

Superannuation Funds Management Corporation of South Australia

Financial report
for the year ended
30 June 2018



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To the Chairman, Board of Directors Superannuation Funds Management Corporation of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 28 of the *Superannuation Funds Management Corporation of South Australia Act 1995*, I have audited the financial report of the Superannuation Funds Management Corporation of South Australia for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Superannuation Funds Management Corporation of South Australia as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- Schedule 1: Asset Sector Funds Under Management for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman, Board of Directors, the Chief Executive Officer, the Chief Operating Officer and the Chair, Audit and Risk Committee.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Superannuation Funds Management Corporation of South Australia. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive and Board of Directors for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the entity is to be liquidated or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

- conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and Board of Directors about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

18 September 2018

Funds SA
Financial Statements for the year ended 30 June 2018

Certification of the Financial Statements

We certify that the attached general purpose financial statements for Funds SA:

- comply with any relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of Funds SA; and
- present a true and fair view of the financial position of Funds SA as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by Funds SA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe Funds SA will be able to pay its debts as and when they become due and payable.

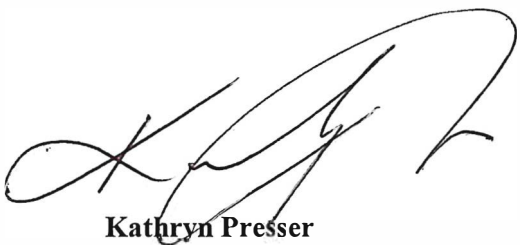


John Piteo
Chief Operating Officer



Jo Townsend
Chief Executive Officer

Approved by a resolution of the Board of Directors dated 10th September 2018.



Kathryn Presser
Chair of Audit and Risk Committee



Paul Laband
Chairman, Board of Directors

Funds SA
Financial Statements for the year ended 30 June 2018

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Income			
Revenues from fees and charges		10,161	8,031
Interest revenues		80	61
Other income		5	-
Total Income		10,246	8,092
Expenses			
Employee benefits costs	3	6,030	4,986
Supplies and services	5	2,098	1,670
Depreciation and amortisation expense	6	182	194
Total Expenses		8,310	6,850
Net Surplus		1,936	1,242
Total Comprehensive Result		1,936	1,242
The Net Surplus and Comprehensive Result is attributable to the SA Government as owner			

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Funds SA
Financial Statements for the year ended 30 June 2018

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Current Assets			
Cash and cash equivalents		5,995	5,558
Receivables		3,020	907
Total Current Assets		9,015	6,465
Non-Current Assets			
Property, plant and equipment	7	973	1,105
Investments in Funds SA Unit Trusts	16	-	-
Total Non-Current Assets		973	1,105
Total Assets		9,988	7,570
Current Liabilities			
Payables	8	891	510
Employee benefits	9	528	505
Total Current Liabilities		1,419	1,015
Non-Current Liabilities			
Payables	8	85	80
Employee benefits	9	955	882
Total Non-Current Liabilities		1,040	962
Total Liabilities		2,459	1,977
Net Assets		7,529	5,593
Equity			
Retained earnings		7,529	5,593
Total Equity		7,529	5,593
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	11		
Contingent assets and liabilities	12		

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Funds SA
Financial Statements for the year ended 30 June 2018

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Retained Earnings	Total
	\$'000	\$'000
Balance at 30 June 2016	4,351	4,351
Total comprehensive result for 2016-17	1,242	1,242
Balance at 30 June 2017	5,593	5,593
Total comprehensive result for 2017-18	1,936	1,936
Balance at 30 June 2018	7,529	7,529
Changes in equity are attributable to the SA Government as owner		

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Funds SA
Financial Statements for the year ended 30 June 2018

STATEMENT OF CASHFLOWS
For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Cash flows from Operating Activities			
Cash inflows			
Receipts from fees and charges		9,062	8,752
Interest received		78	61
Cash generated from operations		9,140	8,813
Cash outflows			
Employee benefit payments		(5,856)	(4,909)
Supplies and services		(2,200)	(1,755)
GST paid to the ATO		(597)	(670)
Cash used in operations		(8,653)	(7,334)
Net cash provided by operating activities	13	487	1,479
Cash flows from Investing Activities			
Cash outflows			
Purchase of property, plant and equipment		(50)	(21)
Cash used in investing activities		(50)	(21)
Net cash used in investing activities		(50)	(21)
Net increase in cash and cash equivalents		437	1,458
Cash and cash equivalents at the beginning of the financial year		5,558	4,100
Cash and cash equivalents at the end of the financial year		5,995	5,558

The above Statement of Cashflows should be read in conjunction with the accompanying notes.

Funds SA

Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT

This schedule provides information in relation to assets under Funds SA's management as at balance date.

The disclosure of this information is voluntary. The basis of valuation of asset class investments is fair value as required under *AASB13 Fair Value Measurement*. The sources of valuations are provided below.

This schedule provides the following information:

- Investment Valuation Sources
- Statement of Income and Expenses of Assets Under Management
- Statement of Net Assets Under Management
- Financial Instruments and Management of Portfolio Risk

Investment Valuation Sources

Discretely Managed Portfolios

Funds SA's custodian, JP Morgan, has valued each portfolio using market prices applicable at balance date.

Managed Funds

Pooled Funds / Unlisted Unit Trusts

Investments in pooled funds and other unlisted unit trusts have been valued by Funds SA's custodian in accordance with the valuations supplied by the relevant fund managers.

Private Equity

The value of private equity investments is based on the most recent fund valuations supplied by the relevant fund managers.

Currency Hedge Overlay

The value of the currency hedge overlay, as at 30 June 2018, is supplied by Funds SA's custodian and represents either the payable or receivable associated with closing out the forward rate agreements in place, on that date, as part of Funds SA's currency management strategy.

Internally Managed Investments

Internally Managed Inflation Linked Securities

These investments, the returns of which are linked to movements in either the Consumer Price Index or Average Weekly Earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer, Interactive Data Corporation.

Funds SA
Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2018

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses) ¹ \$'000	Unrealised gains / (losses) ² \$'000	Expenses \$'000	TOTAL \$'000
Australian Equities A	233,313	118,117	390,060	(18,818)	722,672
Australian Equities B	49,915	4,558	76,685	(5,210)	125,948
International Equities A	116,454	187,424	541,758	(28,505)	817,131
International Equities B	35,904	18,789	65,751	(4,574)	115,870
Property A	146,488	-	246,810	(16,685)	376,613
Property B	6,456	-	58,614	(2,571)	62,499
Diversified Strategies Growth A	262,069	6,126	143,177	(88,469)	322,903
Diversified Strategies Growth B	32,069	(82)	20,680	(11,629)	41,038
Diversified Strategies Income	89,870	33,224	(43,411)	(33,513)	46,170
Inflation Linked Securities A	37,389	-	(14,393)	(2,469)	20,527
Inflation Linked Securities B	47,635	10,797	4,842	(3,010)	60,264
Long Term Fixed Interest	48,025	(7,399)	503	(3,220)	37,909
Short Term Fixed Interest	23,124	(823)	(1,521)	(1,280)	19,500
Cash	25,344	-	-	(724)	24,620
Socially Responsible	5,415	-	4,377	(746)	9,046
Absolute Return (MAC)	2	-	(2)	-	-
Diversified Strategies Income (MAC)	12,150	153	(4,041)	(910)	7,352
Fixed Interest (MAC)	32,677	(7,010)	(10,292)	(543)	14,832
TOTAL	1,204,299	363,874	1,479,597	(222,876)	2,824,894

⁽¹⁾ Realised gains / (losses) represents realised gains and losses over either cost for those investments which had been acquired and disposed of within the financial period, or over market values previously brought to account where the investments disposed of were held at the commencement of the period.

⁽²⁾ Unrealised gains / (losses) represents unrealised gains and losses, over either cost for those investments acquired during the period, or over market value at the commencement of the period for those investments acquired prior to the commencement of the period, and held at balance date.

