



# **SMSF 1 Demo Accumulation Fund**

ABN 12 004 044 937

Trustees: Gwyneth Hilfiger & Grey Hilfiger

**Financial Statements**

**For the year ended 30 June 2012**

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**SMSF 1 Demo Accumulation Fund**  
**Statement of Financial Position**  
**as at 30 June 2012**

	Note	2012 \$	2011 \$
<b>Assets</b>			
Investments			
Collectibles	6A	11,000.00	11,000.00
Direct Property	6B	486,750.09	486,750.09
Other Assets	6C	27,496.47	27,496.47
Shares in Listed Companies	6D	1,411,137.44	1,291,517.57
Stapled Securities	6E	29,701.80	27,300.60
Units In Unlisted Unit Trusts	6F	191,770.00	200,000.00
Other Assets			
Cash At Bank		729,791.62	631,097.86
Receivables		8,326.92	1,662.86
Deferred Tax Assets		19,112.70	-
Current Tax Assets		7,545.14	28,410.41
<b>Total Assets</b>		<b><u>2,922,632.18</u></b>	<b><u>2,705,235.86</u></b>
<b>Liabilities</b>			
Borrowings		321,750.00	321,750.00
Deferred Tax Liability		51,636.90	-
<b>Total Liabilities</b>		<b><u>373,386.90</u></b>	<b><u>321,750.00</u></b>
<b>Net Assets Available to Pay Benefits</b>		<b><u>2,549,245.28</u></b>	<b><u>2,383,485.86</u></b>
<i>Represented by:</i>			
<b>Liability for Accrued Benefits</b>	2		
Mr Grey Hilfiger		1,733,662.33	1,637,921.31
Mrs Gwyneth Hilfiger		815,582.95	745,564.55
<b>Total Liability for Accrued Benefits</b>		<b><u>2,549,245.28</u></b>	<b><u>2,383,485.86</u></b>

*The accompanying notes form part of these financial statements.  
This report should be read in conjunction with the accompanying compilation report.*

**SMSF 1 Demo Accumulation Fund**  
**Operating Statement**  
**For the period 1 July 2011 to 30 June 2012**

	Note	2012 \$	2011 \$
<b>Income</b>			
Member Receipts			
Contributions			
Employer		20,000.00	18,000.00
Member		50,000.00	50,000.00
Investment Gains			
Increase in Market Value	8A	113,791.07	83,632.12
Investment Income			
Distributions	7A	4,758.46	4,354.89
Dividends	7B	38,022.99	34,221.34
Foreign Income	7C	4,788.88	4,863.21
Interest	7D	3,954.08	4,013.21
Rent	7E	41,940.00	45,384.18
		<b>277,255.48</b>	<b>244,468.95</b>
<b>Expenses</b>			
Member Payments			
Life Insurance Premiums		14,300.00	13,800.00
Other Expenses			
Fund Administration Fee		11,880.00	-
Interest Paid		33,099.00	35,086.12
Property Expenses		27,058.00	25,893.35
SMSF Supervisory Levy		180.00	150.00
		<b>86,517.00</b>	<b>74,929.47</b>
<b>Benefits Accrued as a Result of Operations before Income Tax</b>		<b>190,738.48</b>	<b>169,539.48</b>
<b>Income Tax</b>			
Income Tax Expense		24,979.06	28,913.63
		<b>24,979.06</b>	<b>28,913.63</b>
<b>Benefits Accrued as a Result of Operations</b>		<b>165,759.42</b>	<b>140,625.85</b>

*The accompanying notes form part of these financial statements.  
This report should be read in conjunction with the accompanying compilation report.*

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**SMSF 1 Demo Accumulation Fund**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2012**

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**Note 1 - Statement of Significant Accounting Policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. They have been consistently applied in the current and previous periods unless otherwise stated to ensure the financial information satisfies the concept of relevance and reliability.

**(a) Statement of Compliance**

The trustees have prepared the financial statements on the basis that the superannuation fund is a non-reporting entity because the members are able to command the preparation of tailored reports so as to satisfy specifically all of their information needs and there are no other users dependent on the financial statements. The financial statements are therefore special purpose financial statements that have been prepared with reference to Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans*, other applicable Australian Accounting Standards and Interpretations to the extent they are not inconsistent with AAS 25, and in accordance with the legislative requirements of the *Superannuation Industry (Supervision) Act 1993* and *Regulations 1994* and the provisions of the Trust Deed.

