

# Superannuation Funds Management Corporation of South Australia

Financial report  
for the year ended  
30 June 2020



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

### Opinion

I have audited the financial report of the Superannuation Funds Management Corporation of South Australia for the financial year ended 30 June 2020.

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 2020, its financial performance and its cash flows for the year then ended in accordance with relevant 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- Schedule 1: Asset Class Funds Under Management for the year ended 30 June 2020
- 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* (including Independence Standards) have been met.

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

### **Responsibilities of the Chief Executive Officer and Board of Directors for the financial report**

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant 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 Officer 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**

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 Superannuation Funds Management Corporation of South Australia for the financial year ended 30 June 2020.

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.

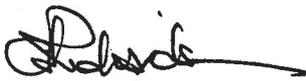
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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, but not for the purpose of expressing an opinion on the effectiveness of the Superannuation Funds Management Corporation of South Australia's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- 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 Officer 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**

22 September 2020

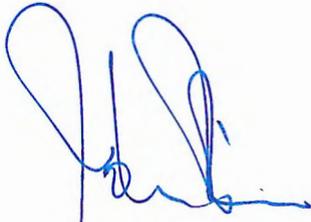
**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**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 2020 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 15<sup>th</sup> September 2020.



**Kathryn Presser**  
Chair of Audit and Risk Committee



**Paul Laband**  
Chairman, Board of Directors

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
<b>Income</b>			
Revenues from contracts with customers	2.1	13,903	12,148
Interest		31	86
Other income	2.2	42	-
<b>Total Income</b>		<b>13,976</b>	<b>12,234</b>
<b>Expenses</b>			
Employee benefits costs	3.3	9,623	7,635
Supplies and services	4.1	3,656	3,173
Depreciation	4.3	535	164
Lease interest expense	4.4	27	-
<b>Total Expenses</b>		<b>13,841</b>	<b>10,972</b>
<b>Net Surplus</b>		<b>135</b>	<b>1,262</b>
<b>Total Comprehensive Result</b>		<b>135</b>	<b>1,262</b>
<b>The Net Surplus and Comprehensive Result are attributable to the SA Government as owner</b>			

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 2020**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	5.1	3,412	6,801
Receivables	5.2	7,390	3,458
Other assets	6.3	398	179
<b>Total Current Assets</b>		<b>11,200</b>	<b>10,438</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6.1	1,005	942
Right of use assets	7.2	1,710	-
Investments in Funds SA Unit Trusts	13	-	-
<b>Total Non-Current Assets</b>		<b>2,715</b>	<b>942</b>
<b>Total Assets</b>		<b>13,915</b>	<b>11,380</b>
<b>Current Liabilities</b>			
Payables	8.1	1,110	889
Employee benefits	3.4	937	595
Lease liabilities	7.3	272	-
<b>Total Current Liabilities</b>		<b>2,319</b>	<b>1,484</b>
<b>Non-Current Liabilities</b>			
Payables	8.1	102	93
Employee benefits	3.4	1,098	1,012
Lease liabilities	7.3	1,470	-
<b>Total Non-Current Liabilities</b>		<b>2,670</b>	<b>1,105</b>
<b>Total Liabilities</b>		<b>4,989</b>	<b>2,589</b>
<b>Net Assets</b>		<b>8,926</b>	<b>8,791</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
<b>Equity</b>			
Retained earnings		8,926	8,791
<b>Total Equity</b>		<b>8,926</b>	<b>8,791</b>
<b>The total equity is attributable to the SA Government as owner</b>			
Unrecognised contractual commitments	11.1		
Contingent assets and liabilities	11.2		

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 2020**

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2020

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 30 June 2018</b>	<b>7,529</b>	<b>7,529</b>
Total comprehensive result for 2018-19	1,262	1,262
<b>Balance at 30 June 2019</b>	<b>8,791</b>	<b>8,791</b>
Total comprehensive result for 2019-20	135	135
<b>Balance at 30 June 2020</b>	<b>8,926</b>	<b>8,926</b>
<b>Changes in equity are attributable to the SA Government as owner</b>		

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 2020**

**STATEMENT OF CASHFLOWS**  
For the year ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
<b>Cash flows from Operating Activities</b>			
<b>Cash inflows</b>			
Fees and charges		11,360	12,830
Interest received		39	86
Other income		42	-
<b>Cash generated from operations</b>		<b>11,441</b>	<b>12,916</b>
<b>Cash outflows</b>			
Employee benefit payments		(9,137)	(7,845)
Supplies and services		(4,160)	(3,251)
GST paid to the ATO		(940)	(880)
Lease interest payments		(27)	-
<b>Cash used in operations</b>		<b>(14,264)</b>	<b>(11,976)</b>
<b>Net cash provided by operating activities</b>	<b>9</b>	<b>(2,823)</b>	<b>940</b>
<b>Cash flows from Investing Activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(265)	(134)
<b>Cash used in investing activities</b>		<b>(265)</b>	<b>(134)</b>
<b>Net cash used in investing activities</b>		<b>(265)</b>	<b>(134)</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of lease principle		(301)	-
<b>Net cash used in financing activities</b>		<b>(301)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,389)</b>	<b>806</b>
Cash and cash equivalents at the beginning of the financial year		6,801	5,995
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5.1</b>	<b>3,412</b>	<b>6,801</b>

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

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **SCHEDULE 1: ASSET CLASS 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
- Fair Value of Financial Assets and Liabilities
- Financial Instruments and Management of Portfolio Risk

#### **Investment Valuation Sources**

##### **Discretely Managed Portfolios**

###### *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. Valuations used are the Net Asset Values.

###### *Private Equity*

The value of private equity investments is generally based on the most recent fund valuations supplied by the relevant fund managers (adjusted for cashflows). For a small number of private equity investments, where the fund managers' most recent fund valuations have not fully reflected the economic and market impacts of COVID 19, Funds SA have adopted adjusted valuations to ensure that these investments are carried at fair value.

##### **Currency Hedge and Futures Overlay**

The values of the currency hedge and futures overlays, as at 30 June 2020, are supplied by Funds SA's custodian and represents either the payable or receivable associated with closing out the contracts in place on balance date.

##### **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, ICE Data Services.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**SCHEDULE 1: ASSET CLASS FUNDS UNDER MANAGEMENT (continued)**

**STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT**

For the year ended 30 June 2020

<b>Asset class</b>	<b>Rent, Interest &amp; Dividends \$'000</b>	<b>Realised gains / (losses)<sup>1</sup> \$'000</b>	<b>Unrealised gains / (losses)<sup>2</sup> \$'000</b>	<b>Expenses \$'000</b>	<b>TOTAL \$'000</b>
Australian Equities A	202,778	(119,883)	(451,613)	(21,735)	<b>(390,453)</b>
Australian Equities B	70,125	(51,340)	(93,814)	(4,428)	<b>(79,457)</b>
International Equities A	171,300	375,804	(119,715)	(36,438)	<b>390,951</b>
International Equities Passive A	8,151	1,913	(13,419)	(357)	<b>(3,712)</b>
International Equities B	46,798	14,034	3,191	(6,572)	<b>57,451</b>
International Equities Passive B	1,972	(887)	(1,601)	(224)	<b>(740)</b>
Property A	32,915	-	(167,744)	(17,469)	<b>(152,298)</b>
Property B	5,050	-	(28,559)	(3,052)	<b>(26,561)</b>
Diversified Strategies Growth A	252,162	(51,004)	(178,368)	(50,229)	<b>(27,439)</b>
Diversified Strategies Growth B	31,519	(12,359)	(13,582)	(8,414)	<b>(2,836)</b>
Diversified Strategies Income	76,928	(64,673)	(198,864)	(33,718)	<b>(220,327)</b>
Inflation Linked Securities A	30,396	-	2,376	(2,283)	<b>30,489</b>
Inflation Linked Securities B	38,752	37,502	(48,167)	(3,094)	<b>24,993</b>
Long Term Fixed Interest	43,707	133,743	(100,482)	(3,357)	<b>73,611</b>
Short Term Fixed Interest	25,238	9,540	(3,405)	(1,338)	<b>30,035</b>
Cash	21,385	-	-	(1,061)	<b>20,324</b>
Socially Responsible	5,742	-	(6,393)	(991)	<b>(1,642)</b>
Diversified Strategies Income (MAC)	1,440	498	(719)	(74)	<b>1,145</b>
Fixed Interest (MAC)	3,099	(180)	(229)	(152)	<b>2,538</b>
<b>TOTAL</b>	<b>1,069,457</b>	<b>272,708</b>	<b>(1,421,107)</b>	<b>(194,986)</b>	<b>(273,928)</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 2020**

