1,205,948.04

IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. Summary of Significant Accounting Policies

The trustees have prepared the financial statements on the basis that the superannuation fund is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Superannuation Industry (Supervision) Act 1993 and accompanying Regulations, the trust deed of the fund and the needs of members.

The financial statements have also been prepared on a cash basis unless stated otherwise and are based on historical costs, except for investments, which have been measured at market values.

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

The financial statements were authorised for issue by the trustees/directors of the trustee company

a. Measurement of Investments

The fund initially recognises:

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

Investments of the fund have been measured at their market values, which refers to the amount that a willing buyer could reasonably be expected to pay to acquire an asset from a willing seller if the following assumptions are made:

- that the buyer and the seller deal with each other at arm's length in relation to the sale;
- that the sale occurred after proper marketing of the asset; and
- that the buyer and the seller acted knowledgeably and prudentially in relation to the sale.

Market values have been determined as follows:

- i. shares and other securities listed on the Australian Securities Exchange by reference to the relevant market quotations at the end of the reporting period;
- ii. units in managed funds by reference to the unit redemption price at the end of the reporting period;
- iii. fixed-interest securities by reference to the redemption price at the end of the reporting period;
- iv. unlisted investments are stated at trustees' assessment based on estimated market value at balance date or where necessary, an external valuer's opinion; and
- v. investment properties at the trustees' assessment of market value or where necessary a qualified independent valuer's opinion at the end of reporting period.

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

IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

b. Cash and Cash Equivalents

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

c. Revenue

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

Interest revenue

Interest revenue is recognised in respect of fixed-interest securities, and cash and cash equivalent balances. Interest revenue is recognised upon receipt.

Dividend revenue

Dividend revenue is recognised when the dividend has been paid or, in the case of dividend reinvestment schemes, when the dividend is credited to the benefit of the fund.

Rental revenue

Rental revenue arising from operating leases on investment properties is recognised upon receipt.

Distribution revenue

Distributions from unit trusts and managed funds are recognised as at the date the unit value is quoted ex-distribution and if not received at the end of the reporting period, are reflected in the statement of financial position as a receivable at market value.

Remeasurement changes in market values

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

d. Liability for Accrued Benefits

The liability for accrued benefits represents the fund's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amount of the assets and the carrying amount of the other payables and income tax liabilities as at the end of the reporting period.

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or other payables in the statement of financial position.

f. Critical Accounting Estimates and Judgements

The preparation of financial statements requires the trustees to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

2. Liability for Accrued Benefits

Changes in the Liability for Accrued Benefits are as follows:

	2016	2015
	\$	\$
Liability for Accrued Benefits at beginning of period	1,666,964.62	461,259.58
Add:		
Benefits Accrued as a Result of Operations	(442,972.54)	1,205,948.04
- Adjustment of Deferred Tax Liability /Deferred Tax Asset	-	-
- Unused Foreign Credits	(1,327.88)	-
Less:		
- Benefits Paid	-	(243.00)
Liability for Accrued Benefits at end of period	1,222,664.20	1,666,964.62

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.

	2016	2015
	\$	\$
Vested Benefits	1,222,664.20	1,666,964.62

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:

2016	2015
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IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	\$	\$
Managed Investments (Australian)	(569,143.25)	378,796.97
Borrowing Cost	(14,994.00)	(4,500.00)
	(584,137.25)	374,296.97

6. Funding Arrangements

The employer and members contributed to the fund a percentage of the gross salaries of the employees who were members of the fund as follows:

	2016	2015
	\$	\$
Employer		
Members		

7. Income Tax

Income Tax is payable by the superannuation fund at the 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.

