

THE SAMPLE FAMILY FUND

ABN 53-004-085-616

**Financial Statements
For The Year Ended 30 June 2010**

The Sample Family Fund
Financial Statements
For The Year Ended 30 June 2010

Statement of Financial Position	3
Operating Statement	4
Notes to the Financial Statements	5
Trustees' Declaration	11
Audit Report Cover Sheet	12
Audit Report	13
Detailed Profit & Loss	15

The Sample Family Fund**Statement of Financial Position**
As At 30 June 2010

	Note	2010 \$	2009 \$
Investments			
Fixed interest securities	2	25,984	25,984
Public trusts	3	205,615	235,457
Real estate properties	4	400,000	400,000
Shares in listed companies	5	599,478	626,280
Total investments		<u>1,231,077</u>	<u>1,287,721</u>
Other assets			
Cash and cash equivalents	6	1,371,960	1,276,468
Current tax assets		400	1,291
Furniture and fittings		17,500	17,500
Investment income receivable		-	8,064
Sundry debtors		-	998
Total other assets		<u>1,389,860</u>	<u>1,304,321</u>
Total assets		<u>2,620,937</u>	<u>2,592,042</u>
Liabilities			
Deferred tax liabilities	13	9,314	12,359
Sundry creditors		-	45
Total liabilities		<u>9,314</u>	<u>12,404</u>
Net assets available to pay benefits		<u>2,611,623</u>	<u>2,579,638</u>
Represented by:			
Liability for accrued benefits			
Allocated to Members' Accounts		2,611,623	2,579,638
	14	<u>2,611,623</u>	<u>2,579,638</u>

The Sample Family Fund**Operating Statement**
For The Year Ended 30 June 2010

	Note	2010 \$	2009 \$
Investment revenue			
Changes in net market values	11	(56,643)	104,487
Direct investment expenses		(7,444)	(1,058)
Dividends	7	28,506	6,225
Interest	8	2,635	1,489
Net property rentals	9	88,000	5,370
Trust distributions	10	7,541	8,819
Net investment revenue		<u>62,595</u>	<u>125,332</u>
Contributions revenue			
Employer contributions		<u>36,000</u>	<u>10,000</u>
Total contributions revenue		<u>36,000</u>	<u>10,000</u>
Total revenue		<u>98,595</u>	<u>135,332</u>
General administration expenses			
Accountancy fees		2,250	2,000
Auditor's remuneration		795	750
Bank charges		-	115
Insurance term cover		4,477	3,400
Total general administration expenses		<u>7,522</u>	<u>6,265</u>
Benefits accrued as a result of operations before income tax		91,073	129,067
Income tax benefit	12	(911)	7,803
Increase in benefits accrued as a result of operations	14	<u>91,984</u>	<u>121,264</u>

The Sample Family Fund

Notes To The Financial Statements
For The Year Ended 30 June 2010

	2010	2009
	\$	\$

1. Statement of Significant Accounting Policies

The trustees have prepared the financial statements on the basis that the fund is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of members.

The financial report has been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis. The accounting policies that have been adopted in the preparation of this report are as follows:

a. Measurement of Investments

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

Net market values have been determined as follows:

- i. shares and other securities listed on the Australia Stock Exchange by reference to the relevant market quotations at the reporting date;
- ii. units in managed funds by reference to the unit redemption price at the reporting date;
- iii. insurance policies by reference to the surrender value of the policy; and
- iv. investment properties at trustees' assessment of their realisable value.

b. 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 sundry liabilities and income tax liabilities as at reporting date.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax liability balances during the year as well as unused tax losses.