**SCHEDULE 1: ASSET CLASS FUNDS UNDER MANAGEMENT (continued)**

**STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT**

For the year ended 30 June 2019

<b>Asset class</b>	<b>Rent, Interest &amp; Dividends \$'000</b>	<b>Realised gains / (losses)<sup>1</sup> \$'000</b>	<b>Unrealised gains / (losses)<sup>2</sup> \$'000</b>	<b>Expenses \$'000</b>	<b>TOTAL \$'000</b>
Australian Equities A	243,911	137,813	126,528	(19,130)	489,122
Australian Equities B	79,010	446	12,598	(3,695)	88,359
International Equities A	165,988	88,252	307,887	(29,438)	532,689
International Equities B	50,783	4,692	36,618	(4,842)	87,251
Property A	17,748	-	316,492	(16,872)	317,368
Property B	2,709	-	52,358	(2,841)	52,226
Diversified Strategies Growth A	223,286	(115,358)	197,987	(69,242)	236,673
Diversified Strategies Growth B	25,729	(15,429)	32,569	(9,682)	33,187
Diversified Strategies Income	62,083	(121,482)	355,287	(36,770)	259,118
Inflation Linked Securities A	37,425	13,309	5,794	(3,130)	53,398
Inflation Linked Securities B	56,743	(2,589)	42,219	(3,196)	93,177
Long Term Fixed Interest	52,151	(17,670)	134,846	(3,362)	165,965
Short Term Fixed Interest	27,564	7,702	7,946	(1,179)	42,033
Cash	23,886	-	-	(641)	23,245
Socially Responsible	10,484	-	(1,343)	(819)	8,322
Diversified Strategies Income (MAC)	3,739	2,147	(2,192)	(131)	3,563
Fixed Interest (MAC)	16,393	(11,380)	10,959	(237)	15,735
<b>TOTAL</b>	<b>1,099,632</b>	<b>(29,547)</b>	<b>1,636,553</b>	<b>(205,207)</b>	<b>2,501,431</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 2020**

**STATEMENT OF NET ASSETS UNDER MANAGEMENT**

As at 30 June 2020

<b>Asset class</b>	<b>Discretely Managed Portfolios \$'000</b>	<b>Managed Funds \$'000</b>	<b>Internally Managed Investments \$'000</b>	<b>Currency Hedge and Futures Overlay \$'000</b>	<b>Other Assets \$'000</b>	<b>Liabilities \$'000</b>	<b>Total \$'000</b>
Australian Equities A	5,551,973	-	-	-	1,552	(5,707)	5,547,818
Australian Equities B	1,169,042	-	-	10,877	217	(97,132)	1,083,004
International Equities A	7,194,945	625,610	-	19,200	2,161	(127,126)	7,714,790
International Equities Passive A	494,498	-	-	3,056	1,000	(179)	498,375
International Equities B	1,011,681	214,156	-	6,888	1,277	(2,269)	1,231,733
International Equities Passive B	118,116	-	-	2,020	649	(89)	120,696
Property A	-	3,524,668	-	-	64	(922)	3,523,810
Property B	-	601,029	-	-	12	(189)	600,852
Diversified Strategies Growth A	-	2,672,985	-	7,799	8,293	(950)	2,688,127
Diversified Strategies Growth B	-	422,699	-	7,114	3,126	(200)	432,739
Diversified Strategies Income	1,108,036	2,103,367	-	(12,346)	507	(6,144)	3,193,420
Inflation Linked Securities A	-	-	315,008	-	(3,672)	(104)	311,232
Inflation Linked Securities B	801,902	418,491	-	-	64	(829)	1,219,628
Long Term Fixed Interest	1,309,331	-	-	-	69	(1,022)	1,308,378
Short Term Fixed Interest	872,020	-	-	-	39	(362)	871,697
Cash	-	3,331,091	-	-	211,759	(214)	3,542,636
Socially Responsible	-	139,904	-	-	25	(62)	139,867
Diversified Strategies Income (MAC)	-	-	-	-	-	-	-
Fixed Interest (MAC)	67,544	-	-	-	5	(74)	67,475
<b>TOTAL</b>	<b>19,699,088</b>	<b>14,054,000</b>	<b>315,008</b>	<b>44,608</b>	<b>227,147</b>	<b>(243,574)</b>	<b>34,096,277</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**  
**STATEMENT OF NET ASSETS UNDER MANAGEMENT**

As at 30 June 2019

<b>Asset class</b>	<b>Discretely Managed Portfolios \$'000</b>	<b>Managed Funds \$'000</b>	<b>Internally Managed Investments \$'000</b>	<b>Currency Hedge Overlay \$'000</b>	<b>Other Assets \$'000</b>	<b>Liabilities \$'000</b>	<b>Total \$'000</b>
Australian Equities A	5,718,325	-	-	-	712	(4,817)	5,714,220
Australian Equities B	436,380	699,026	-	-	291	(642)	1,135,055
International Equities A	6,241,167	1,029,667	-	(6,145)	1,191	(6,114)	7,259,766
International Equities B	679,269	490,304	-	(1,402)	544	(1,029)	1,167,686
Property A	-	3,645,655	-	-	413	(452)	3,645,616
Property B	-	619,758	-	-	884	(121)	620,521
Diversified Strategies Growth A	-	3,003,448	-	(4,590)	7,103	(465)	3,005,496
Diversified Strategies Growth B	-	450,542	-	(755)	973	(135)	450,625
Diversified Strategies Income	2,090,165	2,550,256	-	(1,794)	389,818	(7,159)	5,021,286
Inflation Linked Securities A	-	-	313,651	-	51	(4,541)	309,161
Inflation Linked Securities B	1,379,748	394,438	-	-	1,027	(748)	1,774,465
Long Term Fixed Interest	1,709,621	-	-	-	54	(1,011)	1,708,664
Short Term Fixed Interest	876,698	-	-	-	328	(289)	876,737
Cash	-	1,241,986	-	-	133	(78)	1,242,041
Socially Responsible	-	120,704	-	-	3	(48)	120,659
Diversified Strategies Income (MAC)	33,750	-	1,454	-	385	(51)	35,538
Fixed Interest (MAC)	91,881	-	-	-	48	(26)	91,903
<b>TOTAL</b>	<b>19,257,004</b>	<b>14,245,784</b>	<b>315,105</b>	<b>(14,686)</b>	<b>403,958</b>	<b>(27,726)</b>	<b>34,179,439</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### SCHEDULE 1: ASSET CLASS 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 2020. 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 adopted by Funds SA 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).

