

IS2 SUPERANNUATION FUND

FINANCIAL STATEMENTS INDEX

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IS2 SUPERANNUATION FUND
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

June
2014
\$

Investments

Managed Investments (Australian)	4,607,781.04
Borrowing Cost	19,494.00
	<hr/> 4,627,275.04

Other Assets

Cash at Bank	220,477.25
Distributions Receivable	159,465.91
	<hr/> 379,943.16

Total Assets

5,007,218.20

Less:

Liabilities

Investment Trust Loans	4,537,575.00
Income Tax Payable (Note 7)	8,383.62
	<hr/> 4,545,958.62

Net Assets Available to Pay Benefits

461,259.58

Represented by:

Liability for Accrued Benefits (Notes 2, 3, 4)

Saywell, Ivor Bruce	461,259.58
	<hr/> 461,259.58

**IS2 SUPERANNUATION FUND
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	June
	2014
	\$
Income	
Distributions Received	273,855.50
Increase in Market Value of Investments (Note 5)	96,749.53
Interest Received	3,342.99
Member/Personal Contributions - Concessional (Taxable)	35,000.00
Member/Personal Contributions - Non Concessional (Undeducted)	115,000.00
Other Income	241.44
	<hr/>
	524,189.46
Expenses	
Borrowing Expense	3,006.00
Investment Expenses	6,727.73
Interest Paid	15,075.00
	<hr/>
	24,808.73
	<hr/>
Benefits Accrued as a Result of Operations before Income Tax	499,380.73
Income Tax (Note 7)	
Income Tax Expense	38,121.15
	<hr/>
	38,121.15
	<hr/>
Benefits Accrued as a Result of Operations	461,259.58
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IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 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 is the amount that a willing buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller if the following assumptions were 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 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 reporting date. 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 2014

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 are 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 Tax 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 Judgments

The preparation of financial statements requires the trustees to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and

IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

expenses. Actual results may differ from these estimates.

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:

	June 2014 \$
Liability for Accrued Benefits at beginning of period	
Add:	
Benefits Accrued as a Result of Operations	461,259.58
- Adjustment of Deferred Tax Liability /Deferred Tax Asset	
	<hr/>
Liability for Accrued Benefits at end of period	461,259.58 <hr/>

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.

	June 2014 \$
Vested Benefits	461,259.58 <hr/>

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:

June
2014

IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	\$
Managed Investments (Australian)	96,749.53
	<hr/>
	96,749.53
	<hr/>

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:

	June
	2014
	\$
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:

	June
	2014
	\$
Benefits accrued as a result of operations before income tax	499,380.73
	<hr/>
Prima facie income tax on accrued benefits	74,907.11
Add/(Less) Tax Effect of:	
Distributions Received	(2,006.71)
Increase in Market Value of Investments	(14,512.43)
Member/Personal Contributions - Non Concessional (Undeducted)	(17,250.00)
Borrowing Expense	450.90
Distributed Capital Gains	(11,931.51)
Taxable Capital Gains	8,463.90
Other	(.11)
	<hr/>
	(36,785.96)
	<hr/>
Income Tax Expense	38,121.15
	<hr/>

Income tax expense comprises:

IS2 SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Income Tax Payable/(Refundable)	8,383.62
Imputed Credits	21,519.96
Foreign Credits	2,721.99
TFN Credits	5,495.58
	<hr/>
	38,121.15
	<hr/>

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

	June 2014 \$
Benefits accrued from operations after income tax	461,259.58
Add/(Less) non cash amounts included in benefits accrued from operations	
Distributions Received	(10,790.07)
Increase in Market Value of Investments	(96,749.53)
Other Income	(241.44)
Income Tax Expense	38,121.15
Other non cash items	(29,737.53)
	<hr/>
	(99,397.42)
	<hr/>
Net cash provided by operating activities	361,862.16
	<hr/>

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:

	June 2014 \$
Cash	220,477.25
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IS2 SUPERANNUATION FUND

TRUSTEE: IS2 PTY LTD

ACN: 166 199 444

TRUSTEES DECLARATION

The directors of the trustee company have 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 directors of the trustee company:

- (i) the financial statements and notes to the financial statements for the year ended 30 June 2014 present fairly, in all material respects, the financial position of the superannuation fund at 30 June 2014 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements;
- (ii) the financial statements and 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 2014.

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

Ivor Bruce Saywell
Is2 Pty Ltd
Director

DATED: 04/12/2014

**IS2 SUPERANNUATION FUND
STATEMENT OF TAXABLE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	2014
	\$
Benefits Accrued as a Result of Operations before Income Tax	499,381.00
Less:	
Increase in Market Value of Investments	(96,750.00)
Member/Personal Contributions - Non Concessional (Undeducted)	(115,000.00)
Distributed Capital Gains	(79,543.00)
Non Taxable Distributions Received	(13,378.00)
Other Non Taxable Items	(1.00)
	<hr/> (304,672.00) <hr/>
	194,709.00
Add:	
Borrowing Expense	3,006.00
Taxable Capital Gains	56,426.00
	<hr/> 59,432.00 <hr/>
Taxable Income	<hr/> 254,141.00 <hr/>
Tax Payable on Taxable Income	38,121.15
Less:	
Imputed Credits	21,519.96
Foreign Credits	2,721.99
TFN Credits	5,495.58
	<hr/> 29,737.53 <hr/>
Income Tax Payable/(Refund)	<hr/> 8,383.62 <hr/>
Add:	
Supervisory levy	388.00
Supervisory levy adjustment for new funds	130.00
Total Amount Due or Refundable	<hr/> 8,901.62 <hr/>

