

Example Trust

ABN 12 345 678 901

Financial Statements - 30 June 2007

Example Trust
Income statement
For the year ended 30 June 2007

	2007	2006
	\$	\$
Add: Income		
Dividends received	27,340	24,827
Interest received	1,215	1,032
Rent received	529,255	487,415
Share of profit - partnerships	14,230	12,450
	<u>572,040</u>	<u>525,724</u>
Less: Expenses		
Accounting fees	3,200	2,950
Bank charges - general	489	420
Computer expenses	104	326
Depreciation	48,736	51,218
Diminution in value of investments	97,600	124,200
Donations	5,000	5,000
General expenses	294	241
Insurance	4,583	3,840
Interest paid - bank	202,208	162,472
Land tax	45,932	39,478
Legal costs	490	620
Pest control	280	165
Printing and stationary	105	93
Rates	5,799	4,320
Repairs and maintenance	1,938	763
Subscriptions	65	60
Telephone	304	301
	<u>417,127</u>	<u>396,467</u>
Net profit before income tax expense	154,913	129,257
Income tax expense	<u>-</u>	<u>-</u>
Net profit after income tax expense	<u><u>154,913</u></u>	<u><u>129,257</u></u>

Example Trust
Balance sheet
As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	2	66,200	48,048
Trade and other receivables	3	204	132
Other	4	735	517
Total current assets		<u>67,139</u>	<u>48,697</u>
Non-current assets			
Receivables	5	520,000	425,000
Investments	6	571,680	580,450
Investment property	7	4,249,877	3,676,128
Property, plant and equipment	8	2,763	2,638
Intangibles	9	1,820	1,820
Total non-current assets		<u>5,346,140</u>	<u>4,686,036</u>
Total assets		<u>5,413,279</u>	<u>4,734,733</u>
Current liabilities			
Trade and other payables	10	9,617	7,527
Beneficiaries' current accounts	11	2,213,083	1,964,437
Provisions	12	18,100	16,800
Other	13	27,340	23,830
Total current liabilities		<u>2,268,140</u>	<u>2,012,594</u>
Non-current liabilities			
Borrowings	14	2,890,000	2,467,000
Total non-current liabilities		<u>2,890,000</u>	<u>2,467,000</u>
Total liabilities		<u>5,158,140</u>	<u>4,479,594</u>
Net assets		<u>255,139</u>	<u>255,139</u>
Equity			
Settled sum	15	100	100
Retained profits	16	255,039	255,039
Total equity		<u>255,139</u>	<u>255,139</u>

Example Trust
Notes to the financial statements
30 June 2007

Note 1. Significant accounting policies

Basis of accounting

This is a special purpose financial report prepared for the beneficiaries of the trust to enable compliance with the Income Tax Assessment Act 1936. The trustee of the trust has determined that the accounting policies adopted are appropriate to meet their needs.

The financial report has been prepared in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views with the exception of the disclosure requirements in the following:

AASB 7	Financial Instruments: Disclosures
AASB 107	Cash Flow Statements
AASB 110	Events after the Balance Sheet Date
AASB 112	Income Taxes
AASB 114	Segment Reporting
AASB 117	Leases
AASB 119	Employee Benefits
AASB 124	Related Party Disclosures
AASB 132	Financial Instruments: Presentation
AASB 139	Financial Instruments: Recognition and Measurement

In the opinion of the trustee, compliance with these standards would have placed unreasonable burden upon the trust for a comparably minor benefit.

The financial report is prepared in accordance with the historical cost convention and do not take into account changing monetary values. The accrual and going concern basis have been adopted. Comparative information is reclassified where appropriate to enhance comparability.

The following is a summary of the significant accounting policies adopted in the preparation of these financial statements. Unless otherwise stated, these accounting policies are consistent with those of the previous year.

Acquisition of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Revenue recognition

Other revenue is recognised when it is received or when the right to receive payment is established.

Investment property

Investment property is held for long-term rental yields and is carried at fair value.

Depreciation of property, plant and equipment

Depreciation is calculated on a straight line and diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Intangible assets

Formation costs

Costs in relation to the formation of the entity are capitalised as an asset. These costs are not subsequently amortised.

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Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of current payables.

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on:
- short term and long term borrowings

Rounding of amounts

Amounts in the financial report have been rounded off to the nearest dollar.

Note 2. Current assets - cash and cash equivalents

	2007	2006
	\$	\$
Cash on hand	100	100
Cash at bank	16,100	12,948
Cash on deposit	50,000	35,000
	<u>66,200</u>	<u>48,048</u>

Note 3. Current assets - trade and other receivables

	2007	2006
	\$	\$
Interest receivable	<u>204</u>	<u>132</u>

Note 4. Current assets - other

	2007	2006
	\$	\$
Prepayments - insurance	<u>735</u>	<u>517</u>

Note 5. Non-current assets - receivables

	2007	2006
	\$	\$
Receivable from Example Generation I Trust	400,000	350,000
Receivable from Example Generation II Trust	<u>120,000</u>	<u>75,000</u>
	<u>520,000</u>	<u>425,000</u>