**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 for completeness purposes only.

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 2020.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**SCHEDULE 1: ASSET CLASS FUNDS UNDER MANAGEMENT (continued)**

<b>FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES</b>					
As at 30 June 2020					
<b>Financial assets and liabilities through profit or loss</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
Australian Equities A	5,551,747	118	-	(4,047)	5,547,818
Australian Equities B	1,179,982	25	-	(97,003)	1,083,004
International Equities A	7,196,579	633,929	-	(115,718)	7,714,790
International Equities Passive A	495,301	3,056	-	18	498,375
International Equities B	1,011,641	221,026	-	(934)	1,231,733
International Equities Passive B	118,709	2,020	-	(33)	120,696
Property A	170,863	235,046	3,118,816	(915)	3,523,810
Property B	29,205	38,760	533,074	(187)	600,852
Diversified Strategies Growth A	8,288	7,799	2,672,985	(945)	2,688,127
Diversified Strategies Growth B	3,124	31,798	398,014	(197)	432,739
Diversified Strategies Income	82,762	3,116,769	-	(6,111)	3,193,420
Inflation Linked Securities*	471,115	745,490	315,008	(753)	1,530,860
Long Term Fixed Interest	1,290,263	19,119	-	(1,004)	1,308,378
Short Term Fixed Interest	511,687	360,337	-	(327)	871,697
Cash	3,331,225	-	-	211,411	3,542,636
Socially Responsible	24	139,904	-	(61)	139,867
Diversified Strategies Income (MAC)	-	-	-	-	-
Fixed Interest (MAC)	36,594	30,952	-	(71)	67,475
<b>Total</b>	<b>21,489,109</b>	<b>5,586,148</b>	<b>7,037,897</b>	<b>(16,877)</b>	<b>34,096,277</b>

\* 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 2020.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**SCHEDULE 1: ASSET CLASS FUNDS UNDER MANAGEMENT (continued)**

<b>FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES</b>					
As at 30 June 2019					
<b>Financial assets and liabilities through profit or loss</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
Australian Equities A	5,718,154	-	-	(3,934)	5,714,220
Australian Equities B	436,605	699,026	-	(576)	1,135,055
International Equities A	6,230,862	1,024,348	-	4,556	7,259,766
International Equities B	678,601	489,044	-	41	1,167,686
Property A	596	593,182	3,052,259	(421)	3,645,616
Property B	916	90,103	529,617	(115)	620,521
Diversified Strategies Growth A	7,071	(4,590)	3,003,448	(433)	3,005,496
Diversified Strategies Growth B	967	24,189	425,598	(129)	450,625
Diversified Strategies Income	659,900	4,368,476	-	(7,090)	5,021,286
Inflation Linked Securities*	782,435	992,796	313,651	(5,256)	2,083,626
Long Term Fixed Interest	1,648,958	60,683	-	(977)	1,708,664
Short Term Fixed Interest	452,910	424,076	-	(249)	876,737
Cash	1,242,105	-	-	(64)	1,242,041
Socially Responsible	2	120,704	-	(47)	120,659
Diversified Strategies Income (MAC)	10,666	24,918	-	(46)	35,538
Fixed Interest (MAC)	52,059	39,867	-	(23)	91,903
<b>Total</b>	<b>17,922,807</b>	<b>8,946,822</b>	<b>7,324,573</b>	<b>(14,763)</b>	<b>34,179,439</b>

\* 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 2020

### SCHEDULE 1: ASSET CLASS 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.

Level 3 Financial Assets and Liabilities	Opening Balance - 1 July 2019 \$'000	Purchases \$'000	Disposals \$'000	Unrealised Gains / (Losses) \$'000	Closing Balance - 30 June 2020 \$'000
Property A	3,052,259	326,635	(79,614)	(180,464)	3,118,816
Property B	529,617	47,504	(13,789)	(30,258)	533,074
Diversified Strategies Growth A	3,003,448	392,030	(499,771)	(222,722)	2,672,985
Diversified Strategies Growth B	425,597	82,030	(82,453)	(27,160)	398,014
Inflation Linked Securities*	313,652	-	-	1,356	315,008
<b>Total</b>	<b>7,324,573</b>	<b>848,199</b>	<b>(675,627)</b>	<b>(459,248)</b>	<b>7,037,897</b>

\* 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.

#### 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.

Through extensive consultation with fund managers and independent valuers Funds SA are comfortable that the economic and market impacts of COVID 19 have been captured in the valuations adopted as at 30 June 2020 for all Level 3 investments.

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **SCHEDULE 1: ASSET CLASS FUNDS UNDER MANAGEMENT (continued)**

#### **Other**

Although not specifically required by AASB 13, 'Other' includes other asset class assets and liabilities that do not fit into the Level 1 -3 categories, this includes accrued expenses, payables and receivables (including GST) for each asset class and is included in the above disclosure for completeness purposes only.

#### **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 use 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 2020 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 client 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 clients' 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 clients. 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.
- Thirdly, monitoring the liquidity of the fund on a daily basis to ensure prospective client cash outflows and switches can be met.

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **SCHEDULE 1: ASSET CLASS FUNDS UNDER MANAGEMENT (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, Long Term Fixed Interest and Inflation Linked Securities B asset classes are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities A, International Equities Passive A, International Equities B and International Equities Passive B asset classes are 40% 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 2020**

**NOTE INDEX**

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# Funds SA

## Financial Statements for the year ended 30 June 2020

### Note 1 About Funds SA

#### 1.1 Reporting entity

The financial report covers the Superannuation Funds Management Corporation of South Australia (Funds SA or the Corporation) 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).

In accordance with *AASB 1054 Australian Additional Disclosures*, Funds SA has applied Australian Accounting Standards that are applicable to for-profit entities.

#### 1.2 Objective

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.

#### 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 2020, 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

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Purpose of the financial statements (continued)

- 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

### *Nominated Funds of Approved Authorities:*

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

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

- Super SA Select

### 1.4 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Funds SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accruals basis. The Statement of Cashflows has been prepared on a cash basis.

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **Basis of preparation (continued)**

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2020 and the comparative information presented.

### **1.5 Format and content of Funds SA's financial statements**

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 14 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 classes under management. Accordingly, they are incorporated within the asset class financial information in Schedule 1.

### **1.6 Impact of new and revised accounting standards and policies**

#### **AASB 16 Leases**

*AASB 16 Leases* will apply for the first time to the 30 June 2020 financial statements. Impacts of this standard are disclosed in note 7 and note 10.

### **1.7 COVID-19 pandemic impact for the Corporation**

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The resulting global travel restrictions, increased lockdowns in certain countries and restrictions on social gatherings are having an ongoing impact on business and economic activity both in Australia and overseas.

The COVID-19 pandemic has impacted the operations of the Corporation in 2019-20. The key impacts are:

- Reduced expenditure on travel due to COVID-19 restrictions;
- Employees working remotely for a portion of the year; and
- Delay of the transition to a new custodian (Northern Trust) for the funds under management, initially scheduled for 1 April 2020.

### **Asset class funds under management**

The financial impacts of COVID-19 have been incorporated into the valuation of funds under management disclosed in Schedule 1 Statement of Net Assets Under Management. Where the valuation approach has been modified to ensure assets are disclosed at fair value this has been disclosed in Schedule 1 under 'investment valuation sources'.

### **1.8 Rounding**

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

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **1.9 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.

### **1.10 Assets and liabilities**

Assets and 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 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.

### **1.11 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.

### **1.12 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 and receivables, which are stated with the amount of GST included.

### **1.13 Significant transactions with related entities**

#### **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. Related party transactions are further disclosed at note 3.

#### **Significant transactions with government related entities**

Significant transactions with SA Government related entities are identified throughout this report and in addition Funds SA has incurred expenses of \$397,000 (\$321,000) relating to Payroll tax. This amount is paid to Revenue SA, an entity within the SA Government.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**Significant transactions with related entities (continued)**

**Asset class funds under management**

Funds SA's significant transactions with SA Government related client entities are disclosed in note 14. This relates to receipts and payments with Funds SA's clients.