The Sample Family Fund

Notes To The Financial Statements
For The Year Ended 30 June 2010

	2010	2009
	\$	\$

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right to set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the retrospective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

2. Fixed interest securities

Sample Term Deposit	25,984	25,984
---------------------	--------	--------

3. Public trusts

At net market value of managed fund:

Sample Managed Investment 1	83,123	92,359
Sample Managed Investment 2	29,479	34,144
Sample Managed Investment 3	93,013	108,954
	205,615	235,457

4. Real estate properties

At trustees' valuation:

Sample Property, Sydney	400,000	400,000
-------------------------	---------	---------

5. Shares in listed companies

The Sample Family Fund

Notes To The Financial Statements
For The Year Ended 30 June 2010

	2010	2009
	\$	\$
At net market value:		
Sample Share 1	12,200	16,725
Sample Share 2	16,490	18,720
Sample Share 3	156,240	196,651
Sample Share 4	17,850	25,725
Sample Share 5	113,750	70,250
Sample Share 6	36,855	36,855
Sample Share 7	50,250	76,000
Sample Share 8	11,323	14,204
Sample Share 9	184,520	171,150
	<u>599,478</u>	<u>626,280</u>
	<u><u>599,478</u></u>	<u><u>626,280</u></u>
6. Cash and cash equivalents		
Cash Management Account	1,322,386	1,256,993
Cheque Account	49,574	19,475
	<u>1,371,960</u>	<u>1,276,468</u>
	<u><u>1,371,960</u></u>	<u><u>1,276,468</u></u>
7. Dividends		
Sample Share 1	1,000	-
Sample Share 2	740	775
Sample Share 3	5,033	-
Sample Share 4	1,575	3,000
Sample Share 5	6,750	-
Sample Share 7	5,750	-
Sample Share 8	938	2,450
Sample Share 9	6,720	-
	<u>28,506</u>	<u>6,225</u>
	<u><u>28,506</u></u>	<u><u>6,225</u></u>
8. Interest		
Cash Management Account	1,474	177
Sample Term Deposit	1,161	1,312
	<u>2,635</u>	<u>1,489</u>
	<u><u>2,635</u></u>	<u><u>1,489</u></u>
9. Net property rentals		
Sample Property, Sydney	<u>88,000</u>	<u>5,370</u>
	<u><u>88,000</u></u>	<u><u>5,370</u></u>

The Sample Family Fund

Notes To The Financial Statements
For The Year Ended 30 June 2010

	2010	2009
	\$	\$
10. Trust distributions		
Sample Managed Investment 1	3,556	4,769
Sample Managed Investment 2	775	698
Sample Managed Investment 3	3,210	3,351
	7,541	8,818
	7,541	8,818
11. Changes in net market values		
Other investments		
Other Investment	-	-
Public trusts		
Sample Managed Investment 1	(9,236)	(11,958)
Sample Managed Investment 2	(4,665)	(1,186)
Sample Managed Investment 3	(15,941)	(14,552)
	(29,842)	(27,696)
Real estate properties		
Sample Property, Sydney	-	225,000
Shares in listed companies		
Sample Share 1	(4,525)	(8,625)
Sample Share 2	(2,230)	(292)
Sample Share 3	(40,410)	40,680
Sample Share 4	(7,875)	1,075
Sample Share 5	43,500	(52,500)
Sample Share 6	-	-
Sample Share 7	(25,750)	(58,750)
Sample Share 8	(2,881)	(1,036)
Sample Share 9	13,370	(13,370)
	(26,801)	(92,818)
	(56,643)	104,486
12. Income tax expense		
The components of tax expense comprise:		
Current tax	2,133	(944)
Deferred tax	(3,044)	8,746
Income Tax Expense	(911)	7,802
	(911)	7,802

The Sample Family Fund

Notes To The Financial Statements
For The Year Ended 30 June 2010

	2010	2009
	\$	\$
The prima facie tax on benefits accrued before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on benefits accrued before tax at 15%	13,661	19,360
Add tax effect of:		
unrealised capital gains	2,914	(6,401)
franking credits	1,959	568
realised capital gains	-	246
Less tax effect of:		
trust distributions	(123)	(382)
income tax attributable to pensioners	(6,260)	(1,799)
gross franking credits	(13,063)	(3,789)
Income Tax Expense	(912)	7,803

13. Deferred tax liability

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred Tax Liability			
Foreign tax credits	(20)	-	(20)
Investments	12,379	(3,044)	9,335
Balance at 30 June 2010	12,359	(3,044)	9,315
Foreign tax credits	-	(20)	(20)
Investments	3,633	8,746	12,379
Balance at 30 June 2009	3,633	8,726	12,359

14. Liability for accrued benefits

Balance at beginning of financial period	2,579,638	2,508,374
Benefits accrued as a result of operations	91,985	121,263
Benefits paid	(60,000)	(50,000)
Balance at end of financial period	2,611,623	2,579,637

15. Vested benefits

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

The Sample Family Fund**Notes To The Financial Statements**
For The Year Ended 30 June 2010

	2010	2009
	\$	\$
Vested benefits	<u>2,611,623</u>	<u>2,579,638</u>

16. Guaranteed benefits

No guarantees have been made in respect of any portion of the liability for accrued benefits.