Funds SA
Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2017

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses)¹ \$'000	Unrealised gains / (losses)² \$'000	Expenses \$'000	TOTAL \$'000
Australian Equities A	224,342	102,989	409,074	(21,410)	714,995
Australian Equities B	34,286	3,947	84,894	(3,239)	119,888
International Equities A	119,532	196,354	658,270	(29,652)	944,504
International Equities B	34,122	17,874	81,198	(4,378)	128,816
Property A	165,571	-	122,186	(15,766)	271,991
Property B	21,822	-	21,733	(2,156)	41,399
Diversified Strategies Growth A	178,624	20,788	116,947	(65,506)	250,853
Diversified Strategies Growth B	14,448	1,349	18,215	(7,070)	26,942
Diversified Strategies Income	67,540	36,477	186,837	(42,558)	248,296
Inflation Linked Securities A	36,594	1,202	(20,131)	(1,932)	15,733
Inflation Linked Securities B	48,016	17,026	(21,282)	(2,401)	41,359
Long Term Fixed Interest	43,250	6,131	(56,317)	(2,865)	(9,801)
Short Term Fixed Interest	22,796	(9,293)	(2,604)	(999)	9,900
Cash	26,996	-	-	(724)	26,272
Socially Responsible	3,198	-	5,033	(666)	7,565
Absolute Return (MAC)	1	-	3,979	(539)	3,441
Infrastructure (MAC)	389	-	13,933	(1,767)	12,555
Diversified Strategies Income (MAC)	18,199	10,131	16,586	(4,840)	40,076
Fixed Interest (MAC)	14,835	(4,486)	(6,378)	(246)	3,725
TOTAL	1,074,561	400,489	1,632,173	(208,714)	2,898,509

⁽¹⁾ Realised gains / (losses) represents realised gains and losses over either cost for those investments which had been acquired and disposed of within the financial period, or over market values previously brought to account where the investments disposed of were held at the commencement of the period.

⁽²⁾ Unrealised gains / (losses) represents unrealised gains and losses, over either cost for those investments acquired during the period, or over market value at the commencement of the period for those investments acquired prior to the commencement of the period, and held at balance date.

Funds SA

Financial Statements for the year ended 30 June 2018

STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2018

Asset Sector	Discretely Managed Portfolios \$'000	Managed Funds \$'000	Internally Managed Investments \$'000	Currency Hedge Overlay \$'000	Other Assets \$'000	Liabilities \$'000	Total \$'000
Australian Equities A	5,894,200	-	-	-	752	(4,749)	5,890,203
Australian Equities B	331,716	767,756	-	-	213	(623)	1,099,062
International Equities A	5,297,160	872,641	-	(16,864)	966	(6,146)	6,147,757
International Equities B	440,033	491,639	-	(2,782)	170	(648)	928,412
Property A	10	3,381,213	-	-	2,478	(338)	3,383,363
Property B	-	576,521	-	-	508	(81)	576,948
Diversified Strategies Growth A	-	2,638,891	-	(37,556)	6,111	(460)	2,606,986
Diversified Strategies Growth B	-	365,414	-	(4,675)	3,014	(86)	363,667
Diversified Strategies Income	2,046,153	2,708,777	-	(54,009)	2,746	(7,050)	4,696,617
Inflation Linked Securities A	-	-	377,406	-	(2,904)	(140)	374,362
Inflation Linked Securities B	1,302,971	376,764	-	-	1,037	(538)	1,680,234
Long Term Fixed Interest	1,542,568	-	-	-	344	(750)	1,542,162
Short Term Fixed Interest	834,486	-	-	-	523	(304)	834,705
Cash	-	1,153,948	-	-	107	(55)	1,154,000
Socially Responsible	-	104,648	-	-	14	(25)	104,637
Diversified Strategies Income (MAC)	179,189	86,891	1,772	-	389	(530)	267,711
Fixed Interest (MAC)	670,378	-	-	-	21	(141)	670,258
TOTAL	18,538,864	13,525,103	379,178	(115,886)	16,489	(22,664)	32,321,084

Funds SA

Financial Statements for the year ended 30 June 2018

STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2017

Asset Sector	Discretely Managed Portfolios \$'000	Managed Funds \$'000	Internally Managed Investments \$'000	Currency Hedge Overlay \$'000	Other Assets \$'000	Liabilities \$'000	Total \$'000
Australian Equities A	5,459,925	-	-	-	1,195	(4,659)	5,456,461
Australian Equities B	281,686	650,217	-	-	283	(581)	931,605
International Equities A	4,702,773	790,213	-	35,506	1,090	(5,734)	5,523,848
International Equities B	379,196	436,452	-	5,164	1,662	(658)	821,816
Property A	28	3,036,122	-	-	7,482	(380)	3,043,252
Property B	-	502,016	-	-	6,355	(77)	508,294
Diversified Strategies Growth A	-	2,151,538	-	24,128	5,302	(608)	2,180,360
Diversified Strategies Growth B	-	261,558	-	2,713	8,278	(89)	272,460
Diversified Strategies Income	1,928,029	2,347,022	-	45,576	3,046	(13,208)	4,310,465
Inflation Linked Securities A	-	-	390,297	-	755	(206)	390,846
Inflation Linked Securities B	1,350,699	257,627	-	-	4,246	(518)	1,612,054
Long Term Fixed Interest	1,383,672	-	-	-	346	(852)	1,383,166
Short Term Fixed Interest	744,601	-	-	-	2,165	(109)	746,657
Cash	-	1,173,841	-	-	360	(81)	1,174,120
Socially Responsible	-	91,544	-	-	7	(29)	91,522
Absolute Return (MAC)	-	-	-	-	196	(195)	1
Infrastructure (MAC)	-	132,498	-	-	1	(16)	132,483
Diversified Strategies Income (MAC)	263,353	135,397	2,057	-	497	(2,982)	398,322
Fixed Interest (MAC)	268,215	-	-	-	63	(68)	268,210
TOTAL	16,762,177	11,966,045	392,354	113,087	43,329	(31,050)	29,245,942

Funds SA

Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Fair Value Hierarchy

In accordance with the disclosure requirements under AASB 13 *Fair Value Measurement*, Funds SA has adopted the fair value hierarchy disclosures for the funds under management as at 30 June 2018. This requires the disclosure of investments using a fair value hierarchy that reflects the subjectivity of the inputs used in valuing the investments.

The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As per AASB 13 paragraph 73, “the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement”. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the investment.

The determination of what constitutes ‘observable’ requires judgement. Funds SA considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

The table below sets out Funds SA’s investments (by asset class) measured at fair value according to the fair value hierarchy at 30 June 2018.

Funds SA
Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2018					
Financial assets and liabilities through profit or loss	Level 1	Level 2	Level 3	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Equities A	5,894,148	-	-	(3,945)	5,890,203
Australian Equities B	328,979	767,756	-	2,327	1,099,062
International Equities A	5,291,685	855,810	-	262	6,147,757
International Equities B	800,371	128,219	-	(178)	928,412
Property A	2,459	496,399	2,884,814	(309)	3,383,363
Property B	502	75,402	501,119	(75)	576,948
Diversified Strategies Growth A	5,647	129,653	2,472,090	(404)	2,606,986
Diversified Strategies Growth B	3,004	40,289	320,450	(76)	363,667
Diversified Strategies Income	122,303	4,581,288	-	(6,974)	4,696,617
Inflation Linked Securities*	795,605	885,882	373,703	(594)	2,054,596
Long Term Fixed Interest	1,477,179	65,714	-	(731)	1,542,162
Short Term Fixed Interest	504,597	330,373	-	(265)	834,705
Cash	1,154,040	-	-	(40)	1,154,000
Socially Responsible	12	104,648	-	(23)	104,637
Diversified Strategies Income (MAC)	21,008	247,206	-	(503)	267,711
Fixed Interest (MAC)	346,074	324,311	-	(127)	670,258
Total	16,747,613	9,032,950	6,552,176	(11,655)	32,321,084

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

There were no transfers of assets between Levels 1, 2 or 3 during the year ended 30 June 2018 and 2017.