Funds SA, in its capacity as manager of the asset class funds under management, may enter into significant transactions with the SA Government as part of its ordinary investment activities. These transactions are reported through Schedule 1 and are arm's length in nature.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**Note 2 Income**

**2.1 Revenues from contracts with customers**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Administration fee revenue	13,903	12,148
<b>Total revenues from contracts with customers</b>	<b>13,903</b>	<b>12,148</b>

The administration fee revenue is derived from the provision of funds management services to Funds SA clients. The administration fee rate is determined annually based upon cost recovery of Funds SA's budgeted administration expenses for the upcoming financial year. The fee is calculated as a percentage of average funds under management, for each quarter and is charged in arrears. The market value of the funds under management depends upon the performance of the underlying investments, which are linked to the performance of global financial markets, Funds SA's management of market risk in relation to the administration fee revenue is disclosed at note 12.1.

Payment terms are 30 days from the issue date of the invoice. Funds SA's performance obligations are satisfied on an ongoing basis. The revenue is recognised when it is probable that the flow of economic benefits to Funds SA will occur and can be reliably measured.

**2.2 Other income**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Advisory services revenue	42	-
<b>Total other income</b>	<b>42</b>	<b>-</b>

Funds SA provides advisory services to the Department of Treasury and Finance on a cost recovery basis. Payments are due monthly in arrears for ongoing provision of services.

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Note 3 Board, committees and employees

#### 3.1 Key management personnel

The key management personnel are the Minister, governing board directors and executive management 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
Jacki Kittel	Executive Manager, People & Organisational Performance
Tony Burrill	Executive Manager, Governance, Risk & Compliance
Tony Keenan	Executive Manager, Corporate Engagement

Refer to note 3.2 for the list of governing board directors.

Total compensation for key management personnel was \$2,589,000 in 2019-20 and \$2,150,000 in 2018-19.

#### Key management personnel remuneration

	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	2,369	1,967
Post-employment benefits	220	183
<b>Total</b>	<b>2,589</b>	<b>2,150</b>

#### Transactions with key management personnel and other related parties

During the 2019-20 year there were no other transactions with key management personnel and other related parties.

## Funds SA

### Financial Statements for the year ended 30 June 2020

#### 3.2 Board and committee members

The following persons held the position of board director throughout the 2019-20 financial year.

Director	Funds SA Board	Sub-Committees <sup>(1)</sup>	
		Audit and Risk Committee	Human Resources Committee
Paul Laband	Chair	✓	✓
Jane Jeffreys	✓	-	Chair
Robert Patterson	✓	✓	-
Kathryn Presser	✓	Chair	-
Bill Griggs	✓	-	✓
Judith Smith	✓	✓	-
Leah York	✓	-	✓

<sup>(1)</sup> **Sub-Committees**

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

#### Board and committee remuneration

The number of governing board directors whose remuneration received or receivable falls within the following bands:	Number of board directors	
	2020	2019
\$0 - \$19,999	-	2
\$20,000 - \$39,999	-	1
\$40,000 - \$59,999	6	5
\$80,000 - \$99,999	1	1
<b>Total number of governing directors</b>	<b>7</b>	<b>9</b>

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 \$370,000 (2018-19: \$367,000).

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

<b>3.3 Employee benefits expenses</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	7,675	6,225
Board and committee fees	338	334
Employee leave entitlements	341	104
Employment on-costs	1,269	972
<b>Total employee benefits expenses</b>	<b>9,623</b>	<b>7,635</b>

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

**Remuneration of employees**

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

	<b>2020</b>	<b>2019</b>
\$154 001 to \$174 000	4	2
\$174 001 to \$194 000	3	2
\$194 001 to \$214 000	1	1
\$214 001 to \$234 000	1	2
\$234 001 to \$254 000	1	-
\$254 001 to \$274 000	1	1
\$274 001 to \$294 000	1	1
\$314 001 to \$334 000	1	-
\$354 001 to \$374 000	3	3
\$394 001 to \$414 000	1	-
\$454 001 to \$474 000	-	1
\$474 001 to \$494 000	1	-
\$494 001 to \$514 000	-	1
\$534 001 to \$554 000	1	-
<b>Total number of employees</b>	<b>19</b>	<b>14</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Employee benefits expenses (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 \$5,257 million (\$3,947 million for 2018-19).

### 3.4 Employee benefits liability

	2020	2019
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	223	135
Annual leave	571	409
Long service leave	122	23
Skills and experience retention leave	21	28
<b>Total current employee benefits</b>	<b>937</b>	<b>595</b>
<b>Non-Current</b>		
Long service leave	1,098	1,012
<b>Total non-current employee benefits</b>	<b>1,098</b>	<b>1,012</b>
<b>Total employee benefits</b>	<b>2,035</b>	<b>1,607</b>

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.

#### 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.

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Employee benefits liability (continued)

#### 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.

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.

*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 decreased from 2019 (1.25%) to 2020 (0.75%).

The actuarial assessment performed by the Fund SA of Treasury and Finance reduced the salary inflation rate to 2.5% (from 4% last year) for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$110,864 and employee benefits expense of \$110,864. 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.

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.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**Note 4 Expenses**

**4.1 Supplies and services**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Information technology expenses	1,432	356
Human resource expenses	192	461
Contractors and temporary staff <sup>(1)</sup>	845	341
Board expenses	30	124
Staff development	123	181
Subscriptions and publications	161	185
Internal audit fees	123	166
External audit fees <sup>(2)</sup>	116	111
Travel and accommodation	331	461
Legal and advisory expenses	153	321
Operating lease payments <sup>(3)</sup>	-	281
Tenancy outgoings	42	42
Office supplies and printing	66	75
Other	42	68
<b>Total supplies and services</b>	<b>3,656</b>	<b>3,173</b>

<sup>(1)</sup> Contractors and temporary staff have been reclassified from employee benefits expense in the 30 June 2020 Financial Statements. Total amounts paid to contractors and temporary staff were \$845,000 (\$341,000). The amounts have been reclassified as contractors and temporary staff are not employees of Funds SA.

<sup>(2)</sup> Audit fees paid / payable to the Auditor-General's Fund SA relating to work performed under the Public Finance Audit Act were \$115,600 (\$111,000). No other services were provided by the Auditor-General's Fund SA.

<sup>(3)</sup> Operating lease payments is provided for 2018-19 only, as AASB 16 *Leases* does not distinguish between operating and finance leases for lessees - refer to note 7 and note 10.1.

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 2020**

**4.2 Consultants**

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

	No.	2020 \$'000	No.	2019 \$'000
Below \$10,000	7	21	6	30
Above \$10,000	8	288	8	577
<b>Total</b>	<b>15</b>	<b>309</b>	<b>14</b>	<b>607</b>

**4.3 Depreciation**

	2020 \$'000	2019 \$'000
<b>Depreciation</b>		
Computer and office equipment	93	60
Leasehold improvements	109	104
Right of use asset – Office lease – 25 Grenfell Street Adelaide	325	-
Right of use asset – Vehicle lease	8	-
<b>Total depreciation</b>	<b>535</b>	<b>164</b>

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.