The Sample Family Fund

Trustees' Declaration

The directors of the trustee company have determined that the fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to these 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 2010 present fairly the financial position of the superannuation fund at 30 June 2010 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* during the year ended 30 June 2010.

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

Jane Sample (Director)

John Sample (Director)

Dated this ____ day of _____ 2010

The Sample Family Fund

Self Managed Superannuation Fund Independent Auditor's Report

Auditor Details

Name:

Postal Address:

Business Name:

Business Postal Address:

Professional Organisation:

Professional Registration Number:

Self-Managed Superannuation Fund Details

SMSF Name: The Sample Family Fund

ABN or TFN: 123-456-782

Address:

Year of income being audited: 30 June 2010

The Sample Family Fund

Self-managed superannuation fund independent auditor's report

To the trustees of The Sample Family Fund

Part A: Financial report

I have audited the special purpose financial report comprising the Statement of Financial Position, Operating Statement, Statement of Significant Accounting Policies and other Notes to the Financial Statements of the SMSF for the year ended 30 June 2010.

Trustee's responsibility for the financial report

The trustee is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the SMSF's governing rules, comply with the requirements of the *Superannuation Industry (Supervision) Act 1993* (SISA) and the Superannuation Industry (Supervision) Regulations 1994 (SISR) and are appropriate to meet the needs of the members. The trustee's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. I have conducted an independent audit of the financial report in order to express an opinion on it to the trustee. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the trustee's financial reporting requirements under the SMSF's governing rules and regulatory requirements.

I disclaim any assumption of responsibility for any reliance on this report, or on the financial statements to which it relates, to any person other than the members, or for any purpose other than that for which it was prepared.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trustee's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the trustee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

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 2010 and the results of its operations for the year then ended.

The Sample Family Fund

Self-managed superannuation fund independent auditor's report

Part B: Compliance Report

Trustee's responsibility for compliance

The trustee is responsible for complying with the requirements of the SISA and the SISR.

Auditor's responsibility

My responsibility is to express an opinion on the trustee's compliance, based on the compliance engagement. My audit has been conducted in accordance with applicable Standards on Assurance Engagements to provide reasonable assurance that the trustee of the fund has 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, 35A, 35B, 35C(2), 52(2)(d), 52(2)(e), 62, 65, 66, 67, 69-71E, 73-75, 80-85, 103, 104A, 109, 126K

Regulations: 4.09, 5.08, 6.17, 7.04, 13.12, 13.13, 13.14

An explanation of each of these sections and regulations is attached as an appendix to assist trustees. Please ensure that it is attached to the fund's audit report.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SISA and the SISR.

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. My procedures with respect to section 62 included testing that the fund trust deed establishes the fund solely for the provision of retirement benefits for fund members or their dependants in the case of the member's death before retirement; a review of investments to ensure the fund is not providing financial assistance to members, unless allowed under the legislation; and that no preserved benefits have been paid before a condition of release has been met.

My procedures with respect to regulation 4.09 included testing that the fund trustee has an investment strategy, that the trustee has given consideration to risk, return, liquidity and diversification and that the fund's investments are made in line with that investment strategy. No opinion is made on the investment strategy or its appropriateness to the fund members.

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

Auditor's Opinion

In my opinion the trustee of The Sample Family Fund has complied, in all material respects, with the requirements of the SISA or the SISR specified above, for the year ended 30/06/2010.