Example Trust
Notes to the financial statements
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Note 6. Non-current assets - investments

	2007	2006
	\$	\$
Shares in Example AV Limited - at cost	364,800	364,800
Less: Provision for diminution	(221,800)	(124,200)
	<u>143,000</u>	<u>240,600</u>
Shares in Example BC Limited - at cost	180,500	140,400
Shares in Example CA Limited - at cost	101,250	101,250
Shares in Example DD Limited - at cost	34,500	-
Investment in Example Green Partnership	112,430	98,200
	<u>571,680</u>	<u>580,450</u>

Note 7. Non-current assets - investment property

	2007	2006
	\$	\$
Investment property - Sydney City - at cost	2,576,310	2,576,310
Less: Accumulated depreciation	(125,849)	(92,717)
	<u>2,450,461</u>	<u>2,483,593</u>
Investment property - Manly - at cost	1,219,237	1,219,237
Less: Accumulated depreciation	(37,183)	(26,702)
	<u>1,182,054</u>	<u>1,192,535</u>
Investment property - Cronulla - at cost	621,300	-
Less: Accumulated depreciation	(3,938)	-
	<u>617,362</u>	<u>-</u>
	<u>4,249,877</u>	<u>3,676,128</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	3,676,128	3,726,096
Additions	621,300	-
Depreciation expense	(47,551)	(49,968)
	<u>4,249,877</u>	<u>3,676,128</u>

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Notes to the financial statements
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Note 8. Non-current assets - property, plant and equipment

	2007	2006
	\$	\$
Office equipment - at cost	9,524	8,214
Less: Accumulated depreciation	(6,761)	(5,576)
	<u>2,763</u>	<u>2,638</u>
	<u>2,763</u>	<u>2,638</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	2,638	3,888
Additions	1,310	-
Depreciation expense	(1,185)	(1,250)
	<u>2,763</u>	<u>2,638</u>
Closing fair value	<u>2,763</u>	<u>2,638</u>

Note 9. Non-current assets - intangibles

	2007	2006
	\$	\$
Formation costs	<u>1,820</u>	<u>1,820</u>

Note 10. Current liabilities - trade and other payables

	2007	2006
	\$	\$
Interest payable	8,312	6,657
Other payables	<u>1,305</u>	<u>870</u>
	<u>9,617</u>	<u>7,527</u>

Example Trust
Notes to the financial statements
30 June 2007

Note 11. Current liabilities - beneficiaries' current accounts

	2007	2006
	\$	\$
Anthony Example		
Opening balance	1,259,342	1,414,434
Trust distribution	50,000	50,000
Drawings	(213,510)	(205,092)
Closing balance	<u>1,095,832</u>	<u>1,259,342</u>
Brad Example		
Opening balance	327,664	329,498
Trust distribution	30,000	20,000
Funds contributed	350,000	-
Drawings	(19,314)	(21,834)
Closing balance	<u>688,350</u>	<u>327,664</u>
Christina Example		
Opening balance	237,453	233,326
Trust distribution	30,000	20,000
Funds contributed	40,000	-
Drawings	(13,697)	(15,873)
Closing balance	<u>293,756</u>	<u>237,453</u>
Daniel Example		
Opening balance	94,759	90,026
Trust distribution	30,000	20,000
Drawings	(19,898)	(15,267)
Closing balance	<u>104,861</u>	<u>94,759</u>
Elizabeth Example		
Opening balance	45,219	91,834
Trust distribution	14,913	19,257
Drawings	(29,848)	(65,872)
Closing balance	<u>30,284</u>	<u>45,219</u>
	<u>2,213,083</u>	<u>1,964,437</u>

Note 12. Current liabilities - provisions

	2007	2006
	\$	\$
Provisions - accounting fees	3,000	3,000
Provisions - repairs and maintenance	<u>15,100</u>	<u>13,800</u>
	<u>18,100</u>	<u>16,800</u>

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Note 13. Current liabilities - other

	2007	2006
	\$	\$
Income received in advance	17,140	15,230
Rental bond received	10,200	8,600
	<u>27,340</u>	<u>23,830</u>

Note 14. Non-current liabilities - borrowings

	2007	2006
	\$	\$
Loan - Australian Bank Limited	<u>2,890,000</u>	<u>2,467,000</u>

Note 15. Equity - settled sum

	2007	2006
	\$	\$
Settled sum	<u>100</u>	<u>100</u>

Note 16. Equity - retained profits

	2007	2006
	\$	\$
Retained profits at the beginning of the financial year	255,039	255,039
Net profit after income tax expense	154,913	129,257
Trust distribution - Anthony Example	(50,000)	(50,000)
Trust distribution - Brad Example	(30,000)	(20,000)
Trust distribution - Christina Example	(30,000)	(20,000)
Trust distribution - Daniel Example	(30,000)	(20,000)
Trust distribution - Elizabeth Example	(14,913)	(19,257)
	<u>255,039</u>	<u>255,039</u>
Retained profits at the end of the financial year	<u>255,039</u>	<u>255,039</u>