**Review of accounting estimates**

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**4.3 Depreciation (continued)**

**Useful life**

Depreciation 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
Right-of-use assets	Term of lease

**4.4 Lease interest expense**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	27	-
<b>Total lease interest expense</b>	<b>27</b>	<b>-</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**Note 5 Financial Assets**

**5.1 Cash and cash equivalents**

Cash is measured at nominal value.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth Bank account	3,411	6,799
Cash on Hand	1	2
<b>Total cash and cash equivalents</b>	<b>3,412</b>	<b>6,801</b>

**5.2 Receivables**

Receivables arise in the normal course of providing services to clients. Receivables and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost. As at 30 June 2020 there are no indications of impairment.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Debtors*	7,389	3,450
Accrued Interest	1	8
<b>Total receivables</b>	<b>7,390</b>	<b>3,458</b>

\*Debtors includes \$7,349,000 (\$3,446,000) from contracts with customers being administration fee revenue receivable as at 30 June 2020. Receivables are normally settled within 30 days from the issue date of the invoice and are non-interest bearing. Based on past history, it is not anticipated that counterparties will fail to discharge their obligations as all counterparties are SA Government related entities, Funds SA's management of credit risk is disclosed further at note 12.1.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**Note 6 Non-financial assets**

**6.1 Property, plant and equipment**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Leasehold improvements</b>		
Leasehold improvements	1,065	1,045
Accumulated depreciation	(495)	(386)
<b>Total leasehold improvements</b>	<b>570</b>	<b>659</b>
<b>Computer and office equipment</b>		
Computer and office equipment	991	800
Accumulated depreciation	(610)	(517)
<b>Total computer and office equipment</b>	<b>381</b>	<b>283</b>
Capital work in progress	54	-
<b>Total capital work in progress</b>	<b>54</b>	<b>-</b>
<b>Total property plant and equipment</b>	<b>1,005</b>	<b>942</b>

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Subsequently these assets are recognised at historical cost less accumulated depreciation, which is deemed to approximate fair value. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued. Detail about Funds SA's approach to fair value is set out in note 6.2 below.

Property, plant and equipment with a value equal to or in excess of \$1,000 is capitalised. A sample of property, plant and equipment is assessed for impairment annually.

Property, plant and equipment includes \$404,200 of fully depreciated assets that are still in use as at 30 June 2020.

Capital work in progress relates to fit out costs for the expansion of the office tenancy, scheduled to be completed during the 2020-21 financial year.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**6.1 Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment**

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT**  
The following table shows the movement of property, plant and equipment during the year ended 30 June 2020

	Leasehold improvements \$'000	Computer and office equipment \$'000	Capital work in progress \$'000	<b>Property, Plant and Equipment Total \$'000</b>
<b>Carrying amount at the beginning of the financial year</b>	659	283	-	942
Additions	20	191	54	265
Depreciation	(109)	(93)	-	(202)
<b>Carrying amount at the end of the financial year</b>	<b>570</b>	<b>381</b>	<b>54</b>	<b>1,005</b>

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT**  
The following table shows the movement of property, plant and equipment during the year ended 30 June 2019

	Leasehold improvements \$'000	Computer and office equipment \$'000	<b>Property, Plant and Equipment Total \$'000</b>
<b>Carrying amount at the beginning of the financial year</b>	745	228	973
Additions	18	116	134
Disposals	-	(1)	(1)
Depreciation	(104)	(60)	(164)
<b>Carrying amount at the end of the financial year</b>	<b>659</b>	<b>283</b>	<b>942</b>

## **Funds SA**

### **Financial Statements for the year ended 30 June 2020**

#### **6.2 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 2020.

During the 2019-20 year, 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.

Unobservable inputs used to derive Level 3 fair values are explained 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 2019-20. The reconciliation of fair value measurements using significant unobservable inputs (Level 3) is represented by the reconciliation of property, plant and equipment above.

#### **6.3 Other assets**

Other assets include prepayments, these are prepaid amounts that relate to a benefit to be consumed in a later reporting period.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	398	179
<b>Total other assets</b>	<b>398</b>	<b>179</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Note 7 Leases

#### 7.1 Adoption of AASB 16 Leases

The adoption of *AASB 16 Leases* from 1 July 2019 has resulted in adjustments to the amounts recognised for leases from a lessee perspective in the financial statements. AASB 16 replaces *AASB 117 Leases* and requires lessees to recognise assets and liabilities for leases, previously classified as operating leases, in the Statement of Financial Position.

Transitional and ongoing accounting policies adopted by Funds SA in relation to AASB 16 are disclosed further at note 10.1. Lease liabilities and right of use assets recognised as at initial application on 1 July 2019, including the incremental borrowing rates applied, are also presented at note 10.1.

The table below shows the differences in accounting treatment of leases under AASB 16 and AASB 117.

Financial Report	AASB 16 (from 1 July 2019)	AASB 117 (30 June 2019)
Statement of Comprehensive Income	<ul style="list-style-type: none"><li>• depreciation expense representing the consumption of the right of use asset over the lease term.</li><li>• lease interest expense representing the cost associated with financing the right-of-use asset over the lease term.</li></ul>	<ul style="list-style-type: none"><li>• lease payments recognised as an expense under supplies and services.</li></ul>
Statement of Financial Position	<ul style="list-style-type: none"><li>• right of use asset representing the right to use the leased asset over the term of the lease.</li><li>• lease liability representing the present value of future lease payments.</li></ul>	<ul style="list-style-type: none"><li>• Not recognised.</li></ul>
Statement of Cashflows	<ul style="list-style-type: none"><li>• cash outflows for lease payments are separated into principle and interest components disclosed under financing activities.</li></ul>	<ul style="list-style-type: none"><li>• cash outflows for lease payments included in supplies and services disclosed under operating activities.</li></ul>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**7.2 Right of use asset**

	2020	2019
	\$'000	\$'000
<b>Office lease – 25 Grenfell Street Adelaide</b>		
Right of use asset	2,028	-
Accumulated depreciation	(325)	-
<b>Total office lease – 25 Grenfell Street Adelaide</b>	<b>1,703</b>	<b>-</b>
<b>Vehicle lease</b>		
Right of use asset	15	-
Accumulated depreciation	(8)	-
<b>Total vehicle lease</b>	<b>7</b>	<b>-</b>
<b>Total right of use assets</b>	<b>1,710</b>	<b>-</b>

Right of use assets are measured by applying the cost model.

Funds SA has the following leases:

- an office lease of floor space in a building located at 25 Grenfell Street, Adelaide. The office lease is for a non-cancellable period of 10 years from October 2015, with an option to extend the lease term by a further 5 years. Fixed rent reviews occur annually, rental payments are monthly in advance.
- a motor vehicle lease with the South Australian Government Financing Authority (SAFA) as part of a staff member's remuneration package.

Depreciation of the right of use assets are disclosed in note 4.3. The lease liabilities related to the right-of-use assets are presented in note 7.3 below.

**Impairment**

The right of use assets leased by Funds SA have been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**7.3 Lease liabilities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
<b>Office lease – 25 Grenfell Street Adelaide</b>		
Lease liability	265	-
<b>Vehicle lease</b>		
Lease liability	7	-
<b>Total current lease liabilities</b>	<b>272</b>	<b>-</b>
<b>Non-Current</b>		
<b>Office lease – 25 Grenfell Street Adelaide</b>		
Lease liability	1,470	-
<b>Total non- current borrowings</b>	<b>1,470</b>	<b>-</b>
<b>Total lease liabilities</b>	<b>1,742</b>	<b>-</b>

Current lease liabilities represent present value of future lease payments due in 12 months. Non-current lease liabilities represent lease payments not due in 12 months. The right of use assets related to these lease liabilities are presented at note 7.2 above. All material future cash outflows for the remaining assessed lease term are reflected in the lease liabilities disclosed above. Total cash outflows relating to the repayment of leases for the reporting period were \$328,000. Lease interest payments are disclosed at note 4.4.

## Funds SA

### Financial Statements for the year ended 30 June 2020

#### 7.4 Office lease term

The lease term of the office lease is based on the remaining non-cancellable period. The lease allows for an option to extend the lease term by a further 5 years. On initial application of AASB 16 at 1 July 2019 the lease term was assessed and it was deemed not reasonably certain that Funds SA would exercise the option, as a result the lease term is based on the non-cancellable period only.

#### 7.5 Maturity analysis

	Carrying Amount 30 June 2020	Contractual Maturities 30 June 2020		
		Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Lease liabilities	1,742	272	1,373	97

The maturity analysis is based on the assessment of the remaining lease term.