Funds SA
Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2017					
Financial assets and liabilities through profit or loss	Level 1	Level 2	Level 3	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Equities A	5,460,405	-	-	(3,944)	5,456,461
Australian Equities B	281,956	650,217	-	(568)	931,605
International Equities A	4,701,998	825,721	-	(3,871)	5,523,848
International Equities B	650,513	171,654	-	(351)	821,816
Property A	7,489	438,606	2,597,516	(359)	3,043,252
Property B	6,352	66,623	435,392	(73)	508,294
Diversified Strategies Growth A	5,275	179,862	1,995,805	(582)	2,180,360
Diversified Strategies Growth B	8,275	44,462	219,809	(86)	272,460
Diversified Strategies Income	77,881	4,245,742	-	(13,158)	4,310,465
Inflation Linked Securities*	639,895	973,330	390,297	(622)	2,002,900
Long Term Fixed Interest	1,291,483	92,518	-	(835)	1,383,166
Short Term Fixed Interest	458,398	288,345	-	(86)	746,657
Cash	1,174,185	-	-	(65)	1,174,120
Socially Responsible	6	91,544	-	(28)	91,522
Absolute Return (MAC)	196	-	-	(195)	1
Infrastructure (MAC)	-	-	132,499	(16)	132,483
Diversified Strategies Income (MAC)	22,078	379,187	-	(2,943)	398,322
Fixed Interest (MAC)	133,980	134,293	-	(63)	268,210
Total	14,920,365	8,582,104	5,771,318	(27,845)	29,245,942

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

Funds SA

Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Opening Balance - 1 July 2017	Purchases	Disposals	Unrealised Gains / (Losses)	Closing Balance - 30 June 2018
Level 3 Financial Assets and Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Property A	2,597,516	95,583	(24,431)	216,146	2,884,814
Property B	435,392	16,013	(4,305)	54,019	501,119
Diversified Strategies Growth A	1,995,805	560,591	(217,712)	133,406	2,472,090
Diversified Strategies Growth B	219,809	100,951	(22,930)	22,620	320,450
Inflation Linked Securities*	390,297	-	-	(16,594)	373,703
Infrastructure (MAC)	132,499	-	(132,499)	-	-
Total	5,771,318	773,138	(401,877)	409,597	6,552,176

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

Funds SA

Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Level 1

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include listed equities and developed market nominal sovereign bonds.

Level 1 also includes cash at bank, term deposits, bank bills, promissory notes and interest receivable on these investments.

Level 2

Investments that trade in markets that are not considered to be sufficiently active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds, certain non-US sovereign bonds, over-the-counter derivatives (including the foreign currency hedge overlay) and certain unlisted unit trusts where the nature of the underlying investments allows for ready transaction of units at the observable price.

Level 3

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available for these investments, Funds SA has used industry standard valuation techniques to derive fair value. Level 3 investments include certain directly held non traded index-linked securities and unlisted unit trusts where the underlying investments have been valued using an appraisal methodology and the unit price is provided for predominantly valuation rather than transaction purposes.

Other

Although not specifically required by AASB 13, 'Other' includes accrued expenses and GST payable (to the ATO) / receivable (from the ATO) for each asset class and is included in the above disclosure for completeness purposes only.

Funds SA

Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Financial Instruments and Management of Portfolio Risk

Use of derivative financial instruments

Derivatives can be defined as financial contracts whose value depend on, or are derived from other specific assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, currency forward rate agreements and exchange-traded futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers, for the purposes described above.

The fair value of all derivative positions as at 30 June 2018 is incorporated within the Statement of Net Assets Under Management in Schedule 1.

Market Risk

Market risk is the risk that investment returns generated by the different financial markets will be volatile and will underperform long-term expectations over the short / medium term.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub-markets; and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

Liquidity Risk

Three types of liquidity risk are inherent in Funds SA's investment activities. The first is the risk that investor redemption requests are unable to be satisfied due to the inability to liquidate investments. The second is the risk that significant transaction costs will be incurred in liquidating investments to meet investors' cash redemption requirements. The third is that investment returns may be below expectations due to the portfolio's asset allocation significantly deviating from targets.

Funds SA manages liquidity risk as follows:

- Firstly, by giving careful consideration to the expected net cash redemption requirements of Funds SA's investors. The allocation to cash in the strategic asset allocation of each investment option is set at a level sufficient to manage expected cash redemptions.
- Secondly, a large proportion of each investment option is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

Funds SA

Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Financial Instruments and Management of Portfolio Risk (continued)

Currency Risk

Funds SA's foreign currency exposure arises from its investment in assets denominated in foreign currencies.

Funds SA's strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the Diversified Strategies Growth A, Diversified Strategies Growth B, Diversified Strategies Income, Fixed Interest and Inflation Linked Securities asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities A and International Equities B asset sectors are 20% hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above.

Interest Rate Risk

Interest rate risk is the risk that a movement in interest rates will cause the value of interest rate sensitive securities to underperform expectations.

Funds SA manages interest rate risk through:

- ensuring asset allocations for different investment options are consistent with the time horizon of each; and
- the use of specialist external investment managers to manage Funds SA's cash and fixed interest portfolios.

Funds SA
Financial Statements for the year ended 30 June 2018

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Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements

1.1 Reporting entity

The financial report covers Funds SA as an individual reporting entity. Funds SA is a statutory authority of the State of South Australia, established pursuant to the *Superannuation Funds Management Corporation of South Australia Act 1995* (hereinafter referred to as the Funds SA Act).

1.2 Statement of compliance

This financial report has been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The financial report has been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

1.3 Purpose of the financial statements

The purpose of the financial statements is to discharge Funds SA's reporting obligations in respect of its financial affairs under Section 26(1) of the Funds SA Act, and in respect of each of the funds, as required by Section 26(2) of the Funds SA Act.

As at 30 June 2018, Funds SA managed the following funds:

Public Sector Superannuation Funds:

- South Australian Superannuation Scheme:
 - South Australian Superannuation Fund (Old Scheme Division)
 - South Australian Superannuation Fund (New Scheme Division)
 - South Australian Superannuation Scheme - Employer Contribution Accounts
- Police Superannuation Scheme:
 - Police Superannuation Fund (Old Scheme Division)
 - Police Superannuation Scheme - Employer Contribution Account
- Southern State Superannuation Scheme:
 - Southern State Superannuation Fund
- Super SA Retirement Investment Fund:
 - Super SA Flexible Rollover Product
 - Super SA Income Stream
- Parliamentary Superannuation Scheme
- Judges' Pension Scheme
- Governors' Pension Scheme

Eligible Superannuation Funds:

- South Australian Ambulance Service Superannuation Scheme
- South Australian Metropolitan Fire Service Superannuation Scheme

Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements (continued)

1.3 Purpose of the financial statements (continued)

Nominated Funds of Approved Authorities:

- South Australian Government Financing Authority
- Adelaide Cemeteries Authority
- Motor Accident Commission – Compulsory Third Party Fund
- Lifetime Support Authority
- Health Services Charitable Gifts Board
- The University of Adelaide Endowment Fund

Other (Established by the Public Corporation (Southern Select Super Corporation) Regulations 2012)

- Super SA Select

1.4 Format and content of Funds SA's financial statements

Funds SA adopts the format and content of the Model Financial Statements developed by the Department of Treasury and Finance.

The Statement of Financial Position does not incorporate the funds under management as assets of Funds SA. The Statement of Comprehensive Income does not incorporate the investment revenue and expenses. The financial statements of these funds are disclosed separately under Note 17 in accordance with section 26(2) of the Funds SA Act.

Controlled entities have not been consolidated into Funds SA's Statement of Financial Position as they form part of the asset sectors under management. Accordingly, they are incorporated within the asset sector financial information in Schedule 1.

1.5 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying Funds SA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies (Refer Note 14);

Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements (continued)

1.5 Basis of preparation (continued)

- b) expenses incurred as a result of engaging consultants (Refer Note 5);
- c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees (Refer Note 3).

Funds SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accruals basis and are in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The Statement of Cashflows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented.

1.6 New and Revised Accounting Standards and Policies

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Funds SA for the reporting period ending 30 June 2018.

AASB 16 Leases will apply for the first time to the 30 June 2020 financial statements. This standard will require Funds SA to recognise all leased items in the statement of financial position as assets to represent the value of what Funds SA lease, and liabilities to represent expected future lease payments. Depending on the lease arrangements Funds SA have entered into at the time, this could see assets and liabilities of up to \$2.8m being recognised and, over the remaining lease term, amortised.

AASB 15 Revenue from Contracts with Customers will apply for the first time to the 30 June 2019 financial statements. AASB 15 will replace AASB 118 and AASB 111. The revenue recognition principle in the new standard is 'when control of a good or service transfers to a customer', rather than 'where the risk and rewards of ownership reside'. Funds SA have assessed the impact of this standard to the financial statements and it is not expected to have a material impact.

1.7 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

1.8 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard has required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements (continued)

1.9 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to Funds SA will occur and can be reliably measured. Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Revenues from fees and charges are measured at fair value of consideration received or receivable. The revenue is derived from the provision of services to Funds SA's investors on a cost recovery basis. This revenue is recognised upon delivery of the service to the investors.

1.10 Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from Funds SA will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

1.11 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Funds SA has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, Funds SA has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

1.12 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents recorded in the Statement of Financial Position includes cash on hand and at bank.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from Funds SA's investors, GST input tax credits and other accruals. Receivables arise in the normal course of providing services to the investors.