**(b) Basis of Preparation**

The financial statements have been prepared on a cash basis using historical costs convention unless stated otherwise. For investments and financial liabilities, they are measured at market values.

The financial statements are presented in Australian dollars, which is the functional currency of the fund.

**(c) Use of 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 expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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.

**(d) Cash and Cash Equivalents**

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

**(e) Valuation of Assets**

*Investment*

An investment is initially recognised when as a result of past transactions or events, the Fund controls the future economic benefits expected to flow from the asset.

The investment assets are firstly recorded at cost, being the fair value of the consideration given. After initial recognition, they are measured at market value. Gains or losses arising from changes in market value are recognised on the Operating Statement in the periods in which they occur.

*This report should be read in conjunction with the accompanying compilation report.*

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## SMSF 1 Demo Accumulation Fund

### Notes to the Financial Statements

### For the Year Ended 30 June 2012

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Market value as defined in s10 of SISA 1993, in relation to an asset, means 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:

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

As disposal costs are generally immaterial unless otherwise stated, market value approximates fair value.

Market values for various types of investment have been determined as follows:

- i. listed securities, foreign securities quoted on a recognised stock exchange, government and other fixed interest securities for which there is a readily available market quotation, the valuation is recorded as the last quoted sale price as at the close of business on reporting date;
- ii. unit trusts and managed funds are stated by reference to the unit redemption price quoted by the fund manager at the end of the reporting period;
- iii. unlisted investments are stated at the Trustees' valuation based on estimated market value at balance date; or where necessary, upon external valuers' expert opinions;
- iv. investment property is valued by an independent valuer at least every three years, in the intervening periods properties may be recorded on the basis of the Trustees' determination of market value as at the reporting date.

#### *Financial Liabilities*

The Fund initially recognises a financial liability on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities including credit balances of hedging instruments and derivatives are measured at market values as at the reporting date. Any change in market values of the financial liabilities since the beginning of the reporting period shall be included in the profit or loss for the reporting period. As disposal costs are generally immaterial, unless otherwise stated, market value approximates fair value.

#### *Receivables and Payables*

Current assets such as accounts receivable, which are expected to be recovered within twelve months after the reporting period, are carried at nominal amounts which approximate the fair values.

Accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the goods and services received, whether or not billed to the Fund and are carried at nominal amounts which are equivalent to fair values.

### **(f) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following recognition criteria relate to the specific items of revenue the Fund receives:

#### *Interest*

The interest revenue is recognised by the Fund on a cash receipt basis, unless the Fund chooses the accrual method and the amount can be reliably measured by reference to the principal outstanding and using the effective interest rate of the instrument calculated at the acquisition or origination date.

#### *Dividend Revenue*

The entitlement to a dividend is based on the date the shares are quoted ex-dividend; the actual dividend revenue is recognised by the Fund when it is received.

#### *Distribution Revenue*

Distributions from unit trusts and managed funds are recognised as at the date the unit value is quoted ex-distributions 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.

*This report should be read in conjunction with the accompanying compilation report.*

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# SMSF 1 Demo Accumulation Fund

## Notes to the Financial Statements

### For the Year Ended 30 June 2012

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#### *Rental Income*

Rent from investment properties is recognised by the Fund on a cash receipt basis.

#### *Movement in market values*

Changes in the market value of investments are determined as the difference between the market value at balance date or consideration received (if sold during the year) and the market value as the prior year end or cost (if the investment was acquired during the period). All movements are recognised in the Operating Statement.

#### *Contributions and Rollovers In*

Contributions and rollovers in are recognised when the control and the benefits from the revenue have been attained and are recorded by the Fund, gross of any taxes, in the period to which they relate.

### **(g) Income Tax**

The income tax on the benefits accrued as a result of operations for the year comprises current and deferred tax. Income tax expense is recognised in the Operating Statement.

Current income tax expense is calculated by reference to the amount of income taxes payable in respect of the taxable income for the year using tax rates enacted or substantively enacted by reporting date and any adjustment to tax payable in respect of previous years. 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 any unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled and their measurements also reflect the manner in which the Trustees expect to recover or settle the carrying amounts of the related assets or liabilities.

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 assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefits will be realised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset when a legally enforceable right of set-off exists, they relate to income taxes levied by the same taxation authority and the fund intends to settle the tax assets and liabilities on a net basis in future when they are realised.

The financial report was authorised for issue on 31 December 2012 by the trustee of the fund.