#### 7.6 Events after the reporting period – lease modification

Funds SA have agreed to a new lease to expand the existing office space at 25 Grenfell Street which replaces the lease in existence as at 30 June 2020. The new lease will commence on completion of fit-out works, which is estimated to be 1 September 2020. The new lease conditions align with the non-cancellable period of the lease in existence as at 30 June 2020 and retains option to extend the lease term for a further 5 years as disclosed in note 7.4. Fixed rent reviews occur annually, rental payments are monthly in advance.

Funds SA has estimated the impact of the new lease for the 30 June 2021 reporting period below.

#### Statement of Financial Position

	1 September 2020 (new lease) \$'000	1 September 2020 (existing lease) \$'000
<b>Assets</b>		
Right of use asset – 25 Grenfell Street Adelaide	2,436	1,649
<b>Liabilities</b>		
Lease liabilities – 25 Grenfell Street Adelaide	2,436	1,712

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**7.6 Events after the reporting period – lease modification (continued)**

The estimated net impact of the lease modification on the 2020-21 Statement of Comprehensive Income is set out below.

**Statement of Comprehensive Income**

	<b>30 June 2021</b> <b>\$'000</b>
<b>Office lease - 25 Grenfell Street Adelaide</b>	
Depreciation	129
Lease interest expense	(8)
Gain on lease modification	(63)
<b>Net increase (decrease) in expenses</b>	<b>58</b>

The estimated impact is based on management's assessment of the lease term which remains unchanged and is disclosed at note 7.4. The incremental borrowing rates applied to the new lease of 0.73% were SAFA's interest rates for principal and interest loans to SA Government agencies for 30 June 2020 as published by the Department of Treasury and Finance.

The additional cash outflows required to repay the principle and interest components of the lease are estimated to be \$136,000 for the 2020-21 reporting period.

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**Note 8 Liabilities**

Employee benefit liabilities are disclosed in note 3.

**8.1 Payables**

	2020	2019
	\$'000	\$'000
<b>Current</b>		
Creditors	270	189
GST payable	542	479
Accrued expenses	197	153
Employment on-costs	101	68
<b>Total current payables</b>	<b>1,110</b>	<b>889</b>
<b>Non Current</b>		
Employment on-costs	102	93
<b>Total non current payables</b>	<b>102</b>	<b>93</b>
<b>Total payables</b>	<b>1,212</b>	<b>982</b>

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 suppliers during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

**Employment on-costs**

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 and are settled when the respective employee benefits that they relate to is discharged.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate of 41% to 42% in 2020. This rate is used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial to these statements.

**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 2020**

**Note 9 Cash flow reconciliation**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of Net Cash provided by Operating Activities to Surplus:</b>		
Net surplus	135	1,262
<b>Add non-cash items</b>		
Depreciation	535	164
<b>Changes in Assets / Liabilities</b>		
(Increase) in receivables	(3,932)	(548)
(Increase) in other assets	(219)	(69)
Increase in payables	230	7
Increase in employee benefits	428	124
<b>Net cash (used)/ provided by operating activities</b>	<b>(2,823)</b>	<b>940</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### **Note 10 Changes in accounting policy**

#### **10.1 AASB 16 Leases**

*AASB 16 Leases* sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. AASB 16 replaces *AASB 117 Leases* and related interpretations.

The adoption of AASB 16 from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position.
- AASB 117 resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 largely replaces this with depreciation expenses that represents the use of the right-of-use asset and lease interest expense that represent the cost associated with financing the right-of-use asset.

#### **Impact on retained earnings**

The total impact on Fund SA's retained earnings as at 1 July 2019 is as follows:

	\$'000
<b>Closing retained earnings 30 June 2019</b>	<b>8,791</b>
<b>Assets</b>	
Right of use assets	2,043
<b>Liabilities</b>	
Lease liabilities	2,043
<b>Opening retained earnings 1 July 2019</b>	<b>8,791</b>

Funds SA in its 2018-19 financial report had total undiscounted operating lease commitments of \$2.15 million under AASB 117.

The variance between the unrecognised contractual commitment in the 2018-19 financial report and the initial recognition of the lease liability is due to adjusting for the present value of the future lease payments by the discounting of cashflows.

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **10.1 AASB 16 Leases (continued)**

#### **Accounting policies on transition**

*AASB 16 Leases* sets out accounting policies on transition in its transitional provisions. The Treasurer's Instructions (Accounting Policy Statements) requires certain choices in those transitional provisions to be taken. Fund SA has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under *AASB 117 Leases* and related interpretations.
- the initial measurement of the lease liabilities was the present value of the remaining leases payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The incremental borrowing rate for the office lease and vehicle lease were 1.55% and 3.13% respectively.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.

#### **Ongoing accounting policies**

The Treasurer's Instructions (Accounting Policy Statements) specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in Fund SA's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- Fund SA, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are measured applying the cost model.

Significant accounting policies relating to the application of AASB 16 are disclosed at note 7.

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Note 11 Outlook

#### 11.1 Unrecognised contractual commitments

##### Operating lease commitments

Operating lease commitments is provided for the comparative year only as *AASB 16 Leases* does not distinguish between operating and finance leases for the lessee.

	2020	2019
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases, are payable as follows:		
Within one year	-	307
Later than one year but not longer than five years	-	1,364
Later than five years	-	482
<b>Total non-cancellable operating lease commitments</b>	<b>-</b>	<b>2,153</b>

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 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Funds SA is not aware of any contingent assets or liabilities.

#### 11.3 Impact of standards and statements not yet effective

Funds SA has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective and have concluded that there will be no significant impacts to Funds SA.

#### AASB 1059 Service Concession Arrangements: Grantors

*AASB 1059* prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public class grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020. Funds SA does not have any arrangements falling within the scope of this standard.

#### 11.4 Events after the reporting period

Funds SA have agreed to a new lease to expand the existing office space at 25 Grenfell Street. The new lease will commence on completion of fit-out works, which is estimated to be 1 September 2020, the financial impact of this new lease is disclosed at note 7.6.

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **11.5 COVID-19 pandemic outlook**

The COVID-19 pandemic will continue to impact the operations of the Corporation in 2020-21. The key expected impacts are:

- Staff continuing to work remotely some of the time and a possible increase in working from home arrangements in the future; and
- Reduced expenditure on travel due to COVID-19 restrictions.

### **Asset class funds under management**

The fair values of funds under management disclosed in Schedule 1 Statement of Net Assets Under Management as at 30 June 2020 reflect the conditions known as at that date. The evolving COVID-19 health situation and its impact on investment markets are being closely monitored.

# **Funds SA**

## **Financial Statements for the year ended 30 June 2020**

### **Note 12 Financial Instruments**

#### **12.1 Financial risk management**

Financial risk management in relation to the client funds under management is disclosed in Schedule 1.

Financial risk management in relation to Funds SA's corporate activities is disclosed below:

Funds SA's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

#### **Liquidity risk and market risk**

The administration fee that Funds SA charges to its clients 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.

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.

#### **Credit risk**

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

#### **12.2 Maturity analysis**

Cash, receivables and payables all have a maturity of less than 12 months. Lease liabilities relate to Funds SA's office and vehicle leases and have a maturity greater than 12 months, refer to note 7.5. The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these financial instruments, refer to the table provided at note 12.3 below.

## **Funds SA**

### **Financial Statements for the year ended 30 June 2020**

#### **12.3 Classification of financial instruments**

Funds SA measures all financial instruments at amortised cost, the carrying amount is disclosed below.