Non-current asset acquisition and recognition

Non-Current Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements (continued)

1.13 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within twelve months and more than twelve months, Funds SA has separately disclosed the amounts expected to be settled after more than twelve months.

1.14 Insurance

Funds SA has arranged, through the SA Government Captive Insurance Corporation (SAICORP) (a division of SAFA), to insure all major risks of Funds SA. The excess payable under this arrangement varies depending on each class of insurance held.

1.15 Taxation

Funds SA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- payables, which are stated with the amount of GST included.

Note 2 Objectives

The Superannuation Funds Management Corporation of South Australia (Funds SA or the Corporation) was established on 1 July 1995 pursuant to the *Superannuation Funds Management Corporation of South Australia Act 1995* (Funds SA Act).

Under Section 5 of the Funds SA Act, the functions of Funds SA are:

- (a) to invest and manage -
 - (i) the public sector superannuation funds; and
 - (ii) the nominated funds of approved authorities, pursuant to strategies formulated by the Corporation;
- (ab) to invest and manage other funds (if any) established by the Corporation for the purposes of the operation of any Act pursuant to strategies formulated by the Corporation;
- (b) such other functions as are assigned to the Corporation by this or any other Act.

Under Section 7 of the Funds SA Act, the objective of the Corporation in performing its functions is to achieve the highest return possible on investment of the funds while having proper regard for -

- (a) the need to maintain the risks relating to investment at an acceptable level; and
- (b) the need for liquidity in the funds; and
- (c) such other matters as are prescribed by regulation.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 3 Employee benefits costs

3.1 Employee benefits expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	4,901	4,069
Board fees	319	336
Employment on costs	810	581
Total employee benefits costs	6,030	4,986

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

3.2 Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2018	2017
\$149 001 to \$159 000	1	-
\$159 001 to \$169 000	2	3
\$169 001 to \$179 000	2	-
\$189 001 to \$199 000	1	-
\$199 001 to \$209 000	1	1
\$209 001 to \$219 000	1	-
\$219 001 to \$229 000	1	-
\$249 001 to \$259 000	-	1
\$259 001 to \$269 000	-	1
\$269 001 to \$279 000	1	-
\$319 001 to \$329 000	1	1
\$439 001 to \$449 000	1	-
\$469 001 to \$479 000	-	1
\$489 001 to \$499 000	1	-
Total number of employees	13	8

Funds SA

Financial Statements for the year ended 30 June 2018

Note 3 Employee benefits costs (continued)

3.2 Remuneration of employees (continued)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$3.175 million (\$2.023 million for 2016-17).

3.3 Key management personnel

The key management personnel are the Minister, governing board members and senior management (including the Chief Executive) who have responsibility for the strategic direction and management of Funds SA.

The following persons held positions of authority and responsibility for planning, directing and controlling the activities of Funds SA, directly or indirectly during the financial year.

Jo Townsend	Chief Executive Officer
John Piteo	Chief Operating Officer
Richard Friend	Chief Investment Officer
Tony Keenan	Executive Manager, Corporate Engagement

3.4 Key management personnel compensation

	2018	2017
	\$'000	\$'000
Salaries and other short-term employee benefits	1,868	1,425
Long-term employee benefits	29	16
Total	1,897	1,441

3.5 Transactions with Key Management Personnel and other related parties

During the 2017-18 year there were no transactions with Key Management Personnel and other related parties.

Funds SA
Financial Statements for the year ended 30 June 2018

Note 4 Remuneration of board and committee members

4.1 Directors

The following persons held the position of board director throughout the financial year.

Director	Funds SA Board	Sub-Committees ⁽¹⁾	
		Audit and Risk Committee	Human Resources Committee
Paul Laband (commenced as Chairman 16 July 2018)	✓	✓	-
Hon. Kevin Foley (ceased 16 July 2018)	Chairman	✓	Chairman
Kevin Crawshaw	✓	✓	11/09/2017 – 18/06/2018
Jane Jeffreys	✓	-	✓
Jan McMahon (ceased 20 February 2018)	✓	-	Ceased 18/07/18
Robert Patterson	✓	-	✓
Kathryn Presser	✓	Chair	-
Leah York (commenced on Board 31 May 2018 and Human Resources Committee 18 June 2018)	✓	-	✓

⁽¹⁾ **Sub-Committees**

Funds SA has established 2 sub-committees where directors receive remuneration for their membership.

4.2 Remuneration of governing board directors

The number of governing board directors whose remuneration received or receivable falls within the following bands:	Number of board directors	
	2018	2017
\$0 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$40,000 - \$49,999	3	5
\$50,000 - \$59,999	2	1
\$90,000 - \$99,999	1	1
Total number of governing directors	8	7

Funds SA

Financial Statements for the year ended 30 June 2018

Note 4 Remuneration of board and committee members (continued)

4.2 Remuneration of governing board directors (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$349,000 (2016-17: \$367,000).

Note 5 Supplies and services

	2018	2017
	\$'000	\$'000
Computing and communication	222	227
Human resource expenses	406	228
Board expenses	74	38
Staff development	167	110
Subscriptions and publications	103	92
Internal audit fees	141	129
External audit fees ⁽¹⁾	97	94
Travel and accommodation	313	217
Legal and advisory expenses	157	114
Office rent	310	291
Office supplies and printing	63	64
Website expenses	6	10
Investor relationship expenses	12	11
Other	27	45
Total supplies and services	2,098	1,670

⁽¹⁾ Audit fees paid / payable to the Auditor-General's Department relating to work performed under the Public Finance Audit Act were \$97,000 (\$94,000). No other services were provided by the Auditor-General's Department.

Supplies and services generally represent day-to-day running costs incurred in the normal operations of Funds SA. These items are recognised as an expense in the reporting period in which they are incurred.

Funds SA
Financial Statements for the year ended 30 June 2018

Note 5 Supplies and services (continued)

5.1 Consultancies

The number and dollar amount of Consultancies paid/payable (included in supplies & services expense) that fell within the following bands:

	No.	2018 \$'000	No.	2017 \$'000
Below \$10,000	3	12	5	25
Above \$10,000	6	492	7	251
Total paid /payable to the consultants engaged	9	504	12	276

Note 6 Depreciation

	2018 \$'000	2017 \$'000
Depreciation		
Computer and office equipment	82	94
Leasehold improvements	100	100
Total depreciation	182	194

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

6.1 Useful life

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of Asset	Useful Life (Years)
Leasehold Improvements	Term of Lease
Computer and Office Equipment:	
▪ Computers, hardware and software	3 years
▪ Office furniture	10 years

Funds SA
Financial Statements for the year ended 30 June 2018

Note 7 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Leasehold Improvements		
Leasehold improvements at fair value	1,027	1,000
Accumulated amortisation	(282)	(182)
Total leasehold improvements	745	818
Computer and office equipment		
Computer and office equipment at fair value	697	674
Accumulated depreciation	(469)	(387)
Total Computer and Office Equipment	228	287
Total Property Plant and Equipment	973	1,105

7.1 Reconciliation of property, plant and equipment

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of Non-Current Assets during the year ended 30 June 2018

	Leasehold improvements \$'000	Computer and office equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	818	287	1,105
Additions	32	23	55
Other changes	(5)	-	(5)
Depreciation	(100)	(82)	(182)
Carrying amount at the end of the financial year	745	228	973

Funds SA
Financial Statements for the year ended 30 June 2018

Note 7 Property, plant and equipment (continued)

7.1 Reconciliation of property, plant and equipment (continued)

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of Non-Current Assets during the year ended 30 June 2017

	Leasehold Improvements \$'000	Computer and Office Equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	915	363	1,278
Additions	3	18	21
Disposals	-	-	-
Depreciation	(100)	(94)	(194)
Carrying amount at the end of the financial year	818	287	1,105

7.2 Fair Value Hierarchy

Funds SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in their valuation at 30 June 2018.

During the year 2018 and 2017, Funds SA had no valuations categorised into Level 1 or Level 2 and there were no transfers of assets between any of the fair value hierarchy levels.

Valuation techniques used to derive Level 3 fair values are disclosed in Schedule 1. Although unobservable inputs were used in determining fair value, and are subjective, Funds SA considers that the overall valuation would not be materially affected by changes to existing assumptions. There were no changes in valuation techniques during 2018. The reconciliation of fair value measurements using significant unobservable inputs (Level 3) is represented by the reconciliation of non-current assets above.