Member's Statement
IS2 SUPERANNUATION FUND

MR IVOR BRUCE SAYWELL
PO BOX 329
BROADBEACH QLD 4218

The Trustee of the above named fund wishes to advise you of the circumstances of your entitlement in the Fund at 30 June 2014 and for the reporting period 14 October 2013 to 30 June 2014.

Your Details		Your Balance	
Date of Birth	9 November 1942	Total Benefits	\$461,259.58
Tax File Number	Provided	Comprising:	
Date Joined Fund	14 October 2013	- Preserved	
Service Period Start Date		- Restricted Non Preserved	
Date Left Fund		- Unrestricted Non Preserved	\$461,259.58
Member Mode	Accumulation	Including:	
Account Description		- Tax Free Component	\$115,000.00
Current Salary		- Taxable Component	\$346,259.58
Vested Amount	\$461,259.58		
Insured Death Benefit			
Total Death Benefit	\$461,259.58		
Disability Benefit			
Nominated Beneficiaries			

Your Detailed Account	Preserved	Restricted Non Preserved	Unrestricted Non Preserved	Total
Opening Balance at 14 October 2013				
<u>Add: Increases to Member's Account During the Period</u>				
Concessional Contributions			35,000.00	35,000.00
Non-Concessional Contributions			115,000.00	115,000.00
Other Contributions				
Govt Co-Contributions				
Employer Contributions - No TFN				
Proceeds of Insurance Policies				
Share of Net Income/(Loss) for period			349,380.73	349,380.73
Transfers in and transfers from reserves				
			499,380.73	499,380.73
			499,380.73	499,380.73
<u>Less: Decreases to Member's Account During the Period</u>				
Benefits/Pensions Paid				
Contributions Tax			5,250.00	5,250.00
Income Tax			32,871.15	32,871.15
No TFN Excess Contributions Tax				
Excess Contributions Tax				
Refund Excess Contributions				
Insurance Policy Premiums Paid				
Management Fees				
Share of fund expenses				
Superannuation Surcharge Tax				
Transfers out and transfers to reserves				
			38,121.15	38,121.15
Member's Account Balance at 30/06/2014			461,259.58	461,259.58

Reference: IS2SF / 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

Ivor Bruce Saywell
Director

Statement Date: 4 December 2014

IS2 SUPERANNUATION FUND
INVESTMENT SUMMARY REPORT AT 30 JUNE 2014

Investment	Units	Ave Cost	Mkt Price	Cost	Market	Unrealised Gain/(Loss)	Percent Gain/(Loss)	Percent Total
Cash/Bank Accounts								
Cash at Bank		220,477.25	220,477.2500	220,477.25	220,477.25			4.57%
				220,477.25	220,477.25			4.57%
Managed Investments (Australian)								
APN Areit Fund	181,402.7500	1.38	1.4090	250,241.44	255,597.56	5,356.12	2.14%	5.29%
Aberdeen Actively Hgd Int'l Equities Fund	102,433.8300	2.44	2.7146	250,000.00	278,066.87	28,066.87	11.23%	5.76%
Antares Prof High Growth Shares Fund	200,112.0628	1.25	1.1099	250,000.00	222,101.98	(27,898.02)	(11.16%)	4.60%
BT Wsale Fixed Interest Fund	215,572.9900	1.16	1.2075	250,000.00	260,304.39	10,304.39	4.12%	5.39%
EQT Pimco Wsale Aust Bond Fund	251,306.7953	0.99	1.0358	250,000.00	260,303.58	10,303.58	4.12%	5.39%
EQT Pimco Wsale Global Bond Fund	249,825.1224	1.00	1.0230	250,000.00	255,571.10	5,571.10	2.23%	5.29%
IFP Global Franchise Fund	155,824.0200	1.67	1.7959	260,790.07	279,844.36	19,054.29	7.31%	5.80%
Investors Mutual Future Leaders Fund	218,627.0223	1.14	1.1157	250,000.00	243,922.17	(6,077.83)	(2.43%)	5.05%
Ironbark Paladin Property Securities Fund	377,586.4700	0.66	0.7147	250,000.00	269,861.05	19,861.05	7.94%	5.59%
Magellan High Conviction Fund	247,011.1649	1.01	1.1604	250,000.00	286,631.76	36,631.76	14.65%	5.94%
Perennial Tactical Income Trust	235,671.1915	1.06	1.0702	250,000.00	252,221.86	2,221.86	0.89%	5.22%
Perennial Value Shares Ws Trust	202,249.0089	1.24	1.2376	250,000.00	250,303.74	303.74	0.12%	5.18%
Perpetual WIFA Industrial Share Fund	83,646.3660	2.99	2.4139	250,000.00	201,912.06	(48,087.94)	(19.24%)	4.18%
Sandhurst IML Industrial Share Fund	165,181.1158	1.51	1.5418	250,000.00	254,682.09	4,682.09	1.87%	5.27%
Schroder Wholesale Aust Equity Fund	219,992.9602	1.14	1.1336	250,000.00	249,386.95	(613.05)	(0.25%)	5.17%
Smallco Investment Fund	68,250.0700	3.66	3.7636	250,000.00	256,865.96	6,865.96	2.75%	5.32%
UBS Cash Fund	239,051.4440	1.05	1.0440	250,000.00	249,569.95	(430.05)	(0.17%)	5.17%
Zurich Inv Global Thematic Share Fund	190,389.1550	1.31	1.4740	250,000.00	280,633.61	30,633.61	12.25%	5.81%