Signature

Signature of approved auditor _____

Date:

The Sample Family Fund

Self-managed superannuation fund independent auditor's report

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

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

Section or Regulation	Explanation
S17A	The Fund must meet the definition of an SMSF
S35A	The trustees must keep and maintain accounting records for a minimum of five years
S35B	The trustees must prepare and maintain proper accounting records
S35C(2)	The trustees must provide the auditor with requested documents to complete the audit in a timely manner
S52(2)(d)	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
S52 (2)(e)	The trustee must not enter into a contract that would prevent / hinder them from exercising the powers of a trustee
S62	The fund must be maintained for the sole purpose of providing benefits to fund members upon their retirement, or upon reaching a prescribed age, or to the dependents in the case of a member's death before retirement
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 exemption) 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 exemption)
S69-71E	Outline of the in-house asset rules that trustees must follow. (These relate to transactions of any kind with a related party of the fund)
S73-75	Outline of the manner in which in-house assets must be valued by trustees (arms length market value)
S80-85	The trustees must comply with the in-house asset rules
S103	The trustees must keep minutes of all meetings and maintain the

The Sample Family Fund

Self-managed superannuation fund independent auditor's report

	minutes for a minimum of 10 years
S104A	Trustees who became a trustee on or after 1 July 2007, must sign and maintain a trustee declaration
S109	All investment transactions must be made and maintained at arms length i.e. 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
Reg 4.09	Trustees must have an investment strategy for the fund
Reg 5.08	Member benefits must be maintained in the fund until transferred or cashed out in a permitted fashion
Reg 6.17	Payments must be made in accordance with Part 6 of the regulations and be permitted by the trust deed
Reg 7.04	Contributions must be accepted in accordance with the applicable rules for the year being audited
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

The Sample Family Fund

Detailed Profit & Loss For The Year Ended 30 June 2010

	2010	2009
	\$	\$
Contributions		
Employer		
Sample, Jane - Accumulation Account	18,000	-
Sample, John - Accumulation Account	18,000	10,000
	<hr/>	<hr/>
	36,000	10,000
	<hr/>	<hr/>
Total contributions	36,000	10,000
Investment Revenue		
Dividends		
Sample Share 1	1,000	-
Sample Share 2	740	775
Sample Share 3	5,033	-
Sample Share 4	1,575	3,000
Sample Share 5	6,750	-
Sample Share 7	5,750	-
Sample Share 8	938	2,450
Sample Share 9	6,720	-
	<hr/>	<hr/>
	28,506	6,225
Interest		
Cash Management Account	1,474	177
Sample Term Deposit	1,161	1,312
	<hr/>	<hr/>
	2,635	1,489
Movement in investments net market value		
Sample Managed Investment 1	(9,236)	(11,958)
Sample Managed Investment 2	(4,665)	(1,186)
Sample Managed Investment 3	(15,941)	(14,552)
Sample Property, Sydney	-	225,000
Sample Share 1	(4,525)	(8,625)
Sample Share 2	(2,230)	(292)
Sample Share 3	(40,410)	40,680
Sample Share 4	(7,875)	1,075
Sample Share 5	43,500	(52,500)
Sample Share 6	-	-
Sample Share 7	(25,750)	(58,750)
Sample Share 8	(2,881)	(1,036)
Sample Share 9	13,370	(13,370)
	<hr/>	<hr/>
	(56,643)	104,486
Rental income		
Sample Property, Sydney	88,000	5,370
Trust distributions		
Sample Managed Investment 1	3,556	4,769
Sample Managed Investment 2	775	698

The accompanying notes form part of these financial statements

The Sample Family Fund

Detailed Profit & Loss For The Year Ended 30 June 2010

	2010	2009
	\$	\$
Sample Managed Investment 3	3,210	3,351
	<u>7,541</u>	<u>8,818</u>
Total investment revenue	70,039	126,388
Total revenue	<u>106,039</u>	<u>136,388</u>
Expenses		
Accountancy fees	2,250	2,000
Auditor's fees	795	750
Bank charges	-	115
Life insurance		
Jane Sample - Accumulation Account	1,804	1,285
John Sample - Accumulation Account	2,673	2,115
	<u>4,477</u>	<u>3,400</u>
Rental expenses		
Council rates	1,465	450
Land tax	2,386	-
Property agent fees/commission	-	468
Repairs and maintenance	3,593	124
Sundry rental expenses	-	17
	<u>7,444</u>	<u>1,059</u>
Total expenses	<u>14,966</u>	<u>7,324</u>
Benefits accrued as a result of operations before income tax	<u>91,073</u>	<u>129,064</u>