Funds SA
Financial Statements for the year ended 30 June 2018

Note 8 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	138	63
GST Payable	447	230
Accrued expenses	248	163
Employment on costs	58	54
Total current payables	891	510
Non Current		
Employment on costs	85	80
Total non current payables	85	80
Total payables	976	590

Payables include creditors, GST payable, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Funds SA.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

Employment benefits on-costs include superannuation contributions and payroll tax in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave

8.1 Interest rate and credit risk

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 9 Employee Benefits

	2018	2017
	\$'000	\$'000
Accrued salaries and wages	115	99
Annual leave	292	241
Long service leave	92	139
Skills and experience retention leave	29	26
Total current employee benefits	528	505
<hr/>		
Non-Current		
Long service leave	955	882
Total non-current employee benefits	955	882
Total employee benefits	1,483	1,387

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

9.1 Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability are expected to be payable within twelve months and are measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

9.2 Long service leave

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

AASB 119 *Employee Benefits* contains the calculation methodology for the long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 9 Employee Benefits (continued)

9.2 Long service leave (continued)

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has not changed from 2017 (2.5%) to 2018 (2.5%).

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$16,700 and employee benefits expense of \$19,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

This calculation is consistent with Funds SA's experience of employee retention and leave taken. Based on a survey of staff, the portion of the long service leave provision expected to be taken within 12 months of the reporting date is classified as current. The remaining portion of the long service leave provision is classified as non-current.

Note 10 Related Party Transactions

Funds SA is controlled by the SA Government. Related parties of Funds SA include all key management personnel and their close family members, all public authorities that are consolidated into the whole of government financial statements and other interests of the Government.

10.1 Significant transactions with government related entities

Funds SA's significant transactions with government related entities are disclosed in note 17. This relates to application and redemption transactions with Funds SA's clients.

10.2 Collectively but not individually significant transactions with government related entities

Quantitative information about transactions and balances between Funds SA and other SA Government entities are disclosed in note 14.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 11 Unrecognised Contractual Commitments

11.1 Operating Lease Commitments

Funds SA's operating lease is for office accommodation. Rent is payable in arrears.

	2018	2017
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases, are payable as follows:		
Within one year	307	292
Later than one year but not longer than five years	1,389	1,323
Later than five years	903	1,276
Total non-cancellable operating lease commitments	2,599	2,891

Commitments include operating commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

11.2 Operating lease

Funds SA has entered into an operating lease for its office premises. The lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased premises. Lease payments are recognised as an expense in the Statement of Comprehensive Income on the basis that is representative of the pattern of benefits derived from the leased premises.

The aggregate benefits of lease incentives received by Funds SA in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Note 12 Contingent assets and liabilities

Funds SA is not aware of any contingent assets or liabilities.

Funds SA
Financial Statements for the year ended 30 June 2018

Note 13 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of Net Cash provided by Operating Activities to Surplus:		
Net surplus	1,936	1,242
Add non-cash items		
Depreciation and amortisation expense	182	194
Changes in Assets / Liabilities		
(Increase) in receivables	(2,113)	(40)
(Decrease) / increase in payables	386	(14)
Increase in employee benefits	96	97
	<hr/>	<hr/>
Net cash provided by operating activities	487	1,479
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2018

Note 14 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	SA Government		Non- SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income						
Revenues from fees and charges	10,161	8,031	-	-	10,161	8,031
Expenses						
Employee benefits cost	248	195	5,782	4,791	6,030	4,986
Financial Assets						
Receivables	2,910	832	110	75	3,020	907

Funds SA

Financial Statements for the year ended 30 June 2018

Note 15 Financial Instruments

15.1 Interest Rate Risk

15.1.1 Interest rate and credit risk

Receivables are normally settled within 30 days. Receivables and other assets are non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

15.1.2 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of Funds SA as it has been determined that the possible impact on the net surplus / deficit or net assets from fluctuations in interest rates is immaterial.

15.2 Market risk exposure

The Administration Fee that Funds SA charges to its investors to cover its administration expenses is calculated as a percentage of average funds under management valued at market value. The market value of these funds depends upon the performance of the underlying investments, which are linked to the performance of world financial markets.

Funds SA manages this risk in two ways:

- Firstly, its Administration Fee is set at a level that conservatively allows for periods of prolonged low market values of funds under management; and
- Secondly, Funds SA has the ability to increase the Administration Fee should this action be necessary to cover administration expenses.

As Funds SA has the ability to amend the Administration Fee to ensure all administration expenses and liabilities of Funds SA are able to be satisfied as and when they fall due, the market risk is deemed to be immaterial and therefore a sensitivity analysis has not been undertaken.

Funds SA
Financial Statements for the year ended 30 June 2018

Note 15 Financial Instruments (continued)

15.3 Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

	Contractual maturities 30 June 2018		Contractual maturities 30 June 2017	
	Carrying amount (\$'000)	< 1 year (\$'000)	Carrying amount (\$'000)	< 1 year (\$'000)
Financial assets				
Cash	5,995	5,995	5,558	5,558
Receivables	2,910	2,910	832	832
Total financial assets	8,905	8,905	6,390	6,390
Financial liabilities				
Payables	248	248	98	98
Total financial liabilities	248	248	98	98

Funds SA

Financial Statements for the year ended 30 June 2018

Note 16 Investments in Funds SA Unit Trusts

On 20 June 2008 Funds SA established 15 unit trusts to manage the investments of Funds SA's tax-paying investors. Since that time, an additional three unit trusts have been established. A consolidated list of Funds SA's unit trusts is provided below.

Trust	Date established	Settled Sum
High Growth B Unit Trust	20 June 2008	\$10
Growth B Unit Trust	20 June 2008	\$10
Balanced B Unit Trust	20 June 2008	\$10
Moderate B Unit Trust	20 June 2008	\$10
Conservative B Unit Trust	20 June 2008	\$10
Capital Defensive B Unit Trust	20 June 2008	\$10
Cash Option B Unit Trust	20 June 2008	\$10
Australian Equities B Unit Trust	20 June 2008	\$10
International Equities B Unit Trust	20 June 2008	\$10
Property B Unit Trust	20 June 2008	\$10
Diversified Strategies Growth B Unit Trust	20 June 2008	\$10
Diversified Strategies Income A&B Unit Trust	20 June 2008	\$10
Fixed Interest A&B Unit Trust	20 June 2008	\$10
Inflation Linked Securities A&B Unit Trust	20 June 2008	\$10
Cash A&B Unit Trust	20 June 2008	\$10
Socially Responsible Investment Unit Trust	12 February 2010	\$10
Short Term Fixed Interest A&B Unit Trust	8 June 2010	\$10
Funds SA Property Holdings Trust	22 March 2016	\$10
	Total	\$180

Funds SA

Financial Statements for the year ended 30 June 2018

Note 17 Investor Funds Under Management

17.1 Operation of Investment Portfolio

Funds SA operates a multi-layered unitisation structure to facilitate the administration of different investment strategies applying to the various investor funds. For the year ending 30 June 2018, Funds SA managed a number of different investment options distinguished by differing strategic asset allocations, namely:

- High Growth
- Growth
- Balanced
- Moderate
- Conservative
- Capital Defensive
- Cash
- Socially Responsible
- Motor Accident Commission⁽¹⁾
- Lifetime Support Authority Strategy⁽¹⁾
- Defined Benefit Strategy

⁽¹⁾ These investment options are customised strategies available to the Motor Accident Commission and Lifetime Support Authority only.

Each investor fund holds units in an investment option, which in turn holds units in each of the asset sectors according to the strategic asset allocation for the investment option. Units are issued and redeemed periodically as transactions occur at unit prices calculated having regard to the market value of underlying investments.

Under section 26(2) of the Funds Act, Funds SA is required to “prepare separate financial statements in a form approved by the Minister in respect of each fund or authority in respect of each financial year”. In compliance with the Funds Act, the format of these financial statements has been approved by the Minister.

All investor holdings presented in the financial statements in this note are valued in accordance with the valuation methodology applicable to the relevant investor under Australian Accounting Standards. For the 2018 year all holdings are valued at fair value.