	<b>Carrying Amount 30 June 2020</b>
	<b>\$'000</b>
<b>Financial assets</b>	
Receivables	7,390
<b>Financial liabilities</b>	
Payables	276
Lease liabilities	1,742

	<b>Carrying Amount 30 June 2019</b>
	<b>\$'000</b>
<b>Financial assets</b>	
Receivables	3,458
<b>Financial liabilities</b>	
Payables	220

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees).

## Funds SA

### Financial Statements for the year ended 30 June 2020

#### Note 13 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 clients. Since that time, an additional 5 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
Australian Equities Passive B Unit Trust	29 May 2019	\$10
International Equities Passive B Unit Trust	29 May 2019	\$10
	<b>Total</b>	<b>\$200</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Note 14 Client funds under management

#### Operation of Investment Portfolio

Funds SA operates a multi-layered unitisation structure to facilitate the administration of different investment strategies applying to the various client funds. For the year ending 30 June 2020, 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<sup>(1)</sup>
- Lifetime Support Authority Strategy<sup>(1)</sup>
- Defined Benefit Strategy
- SAFA Investment Strategy<sup>(1)</sup>

<sup>(1)</sup> These investment options are customised strategies available to the South Australian Government Financing Authority (SAFA), Motor Accident Commission and Lifetime Support Authority only.

Each client fund holds units in an investment option, which in turn holds units in each of the asset classes 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 SA 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 SA Act, the format of these financial statements has been approved by the Minister.

These client fund financial statements are explained and disclosed below:

- Each client 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 client placements and redemptions in investment options inclusive of switches between investment options.
- The interest which each client fund holds in the unitised investment portfolio is disclosed in the Statement of Funds Under Management - by Investment Option.
- The indirect interest which each client fund holds in the asset classes is disclosed in the Statement of Funds Under Management - by Asset class.
- Australian Equities A, Australian Equities Passive A, International Equities A, International Equities Passive A, Property A, Diversified Strategies Growth A and Inflation Linked Securities A asset classes are available to untaxed clients only, whereas Australian Equities B, Australian Equities Passive B, International Equities B, International Equities Passive B, Property B and Diversified Strategies Growth B asset classes are available to taxed clients only. All other asset classes, with the exception of Fixed Interest (MAC) (which is available to the Motor Accident Commission only), are available to both untaxed and taxed clients.

Note 14 provides financial statements in respect of each client fund under the management of Funds SA for the 2019-20 financial year.

The valuation of the investments of each client fund under management has been valued at fair value in accordance with *AASB 13 Fair Value Measurement*. Funds SA considers fair value to be the Net Asset Value of units held in each investment option and asset class. Net Asset Value excludes any impacts of buy and sell spreads applicable to each investment option and asset class and is consistent with the valuation methodology adopted in Schedule 1 above.

# Funds SA

## Financial Statements for the year ended 30 June 2020

### Client Funds Under Management (continued)

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**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(a) South Australian Superannuation Scheme – Employer Contribution Accounts**

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>2,857,354</b>	<b>2,887,349</b>
Add: Receipts	367,267	384,959
Net Investment Income	(31,657)	221,171
	<u>335,610</u>	<u>606,130</u>
Less: Payments	<u>(638,975)</u>	<u>(636,125)</u>
<b>Funds Under Management at 30 June</b>	<b>2,553,989</b>	<b>2,857,354</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Defined Benefit Strategy	<u>2,553,989</u>	<u>2,857,354</u>
<b>Funds Under Management at 30 June</b>	<b>2,553,989</b>	<b>2,857,354</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	525,468	643,432
International Equities A	789,868	824,667
Property A	437,237	489,525
Diversified Strategies Growth A	404,021	474,659
Diversified Strategies Income	330,298	382,812
Cash	<u>67,097</u>	<u>42,259</u>
<b>Funds Under Management at 30 June</b>	<b>2,553,989</b>	<b>2,857,354</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(b) South Australian Superannuation Fund – Old Scheme Division**

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>1,615,913</b>	<b>1,581,214</b>
Add: Receipts	3,010	-
Net Investment Income	(20,015)	124,044
	<u>(17,005)</u>	<u>124,044</u>
Less: Payments	<u>(94,450)</u>	<u>(89,345)</u>
<b>Funds Under Management at 30 June</b>	<b>1,504,458</b>	<b>1,615,913</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Defined Benefit Strategy	<u>1,504,458</u>	<u>1,615,913</u>
<b>Funds Under Management at 30 June</b>	<b>1,504,458</b>	<b>1,615,913</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	309,533	363,879
International Equities A	465,281	466,372
Property A	257,560	276,840
Diversified Strategies Growth A	237,994	268,433
Diversified Strategies Income	194,566	216,491
Cash	<u>39,524</u>	<u>23,898</u>
<b>Funds Under Management at 30 June</b>	<b>1,504,458</b>	<b>1,615,913</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(c) South Australian Superannuation Fund – New Scheme Division**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>627,270</b>	<b>647,025</b>
Add: Receipts	51,487	18,686
Net Investment Income	(4,174)	47,594
	<u>47,313</u>	<u>66,280</u>
Less: Payments	<u>(120,583)</u>	<u>(86,035)</u>
<b>Funds Under Management at 30 June</b>	<b>554,000</b>	<b>627,270</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

High Growth A	23,418	29,132
Growth A	391,741	472,237
Balanced A	62,496	63,759
Moderate A	24,988	24,246
Conservative A	24,042	22,406
Capital Defensive A	9,526	8,808
Cash A	17,654	4,894
Socially Responsible	135	1,788
<b>Funds Under Management at 30 June</b>	<b>554,000</b>	<b>627,270</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	114,903	130,027
International Equities A	157,795	167,189
International Equities Passive A	14,723	-
Property A	67,313	79,103
Diversified Strategies Growth A	46,962	60,043
Inflation Linked Securities A	11,774	37,925
Long Term Fixed Interest	7,596	26,422
Short Term Fixed Interest	9,999	9,751
Diversified Strategies Income	62,425	96,355
Cash	60,375	18,667
Socially Responsible	135	1,788
<b>Funds Under Management at 30 June</b>	<b>554,000</b>	<b>627,270</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(d) Southern State Superannuation Fund**

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>18,983,247</b>	<b>17,242,415</b>
Add: Receipts	1,630,900	722,979
Net Investment Income	(119,554)	1,392,255
	<u>1,511,346</u>	<u>2,115,234</u>
Less: Payments	<u>(1,380,491)</u>	<u>(374,402)</u>
<b>Funds Under Management at 30 June</b>	<b>19,114,102</b>	<b>18,983,247</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

High Growth A	1,435,455	1,460,675
Growth A	713,321	733,028
Balanced A	15,108,097	15,578,966
Moderate A	444,577	345,796
Conservative A	419,540	354,219
Capital Defensive A	277,765	217,411
Cash A	639,966	226,170
Socially Responsible	75,381	66,982
	<u>19,114,102</u>	<u>18,983,247</u>
<b>Funds Under Management at 30 June</b>	<b>19,114,102</b>	<b>18,983,247</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	3,787,802	3,700,847
International Equities A	5,084,903	4,696,246
International Equities Passive A	482,285	-
Property A	2,108,094	2,166,878
Diversified Strategies Growth A	1,419,749	1,593,454
Inflation Linked Securities A	1,068,039	1,459,437
Long Term Fixed Interest	969,417	1,295,629
Short Term Fixed Interest	467,964	535,456
Diversified Strategies Income	1,473,583	2,880,064
Cash	2,176,885	588,254
Socially Responsible	75,381	66,982
	<u>19,114,102</u>	<u>18,983,247</u>
<b>Funds Under Management at 30 June</b>	<b>19,114,102</b>	<b>18,983,247</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

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

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>1,327,208</b>	<b>1,175,119</b>
Add: Receipts	472,145	226,986
Net Investment Income	(13,812)	86,133
	<u>458,333</u>	<u>313,119</u>
Less: Payments	<u>(365,234)</u>	<u>(161,030)</u>
<b>Funds Under Management at 30 June</b>	<b>1,420,307</b>	<b>1,327,208</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