The Income Tax payable by the superannuation fund has been calculated as follows:

	2016	2015
	\$	\$
Benefits accrued as a result of operations before income tax	(442,972.54)	1,248,923.79
Prima facie income tax on accrued benefits	(66,445.88)	187,338.57
Add/(Less) Tax Effect of:		
Distributions Received	2,817.49	(4,840.81)
Increase in Market Value of Investments	-	(56,819.55)
Member/Personal Contributions - Non Concessional (Undeducted)	(27,000.00)	(27,000.00)
Transfers In - Unrestricted Non Preserved/Tax Free	-	(51,000.00)
Accountancy Fees	389.67	389.67
Administration Costs	29.92	29.83
Auditor's Remuneration	46.15	46.15
Bank Charges	1.40	-
Borrowing Expense	-	675.00
Decrease in Market Value of Investments	85,371.49	-
Investment Expenses	5,384.93	5,816.70
Interest Paid	18,153.17	2,108.01
Pensions Paid - Unrestricted Non Preserved - Tax Free	21,996.98	-
Pensions Paid - Unrestricted Non Preserved - Taxable	35,753.02	-
Exempt Pension Income	(57,437.40)	-
Distributed Capital Gains	(5,473.93)	(21,419.45)
Accounting (Profits)/Losses on Sale of Investments	(62,670.11)	(48.04)

IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Taxable Capital Gains	45,429.45	16,089.60
Other	3,653.65	(8,389.93)
	<u>66,445.88</u>	<u>(144,362.82)</u>
Income Tax Expense	<u>-</u>	<u>42,975.75</u>

Income tax expense comprises:

Income Tax Payable/(Refundable)	(31,154.32)	6,361.73
Imputed Credits	16,846.32	25,767.25
Foreign Credits	-	3,314.16
TFN Credits	-	316.61
Tax Instalments Paid	14,308.00	7,216.00
	<u>-</u>	<u>42,975.75</u>

**8. Reconciliation of Net Cash provided by
Operating Activities to Benefits Accrued from Operations
after Income Tax**

	2016	2015
	\$	\$
Benefits accrued from operations after income tax	(442,972.54)	1,205,948.04
Add/(Less) non cash amounts included in benefits accrued from operations		
Capital Gains/(Losses) - Taxable	(207,699.85)	(320.29)
Capital Gains/(Losses) - Non Taxable	(195,106.91)	-
Increase in Market Value of Investments	-	(378,796.97)
Borrowing Expense	-	4,500.00
Decrease in Market Value of Investments	569,143.25	-
Income Tax Expense	-	42,975.75
Other non cash items	(50,260.78)	(45,240.64)
	<u>116,075.71</u>	<u>(376,882.15)</u>
Net cash provided by operating activities	<u>(326,896.83)</u>	<u>829,065.89</u>

9. Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related item in the Statement of Financial Position or Statement of Net Assets as follows:

2016 2015

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	\$	\$
Cash	43,582.17	166,494.84

**IS2 SUPERANNUATION FUND
STATEMENT OF TAXABLE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	2016
	\$
Benefits Accrued as a Result of Operations before Income Tax	(442,973.00)
Less:	
Member/Personal Contributions - Non Concessional (Undeducted)	(180,000.00)
Accounting Capital Gains	(417,801.00)
Distributed Capital Gains	(36,493.00)
Non Taxable Distributions Received	18,783.00
Exempt Pension Income	(382,916.00)
Other Non Taxable Items	2.00
	<hr/> (998,425.00) <hr/> (1,441,398.00)
Add:	
Decrease in Market Value of Investments	569,143.00
Pensions Paid - Unrestricted Non Preserved - Tax Free	146,646.00
Pensions Paid - Unrestricted Non Preserved - Taxable	238,354.00
Taxable Capital Gains	302,863.00
Pension Member Non Deductible Expenses	160,035.00
	<hr/> 1,417,041.00 <hr/>
Taxable Income	<hr/> (24,357.00) <hr/>
Tax Payable on Taxable Income	0.00
Less:	
Imputed Credits	16,846.32
Instalments Paid	14,308.00
	<hr/> 31,154.32 <hr/>
Income Tax Payable/(Refund)	<hr/> (31,154.32) <hr/>
Add:	
Supervisory levy	259.00
Total Amount Due or Refundable	<hr/> (30,895.32) <hr/>