These investor fund financial statements are explained and disclosed below:

- Each investor fund’s allocation of total net investment income is disclosed in the Statement of Receipts and Payments. The amounts disclosed in the payments and receipts include investor placements and redemptions in investment options inclusive of switches between investment options.
- The interest which each investor fund holds in the unitised investment portfolio is disclosed in the Statement of Funds Under Management - by Investment Option.
- The indirect interest which each investor fund holds in the asset sectors is disclosed in the Statement of Funds Under Management - by Asset Sector.
- Australian Equities A, International Equities A, Property A, Diversified Strategies Growth A and Inflation Linked Securities A asset classes are available to untaxed investors only, whereas Australian Equities B, International Equities B, Property B and Diversified Strategies Growth B asset classes are available to taxed investors only. All other asset classes, with the exception of Fixed Interest (MAC), Absolute Return (MAC), Infrastructure (MAC) and Diversified Strategies Income (MAC) (which are available to the Motor Accident Commission only), are available to both untaxed and taxed investors.

Note 17 provides financial statements in respect of each investor fund under the management of Funds SA for the 2017-18 financial year.

The valuation of the investments of each investor have been valued at fair value in accordance with *AASB 13 Fair Value Measurement*.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 17 Investor Funds Under Management (continued)

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The University of Adelaide Endowment Fund	17(y)

Funds SA
Financial Statements for the year ended 30 June 2018

17(a) South Australian Superannuation Scheme – Employer Contribution Accounts

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	2,848,428	2,734,331
Add: Receipts	377,250	3,023,148
Net Investment Income	307,091	321,807
	<u>684,341</u>	<u>3,344,955</u>
Less: Payments	<u>(645,420)</u>	<u>(3,230,858)</u>
Funds Under Management at 30 June	2,887,349	2,848,428

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<u>2,887,349</u>	<u>2,848,428</u>
Funds Under Management at 30 June	2,887,349	2,848,428

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	766,444	741,240
International Equities A	783,247	749,871
Property A	468,365	432,406
Diversified Strategies Growth A	402,281	334,367
Inflation Linked Securities A	25,929	121,980
Diversified Strategies Income	414,875	433,012
Cash	<u>26,208</u>	<u>35,552</u>
Funds Under Management at 30 June	2,887,349	2,848,428

Funds SA
Financial Statements for the year ended 30 June 2018

17(b) South Australian Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	1,493,667	1,410,398
Add: Receipts	6,790	1,459,080
Net Investment Income	169,407	171,519
	176,197	1,630,599
Less: Payments	(88,650)	(1,547,330)
Funds Under Management at 30 June	1,581,214	1,493,667

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	1,581,214	1,493,667
Funds Under Management at 30 June	1,581,214	1,493,667

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	419,731	388,694
International Equities A	428,934	393,219
Property A	256,493	226,747
Diversified Strategies Growth A	220,303	175,336
Inflation Linked Securities A	14,200	63,964
Diversified Strategies Income	227,200	227,064
Cash	14,353	18,643
Funds Under Management at 30 June	1,581,214	1,493,667

Funds SA
Financial Statements for the year ended 30 June 2018

17(c) South Australian Superannuation Fund – New Scheme Division

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	649,190	638,264
Add: Receipts	25,540	25,636
Net Investment Income	62,721	71,418
	<hr/> 88,261	<hr/> 97,054
Less: Payments	<hr/> (90,426)	<hr/> (86,128)
Funds Under Management at 30 June	<hr/> 647,025	<hr/> 649,190

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	30,224	28,328
Growth A	499,575	508,914
Balanced A	57,094	49,368
Moderate A	21,369	18,621
Conservative A	22,901	23,179
Capital Defensive A	8,248	10,171
Cash A	5,725	8,540
Socially Responsible	1,889	2,069
	<hr/> 647,025	<hr/> 649,190
Funds Under Management at 30 June	<hr/> 647,025	<hr/> 649,190

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	147,724	150,037
International Equities A	155,044	151,945
Property A	83,659	84,943
Diversified Strategies Growth A	62,314	60,912
Inflation Linked Securities A	41,323	39,316
Long Term Fixed Interest	25,176	24,997
Short Term Fixed Interest	9,417	9,544
Diversified Strategies Income	97,832	99,166
Cash	22,647	26,261
Socially Responsible	1,889	2,069
	<hr/> 647,025	<hr/> 649,190
Funds Under Management at 30 June	<hr/> 647,025	<hr/> 649,190

Funds SA
Financial Statements for the year ended 30 June 2018

17(d) Southern State Superannuation Fund

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	15,406,188	13,523,567
Add: Receipts	622,022	621,913
Net Investment Income	1,482,059	1,494,060
	2,104,081	2,115,973
Less: Payments	(267,854)	(233,352)
Funds Under Management at 30 June	17,242,415	15,406,188

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	1,293,827	1,089,735
Growth A	629,327	520,001
Balanced A	14,281,364	12,791,849
Moderate A	273,455	245,196
Conservative A	338,323	327,553
Capital Defensive A	175,893	171,090
Cash A	195,286	213,867
Socially Responsible	54,940	46,897
	17,242,415	15,406,188
Funds Under Management at 30 June	17,242,415	15,406,188

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	3,648,872	3,307,080
International Equities A	3,845,040	3,347,791
Property A	2,009,656	1,819,833
Diversified Strategies Growth A	1,451,296	1,251,884
Inflation Linked Securities A	1,403,031	1,215,647
Long Term Fixed Interest	1,142,039	1,026,539
Short Term Fixed Interest	510,424	449,277
Diversified Strategies Income	2,579,216	2,335,913
Cash	597,901	605,327
Socially Responsible	54,940	46,897
	17,242,415	15,406,188
Funds Under Management at 30 June	17,242,415	15,406,188

Funds SA
Financial Statements for the year ended 30 June 2018

17(e) Super SA Retirement Investment Fund – Super SA Flexible Rollover Product

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	995,692	787,706
Add: Receipts	236,903	270,925
Net Investment Income	83,264	71,376
	<u>320,167</u>	<u>342,301</u>
Less: Payments	<u>(140,740)</u>	<u>(134,315)</u>
Funds Under Management at 30 June	<u>1,175,119</u>	<u>995,692</u>

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	55,653	48,970
Growth B	118,158	91,743
Balanced B	579,307	468,079
Moderate B	153,185	125,766
Conservative B	127,104	105,630
Capital Defensive B	86,551	78,403
Cash B	40,179	64,203
Socially Responsible	14,982	12,898
	<u>1,175,119</u>	<u>995,692</u>
Funds Under Management at 30 June	<u>1,175,119</u>	<u>995,692</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	233,610	188,066
International Equities B	197,199	165,904
Property B	123,169	103,140
Diversified Strategies Growth B	76,986	54,562
Inflation Linked Securities B	108,129	86,070
Long Term Fixed Interest	73,407	59,604
Short Term Fixed Interest	73,590	64,610
Diversified Strategies Income	182,731	149,252
Cash	91,316	111,586
Socially Responsible	14,982	12,898
	<u>1,175,119</u>	<u>995,692</u>
Funds Under Management at 30 June	<u>1,175,119</u>	<u>995,692</u>

Funds SA
Financial Statements for the year ended 30 June 2018

17(f) Super SA Retirement Investment Fund – Super SA Income Stream

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	2,762,141	2,399,387
Add: Receipts	469,457	412,776
Net Investment Income	228,104	224,984
	<hr/> 697,561	<hr/> 637,760
Less: Payments	<hr/> (271,617)	<hr/> (275,006)
Funds Under Management at 30 June	3,188,085	2,762,141

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	111,363	91,446
Growth B	230,098	181,353
Balanced B	1,603,267	1,353,108
Moderate B	509,180	438,230
Conservative B	438,020	406,873
Capital Defensive B	166,944	153,262
Cash B	97,491	109,196
Socially Responsible	31,722	28,673
	<hr/> 3,188,085	<hr/> 2,762,141
Funds Under Management at 30 June	3,188,085	2,762,141

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	628,034	526,256
International Equities B	531,588	466,012
Property B	332,626	290,604
Diversified Strategies Growth B	203,032	148,270
Inflation Linked Securities B	306,648	257,828
Long Term Fixed Interest	207,621	177,001
Short Term Fixed Interest	203,290	188,237
Diversified Strategies Income	502,897	430,521
Cash	240,627	248,739
Socially Responsible	31,722	28,673
	<hr/> 3,188,085	<hr/> 2,762,141
Funds Under Management at 30 June	3,188,085	2,762,141

Funds SA
Financial Statements for the year ended 30 June 2018

17(g) Parliamentary Superannuation Scheme

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	256,762	235,337
Add: Receipts	5,004	228,666
Net Investment Income	29,068	28,820
	<hr/> 34,072	<hr/> 257,486
Less: Payments	<hr/> (17,555)	<hr/> (236,061)
Funds Under Management at 30 June	273,279	256,762