### **Note 2 - 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. Changes in the Liability for Accrued Benefits are as follows:

	<b>Current</b>
<b>Liability for Accrued Benefits at beginning of period</b>	2,383,485.86
Benefits Accrued during the period	165,759.42
<b>Liability for Accrued Benefits at end of period</b>	<u>2,549,245.28</u>

### **Note 3 - Vested Benefits**

*This report should be read in conjunction with the accompanying compilation report.*

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## SMSF 1 Demo Accumulation Fund

### Notes to the Financial Statements

For the Year Ended 30 June 2012

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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 period.

	<b>Current</b>
<b>Vested Benefits at beginning of period</b>	2,383,485.86
Benefits Accrued during the period	165,759.42
<b>Vested Benefits at end of period</b>	<u>2,549,245.28</u>

#### Note 4 - Guaranteed Benefits

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

#### Note 5 - Funding Arrangements

No fixed funding arrangements were in place for the Fund as at year end.

#### Note 6A - Collectibles

At trustees' valuation:	<b>Current</b>
Painting - Early Morning Mail	11,000.00
	<u>11,000.00</u>

#### Note 6B - Direct Property

At trustees' valuation:	<b>Current</b>
Quantum Property Warrant - 31 Smith Street	486,750.09
	<u>486,750.09</u>

#### Note 6C - Other Assets

At market value:	<b>Current</b>
Other Assets	2,859.47
Prepaid expenses	24,637.00
	<u>27,496.47</u>

#### Note 6D - Shares in Listed Companies

At market value:	<b>Current</b>
Asciano Limited	276,225.00
James Hardie Industries N.V	91,938.00
Magellan Financial Group	49,058.70
National Australia Bank Limited	117,441.06
Resmed Inc	42,980.00
Servcorp Limited	66.25
Wasabi Energy Limited	17,000.00
Westpac Banking Corporation	405,717.13
Worleyparsons Limited	410,711.30
	<u>1,411,137.44</u>

#### Note 6E - Stapled Securities

At market value:	<b>Current</b>
Transurban Group	29,701.80
	<u>29,701.80</u>

*This report should be read in conjunction with the accompanying compilation report.*



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## SMSF 1 Demo Accumulation Fund

### Notes to the Financial Statements

For the Year Ended 30 June 2012

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#### Note 6F - Units In Unlisted Unit Trusts

At market value:	Current
Sample Unit Trust 1 (Geared)	191,770.00
	<u>191,770.00</u>

#### Note 7A - Distributions

	Current
Sample Unit Trust 1 (Geared)	3,218.56
Transurban Group	1,539.90
	<u>4,758.46</u>

#### Note 7B - Dividends

	Current
Asciano Limited	2,857.50
Magellan Financial Group	684.54
National Australia Bank Limited	4,390.32
Servcorp Limited	3.13
Westpac Banking Corporation	15,360.80
Worleyparsons Limited	14,726.70
	<u>38,022.99</u>

#### Note 7C - Foreign Income

	Current
James Hardie Industries N.V	4,788.88
	<u>4,788.88</u>

#### Note 7D - Interest

	Current
Macquarie CMA	3,954.08
	<u>3,954.08</u>

#### Note 7E - Rent

	Current
Quantum Property Warrant - 31 Smith Street	41,940.00
	<u>41,940.00</u>

#### Note 8A - Increase in Market Value

	Current
<b>Shares in Listed Companies</b>	
Asciano Limited	172,085.00
James Hardie Industries N.V	24,255.00
Magellan Financial Group	18,938.94
National Australia Bank Limited	(10,377.12)
Resmed Inc	2,800.00
Servcorp Limited	(5.00)
Wasabi Energy Limited	(15,000.00)
Westpac Banking Corporation	(21,697.13)
Worleyparsons Limited	(51,379.82)

*This report should be read in conjunction with the accompanying compilation report.*

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**SMSF 1 Demo Accumulation Fund**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2012**

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	<u>119,619.87</u>
<b>Stapled Securities</b>	
Transurban Group	<u>2,401.20</u>
	<u>2,401.20</u>
<b>Units In Unlisted Unit Trusts</b>	
Sample Unit Trust 1 (Geared)	<u>(8,230.00)</u>
	<u>(8,230.00)</u>
<b>Total Increase in Market Value</b>	<u><b>113,791.07</b></u>

*This report should be read in conjunction with the accompanying compilation report.*