IS2 SUPERANNUATION FUND
INVESTMENT SUMMARY REPORT AT 30 JUNE 2014

Investment	Units	Ave Cost	Mkt Price	Cost	Market	Unrealised Gain/(Loss)	Percent Gain/(Loss)	Percent Total
				4,511,031.51	4,607,781.04	96,749.53	2.14%	95.43%
				4,731,508.76	4,828,258.29	96,749.53	2.04%	100.00%

IS2 SUPERANNUATION FUND
INVESTMENT INCOME REPORT AT 30 JUNE 2014

Investment	Add												Less	Taxable Income (incl Cap Gains)	Indexed Capital Gains	Discounted Capital Gains*	Other Capital Gains*	Taxable Capital Gains
	Total	Franked	Unfranked	Franking	Foreign	TFN	Tax Free	Tax Exempt	Tax	Expenses	Capital	GST						
	Income	Amount	Amount	Credits	Credits	Credits			Deferred		Gains Disc.*							
Cash/Bank Accounts																		
Cash at Bank	3,342.99													3,342.99				
	3,342.99													3,342.99				
Managed Investments (Australian)																		
APN Areit Fund	14,187.12			41.14	51.07			269.55	3,665.95		1,351.56		8,992.27		2,703.12		2,703.12	
Aberdeen Actively Hgd Int'l Equities Fund	8,332.99				772.15								9,105.14					
Antares Prof High Growth Shares Fund	33,798.87			3,771.35	55.22			0.80	168.01		106.56		37,350.07		213.12		213.12	
BT Wsale Fixed Interest Fund	9,783.69												9,783.69					
EQT Pimco Wsale Aust Bond Fund	7,882.70					4,547.85							12,430.55					
EQT Pimco Wsale Global Bond Fund	17,760.56				6.17	867.73							18,634.46					
IFP Global Franchise Fund	10,790.07				680.66			1,495.37			1,894.75		8,080.61		3,789.51		3,789.51	
Investors Mutual Future Leaders Fund	22,687.58			2,374.63	187.84			1,139.51	556.23		4,356.69		19,197.62		8,713.37		8,713.37	
Ironbark Paladin Property Securities Fund	9,982.27			265.06	67.21				2,572.87				7,741.67					
Magellan High Conviction Fund	6,979.95												6,979.95			6,979.95	6,979.95	
Perennial Tactical Income Trust	7,605.63			125.20							44.05		7,686.78		88.09	0.44	88.53	
Perennial Value Shares Ws Trust	8,777.25			3,713.10	7.99								12,498.34					
* Includes Foreign Capital Gains																		

IS2 SUPERANNUATION FUND
INVESTMENT INCOME REPORT AT 30 JUNE 2014

Investment				Add			Less						Taxable	Indexed	Discounted	Other	Taxable
	Total	Franked	Unfranked	Franking	Foreign	TFN	Tax Free	Tax Exempt	Tax	Expenses	Capital	GST	Income	Capital	Capital	Capital	Capital
	Income	Amount	Amount	Credits	Credits	Credits			Deferred		Gains Disc.*		(incl Cap Gains)	Gains	Gains*	Gains*	Gains
Perpetual WIFA Industrial Share Fund	58,276.33			3,058.39	60.55			3,206.27	9.14		14,688.83		43,491.03		29,377.65	3,212.56	32,590.21
Sandhurst IML Industrial Share Fund	11,332.59			3,736.74	136.24				132.19		674.38		14,399.00		1,348.75		1,348.75
Schroder Wholesale Aust Equity Fund	7,861.99			3,209.22	25.49				15.39				11,081.31				
Smallco Investment Fund	2,251.07			1,225.13	46.63				146.78				3,376.05				
UBS Cash Fund	4,727.48												4,727.48				
Zurich Inv Global Thematic Share Fund	1,179.83				624.77								1,804.60				
	244,197.97			21,519.96	2,721.99	5,415.58		6,111.50	7,266.56		23,116.81		237,360.63		46,233.62	10,192.95	56,426.57
	247,540.96			21,519.96	2,721.99	5,415.58		6,111.50	7,266.56		23,116.81		240,703.62		46,233.62	10,192.95	56,426.57

* Includes Foreign Capital Gains