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	4,108	3,599
Growth A	3,240	2,961
Balanced A	18,602	14,817
Moderate A	662	557
Capital Defensive A	-	405
Socially Responsible	1,104	985
Defined Benefit Strategy	245,563	233,438
Funds Under Management at 30 June	273,279	256,762

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	71,221	65,865
International Equities A	72,956	66,637
Property A	43,133	38,242
Diversified Strategies Growth A	36,634	29,355
Inflation Linked Securities A	4,105	11,537
Long Term Fixed Interest	1,569	1,289
Short Term Fixed Interest	540	533
Diversified Strategies Income	39,222	38,839
Cash	2,795	3,480
Socially Responsible	1,104	985
Funds Under Management at 30 June	273,279	256,762

Funds SA
Financial Statements for the year ended 30 June 2018

17(h) Judges' Pension Scheme

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	250,729	229,308
Add: Receipts	4,840	244,626
Net Investment Income	28,886	28,291
	<u>33,726</u>	<u>272,917</u>
Less: Payments	<u>(10,905)</u>	<u>(251,496)</u>
Funds Under Management at 30 June	273,550	250,729

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<u>273,550</u>	<u>250,729</u>
Funds Under Management at 30 June	273,550	250,729

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	72,613	65,247
International Equities A	74,205	66,007
Property A	44,373	38,062
Diversified Strategies Growth A	38,113	29,432
Inflation Linked Securities A	2,457	10,737
Diversified Strategies Income	39,306	38,115
Cash	<u>2,483</u>	<u>3,129</u>
Funds Under Management at 30 June	273,550	250,729

Funds SA
Financial Statements for the year ended 30 June 2018

17(i) Governors' Pension Scheme

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	512	705
Add: Receipts	10	621
Net Investment Income	45	72
	<hr/> 55	<hr/> 693
Less: Payments	<hr/> (283)	<hr/> (886)
Funds Under Management at 30 June	<hr/> 284	<hr/> 512

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<hr/> 284	<hr/> 512
Funds Under Management at 30 June	<hr/> 284	<hr/> 512

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	75	133
International Equities A	76	135
Property A	46	78
Diversified Strategies Growth A	40	60
Inflation Linked Securities A	3	22
Diversified Strategies Income	41	78
Cash	<hr/> 3	<hr/> 6
Funds Under Management at 30 June	<hr/> 284	<hr/> 512

Funds SA
Financial Statements for the year ended 30 June 2018

17(j) South Australian Ambulance Service Superannuation Scheme

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	252,824	229,696
Add: Receipts	8,910	10,906
Net Investment Income	22,539	24,062
	<hr/> 31,449	<hr/> 34,968
Less: Payments	<hr/> (16,780)	<hr/> (11,840)
Funds Under Management at 30 June	267,493	252,824

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	<hr/> 267,493	<hr/> 252,824
Funds Under Management at 30 June	267,493	252,824

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	62,105	58,129
International Equities B	51,959	50,739
Property B	31,161	30,263
Diversified Strategies Growth B	23,060	19,075
Inflation Linked Securities B	23,379	21,188
Long Term Fixed Interest	20,836	19,607
Short Term Fixed Interest	6,965	7,408
Diversified Strategies Income	42,945	40,571
Cash	<hr/> 5,083	<hr/> 5,844
Funds Under Management at 30 June	267,493	252,824

Funds SA
Financial Statements for the year ended 30 June 2018

17(k) Police Superannuation Scheme – Employer Contribution Account

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	1,147,140	997,768
Add: Receipts	59,400	1,104,827
Net Investment Income	129,462	124,817
	<u>188,862</u>	<u>1,229,644</u>
Less: Payments	<u>(55,830)</u>	<u>(1,080,272)</u>
Funds Under Management at 30 June	1,280,172	1,147,140

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<u>1,280,172</u>	<u>1,147,140</u>
Funds Under Management at 30 June	1,280,172	1,147,140

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	339,385	298,518
International Equities A	346,529	301,993
Property A	208,097	174,142
Diversified Strategies Growth A	178,735	134,659
Inflation Linked Securities A	11,520	49,125
Diversified Strategies Income	184,262	174,385
Cash	<u>11,644</u>	<u>14,318</u>
Funds Under Management at 30 June	1,280,172	1,147,140

Funds SA
Financial Statements for the year ended 30 June 2018

17(l) Police Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	529,894	484,683
Add: Receipts	-	507,373
Net Investment Income	59,550	59,811
	<u>59,550</u>	<u>567,184</u>
Less: Payments	<u>(17,140)</u>	<u>(521,973)</u>
Funds Under Management at 30 June	<u>572,304</u>	<u>529,894</u>

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<u>572,304</u>	<u>529,894</u>
Funds Under Management at 30 June	<u>572,304</u>	<u>529,894</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	151,723	137,893
International Equities A	154,917	139,499
Property A	93,030	80,441
Diversified Strategies Growth A	79,904	62,202
Inflation Linked Securities A	5,150	22,692
Diversified Strategies Income	82,375	80,553
Cash	<u>5,205</u>	<u>6,614</u>
Funds Under Management at 30 June	<u>572,304</u>	<u>529,894</u>

Funds SA
Financial Statements for the year ended 30 June 2018

17(m) South Australian Government Financing Authority (SAICORP – Insurance Fund 1)

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	538,141	496,130
Add: Receipts	40,000	20,000
Net Investment Income	57,933	62,011
	<u>97,933</u>	<u>82,011</u>
Less: Payments	<u>(59,000)</u>	<u>(40,000)</u>
Funds Under Management at 30 June	577,074	538,141

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	<u>577,074</u>	<u>538,141</u>
Funds Under Management at 30 June	577,074	538,141

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	138,268	131,265
International Equities A	144,743	132,953
Property A	78,510	74,218
Diversified Strategies Growth A	61,320	55,874
Inflation Linked Securities A	33,504	29,545
Long Term Fixed Interest	20,426	19,206
Diversified Strategies Income	88,749	83,847
Cash	<u>11,554</u>	<u>11,233</u>
Funds Under Management at 30 June	577,074	538,141

Funds SA

Financial Statements for the year ended 30 June 2018

17(n) South Australian Government Financing Authority (SAICORP – Insurance Fund 2)

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	19,500	27,971
Add: Receipts	-	-
Net Investment Income	1,145	2,029
	1,145	2,029
Less: Payments	(3,000)	(10,500)
Funds Under Management at 30 June	17,645	19,500

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	17,645	19,500
Funds Under Management at 30 June	17,645	19,500

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,169	2,487
International Equities A	2,366	2,513
Property A	1,538	1,727
Inflation Linked Securities A	2,789	3,015
Long Term Fixed Interest	802	890
Short Term Fixed Interest	3,111	3,419
Diversified Strategies Income	3,107	3,458
Cash	1,763	1,991
Funds Under Management at 30 June	17,645	19,500

Funds SA
Financial Statements for the year ended 30 June 2018

17(o) South Australian Government Financing Authority (SAICORP – Insurance Fund 3)

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	21,257	16,011
Add: Receipts	1,500	4,000
Net Investment Income	1,374	1,246
	<u>2,874</u>	<u>5,246</u>
Less: Payments	<u>-</u>	<u>-</u>
Funds Under Management at 30 June	24,131	21,257

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	<u>24,131</u>	<u>21,257</u>
Funds Under Management at 30 June	24,131	21,257

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,966	2,711
International Equities A	3,236	2,739
Property A	2,103	1,883
Inflation Linked Securities A	3,815	3,287
Long Term Fixed Interest	1,097	970
Short Term Fixed Interest	4,254	3,727
Diversified Strategies Income	4,249	3,769
Cash	<u>2,411</u>	<u>2,171</u>
Funds Under Management at 30 June	24,131	21,257

Funds SA
Financial Statements for the year ended 30 June 2018

17(p) **Adelaide Cemeteries Authority**

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	5,484	4,560
Add: Receipts	400	730
Net Investment Income	626	624
	<u>1,026</u>	<u>1,354</u>
Less: Payments	-	(430)
Funds Under Management at 30 June	6,510	5,484

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	5,197	4,271
Balanced A	865	791
Conservative A	448	-
Capital Defensive A	-	422
	<u>6,510</u>	<u>5,484</u>
Funds Under Management at 30 June	6,510	5,484

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	1,785	1,507
International Equities A	1,858	1,527
Property A	946	800
Diversified Strategies Growth A	627	510
Inflation Linked Securities A	147	132
Long Term Fixed Interest	85	79
Short Term Fixed Interest	102	94
Diversified Strategies Income	797	685
Cash	163	150
	<u>6,510</u>	<u>5,484</u>
Funds Under Management at 30 June	6,510	5,484

Funds SA
Financial Statements for the year ended 30 June 2018

17(q) Motor Accident Commission Compulsory Third Party Fund

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	997,916	1,900,279
Add: Receipts	556,986	3,000
Net Investment Income	44,533	114,874
	<u>601,519</u>	<u>117,874</u>
Less: Payments	<u>(587,400)</u>	<u>(1,020,237)</u>
Funds Under Management at 30 June	1,012,035	997,916

Statement of Funds Under Management - by Investment Option

Investment Option

Motor Accident Commission A	<u>1,012,035</u>	<u>997,916</u>
Funds Under Management at 30 June	1,012,035	997,916

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	-	78,128
International Equities A	-	80,359
Fixed Interest (MAC)	670,259	268,210
Diversified Strategies Income (MAC)	267,711	398,321
Infrastructure (MAC)	-	132,484
Absolute Return (MAC)	-	1
Cash	<u>74,065</u>	<u>40,413</u>
Funds Under Management at 30 June	1,012,035	997,916

Funds SA
Financial Statements for the year ended 30 June 2018

17(r) South Australian Metropolitan Fire Service Superannuation Scheme

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	368,228	332,251
Add: Receipts	32,447	38,761
Net Investment Income	33,565	35,320
	<hr/> 66,012	<hr/> 74,081
Less: Payments	<hr/> (36,223)	<hr/> (38,104)
Funds Under Management at 30 June	398,017	368,228

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	5,069	3,326
Growth B	304,872	292,821
Balanced B	5,298	3,608
Moderate B	3,719	2,681
Conservative B	70,609	56,835
Capital Defensive B	4,702	4,965
Cash B	3,748	3,992
	<hr/>	<hr/>
Funds Under Management at 30 June	398,017	368,228

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	92,963	86,043
International Equities B	79,363	76,481
Property B	49,859	47,538
Diversified Strategies Growth B	33,594	28,823
Inflation Linked Securities B	30,370	26,015
Diversified Strategies Income	64,523	59,463
Long Term Fixed Interest	16,004	14,615
Short Term Fixed Interest	14,369	11,920
Cash	16,972	17,330
	<hr/>	<hr/>
Funds Under Management at 30 June	398,017	368,228

Funds SA

Financial Statements for the year ended 30 June 2018

17(s) Super SA Select

Statement of Receipts and Payments

	2017 \$'000	2016 \$'000
Funds Under Management at 1 July	3,726	3,214
Add: Receipts	2,826	861
Net Investment Income	407	305
	3,233	1,166
Less: Payments	(660)	(654)
Funds Under Management at 30 June	6,299	3,726

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	5,936	3,378
Cash B	363	348
Funds Under Management at 30 June	6,299	3,726

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	1,377	777
International Equities B	1,153	678
Property B	692	404
Diversified Strategies Growth B	512	255
Inflation Linked Securities B	519	283
Diversified Strategies Income	953	542
Long Term Fixed Interest	462	262
Short Term Fixed Interest	155	99
Cash	476	426
Funds Under Management at 30 June	6,299	3,726

Funds SA
Financial Statements for the year ended 30 June 2018

17(t) Lifetime Support Authority

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	441,053	292,943
Add: Receipts	107,200	115,300
Net Investment Income	49,514	32,810
	<u>156,714</u>	<u>148,110</u>
Less: Payments	<u>-</u>	<u>-</u>
Funds Under Management at 30 June	597,767	441,053

Statement of Funds Under Management - by Investment Option

Investment Option

Lifetime Support Authority Strategy	<u>597,767</u>	<u>441,053</u>
Funds Under Management at 30 June	597,767	441,053

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	124,650	85,653
International Equities A	131,273	86,660
Property A	93,414	69,730
Diversified Strategies Growth A	75,420	45,770
Inflation Linked Securities A	28,587	32,947
Diversified Strategies Income	103,285	77,371
Long Term Fixed Interest	26,967	33,227
Cash	<u>14,171</u>	<u>9,695</u>
Funds Under Management at 30 June	597,767	441,053

Funds SA

Financial Statements for the year ended 30 June 2018

17(u) Health Services Charitable Gifts Board – Pool Investment

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	76,373	69,840
Add: Receipts	10,050	4,750
Net Investment Income	6,283	6,283
	16,333	11,033
Less: Payments	(2,650)	(4,500)
Funds Under Management at 30 June	90,056	76,373

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	15,878	11,451
Balanced B	46,184	40,329
Capital Defensive B	24,463	22,012
Cash B	3,531	2,581
	90,056	76,373
Funds Under Management at 30 June	90,056	76,373

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	16,687	13,795
International Equities B	13,855	12,019
Property B	8,953	7,716
Diversified Strategies Growth B	5,671	4,142
Inflation Linked Securities B	8,536	7,165
Diversified Strategies Income	14,174	12,028
Long Term Fixed Interest	5,386	4,615
Short Term Fixed Interest	8,438	7,732
Cash	8,356	7,161
	90,056	76,373
Funds Under Management at 30 June	90,056	76,373

Funds SA

Financial Statements for the year ended 30 June 2018

17(v) Health Services Charitable Gifts Board – South Australian Health and Medical Research Institute Charitable Trust

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	-	8,403
Add: Receipts	-	-
Net Investment Income	-	70
	<hr/>	<hr/>
	-	70
Less: Payments	-	(8,473)
	<hr/>	<hr/>
Funds Under Management at 30 June	-	-

Statement of Funds Under Management - by Investment Option

Investment Option

Cash B	<hr/>	<hr/>
	-	-
Funds Under Management at 30 June	<hr/>	<hr/>
	-	-

Statement of Funds Under Management – by Asset Sector

Asset Sector

Cash	<hr/>	<hr/>
	-	-
Funds Under Management at 30 June	<hr/>	<hr/>
	-	-

Funds SA
Financial Statements for the year ended 30 June 2018

17(w) Health Services Charitable Gifts Board – Ray and Shirl Norman Cancer Research Trust

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	6,819	6,510
Add: Receipts	130	-
Net Investment Income	663	732
	<hr/> 793	<hr/> 732
Less: Payments	<hr/> (130)	<hr/> (423)
Funds Under Management at 30 June	<hr/> 7,482	<hr/> 6,819

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	7,087	6,559
Cash B	395	260
	<hr/> 7,482	<hr/> 6,819
Funds Under Management at 30 June	<hr/> 7,482	<hr/> 6,819

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	1,850	1,701
International Equities B	1,580	1,509
Property B	968	918
Diversified Strategies Growth B	753	630
Inflation Linked Securities B	410	357
Diversified Strategies Income	1,133	1,053
Long Term Fixed Interest	270	250
Cash	518	401
	<hr/> 7,482	<hr/> 6,819
Funds Under Management at 30 June	<hr/> 7,482	<hr/> 6,819

Funds SA
Financial Statements for the year ended 30 June 2018

17(x) Health Services Charitable Gifts Board – DE Brown Trust

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	314	301
Add: Receipts	-	-
Net Investment Income	18	20
	18	20
Less: Payments	(48)	(7)
Funds Under Management at 30 June	284	314

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative B	284	314
Funds Under Management at 30 June	284	314

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	37	41
International Equities B	33	37
Property B	25	28
Inflation Linked Securities B	45	48
Diversified Strategies Income	52	56
Long Term Fixed Interest	14	15
Short Term Fixed Interest	51	56
Cash	27	33
Funds Under Management at 30 June	284	314

Funds SA
Financial Statements for the year ended 30 June 2018

17(y) **The University of Adelaide Endowment Trust**

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	173,964	156,235
Add: Receipts	290	1,671
Net Investment Income	19,966	20,918
	20,256	22,589
Less: Payments	(5,400)	(4,860)
Funds Under Management at 30 June	188,820	173,964

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	188,820	173,964
Funds Under Management at 30 June	188,820	173,964

Statement of Funds Under Management – by Asset Sector

Australian Equities B	62,218	56,797
International Equities B	51,310	48,438
Property B	29,496	27,683
Diversified Strategies Growth B	20,059	16,704
Diversified Strategies Income	22,479	20,726
Cash	3,258	3,616
Funds Under Management at 30 June	188,820	173,964