High Growth B	76,427	60,624
Growth B	121,473	137,701
Balanced B	636,508	662,627
Moderate B	169,677	172,578
Conservative B	140,691	130,750
Capital Defensive B	95,047	93,522
Cash B	159,996	54,219
Socially Responsible	20,488	15,187
	<u>1,420,307</u>	<u>1,327,208</u>
<b>Funds Under Management at 30 June</b>	<b>1,420,307</b>	<b>1,327,208</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities B	236,928	243,632
International Equities B	268,952	250,923
International Equities Passive B	26,409	-
Property B	130,892	133,580
Diversified Strategies Growth B	94,769	97,136
Inflation Linked Securities B	85,594	116,371
Long Term Fixed Interest	66,880	81,263
Short Term Fixed Interest	76,442	74,815
Diversified Strategies Income	126,663	194,420
Cash	286,290	119,881
Socially Responsible	20,488	15,187
	<u>1,420,307</u>	<u>1,327,208</u>
<b>Funds Under Management at 30 June</b>	<b>1,420,307</b>	<b>1,327,208</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(f) Super SA Retirement Investment Fund – Super SA Income Stream**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>3,619,505</b>	<b>3,188,085</b>
Add: Receipts	1,088,982	521,767
Net Investment Income	(35,674)	237,220
	<hr/> 1,053,308	<hr/> 758,987
Less: Payments	<hr/> (930,367)	<hr/> (327,567)
<b>Funds Under Management at 30 June</b>	<b>3,742,446</b>	<b>3,619,505</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

High Growth B	103,104	127,611
Growth B	231,104	252,625
Balanced B	1,741,487	1,857,220
Moderate B	631,994	568,023
Conservative B	467,486	461,576
Capital Defensive B	238,676	205,318
Cash B	286,772	111,825
Socially Responsible	41,823	35,307
	<hr/>	<hr/>
<b>Funds Under Management at 30 June</b>	<b>3,742,446</b>	<b>3,619,505</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities B	629,796	660,038
International Equities B	714,485	680,436
International Equities Passive B	69,910	-
Property B	350,198	363,375
Diversified Strategies Growth B	246,391	257,516
Inflation Linked Securities B	261,629	335,007
Long Term Fixed Interest	201,495	231,960
Short Term Fixed Interest	228,869	214,553
Diversified Strategies Income	352,243	541,282
Cash	645,607	300,031
Socially Responsible	41,823	35,307
	<hr/>	<hr/>
<b>Funds Under Management at 30 June</b>	<b>3,742,446</b>	<b>3,619,505</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(g) Parliamentary Superannuation Scheme**

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>255,816</b>	<b>273,279</b>
Add: Receipts	12,796	4,257
Net Investment Income	(2,974)	19,496
	<hr/> 9,822	<hr/> 23,753
Less: Payments	<hr/> (21,956)	<hr/> (41,216)
<b>Funds Under Management at 30 June</b>	<b>243,682</b>	<b>255,816</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

High Growth A	5,231	4,526
Growth A	1,967	3,203
Balanced A	22,134	23,236
Moderate A	905	714
Conservative A	1	-
Capital Defensive A	567	-
Cash A	3,160	-
Socially Responsible	2,040	1,396
Defined Benefit Strategy	207,677	222,741
	<hr/> 243,682	<hr/> 255,816
<b>Funds Under Management at 30 June</b>	<b>243,682</b>	<b>255,816</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	49,243	56,711
International Equities A	72,990	72,637
International Equities Passive A	826	-
Property A	39,222	41,984
Diversified Strategies Growth A	35,344	39,862
Inflation Linked Securities A	1,527	2,181
Long Term Fixed Interest	1,420	1,988
Short Term Fixed Interest	641	621
Diversified Strategies Income	29,421	34,618
Cash	11,008	3,818
Socially Responsible	2,040	1,396
	<hr/> 243,682	<hr/> 255,816
<b>Funds Under Management at 30 June</b>	<b>243,682</b>	<b>255,816</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(h) Judges' Pension Scheme**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>280,330</b>	<b>273,550</b>
Add: Receipts	3,600	4,770
Net Investment Income	(3,551)	21,340
	<u>49</u>	<u>26,110</u>
Less: Payments	<u>(11,328)</u>	<u>(19,330)</u>
<b>Funds Under Management at 30 June</b>	<b>269,051</b>	<b>280,330</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Defined Benefit Strategy	<u>269,051</u>	<u>280,330</u>
<b>Funds Under Management at 30 June</b>	<b>269,051</b>	<b>280,330</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	55,356	63,126
International Equities A	83,209	80,906
Property A	46,061	48,027
Diversified Strategies Growth A	42,562	46,568
Diversified Strategies Income	34,795	37,557
Cash	<u>7,068</u>	<u>4,146</u>
<b>Funds Under Management at 30 June</b>	<b>269,051</b>	<b>280,330</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(i) Governors' Pension Scheme**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>3,247</b>	<b>284</b>
Add: Receipts	-	3,000
Net Investment Income	(37)	243
	(37)	3,243
Less: Payments	(283)	(280)
<b>Funds Under Management at 30 June</b>	<b>2,927</b>	<b>3,247</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Defined Benefit Strategy	2,927	3,247
<b>Funds Under Management at 30 June</b>	<b>2,927</b>	<b>3,247</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	602	731
International Equities A	905	937
Property A	501	556
Diversified Strategies Growth A	463	539
Diversified Strategies Income	379	436
Cash	77	48
<b>Funds Under Management at 30 June</b>	<b>2,927</b>	<b>3,247</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(j) South Australian Ambulance Service Superannuation Scheme**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>288,205</b>	<b>267,493</b>
Add: Receipts	7,300	7,800
Net Investment Income	(1,586)	20,722
	5,714	28,522
Less: Payments	(19,720)	(7,810)
<b>Funds Under Management at 30 June</b>	<b>274,199</b>	<b>288,205</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Balanced B	274,199	288,205
<b>Funds Under Management at 30 June</b>	<b>274,199</b>	<b>288,205</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities B	61,184	61,219
International Equities B	67,372	63,578
International Equities Passive B	7,024	-
Property B	30,592	32,350
Diversified Strategies Growth B	26,190	27,429
Inflation Linked Securities B	14,280	24,211
Long Term Fixed Interest	16,870	22,074
Short Term Fixed Interest	4,987	6,054
Diversified Strategies Income	19,414	43,827
Cash	26,286	7,463
<b>Funds Under Management at 30 June</b>	<b>274,199</b>	<b>288,205</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(k) Police Superannuation Scheme – Employer Contribution Account**

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>1,385,163</b>	<b>1,282,862</b>
Add: Receipts	72,715	59,506
Net Investment Income	(18,269)	104,750
	<u>54,446</u>	<u>164,256</u>
Less: Payments	<u>(63,950)</u>	<u>(61,955)</u>
<b>Funds Under Management at 30 June</b>	<b><u>1,375,659</u></b>	<b><u>1,385,163</u></b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Defined Benefit Strategy	<u>1,375,659</u>	<u>1,385,163</u>
<b>Funds Under Management at 30 June</b>	<b><u>1,375,659</u></b>	<b><u>1,385,163</u></b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	283,033	311,917
International Equities A	425,448	399,775
Property A	235,510	237,308
Diversified Strategies Growth A	217,619	230,101
Diversified Strategies Income	177,909	185,576
Cash	<u>36,140</u>	<u>20,486</u>
<b>Funds Under Management at 30 June</b>	<b><u>1,375,659</u></b>	<b><u>1,385,163</u></b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(l) Police Superannuation Fund – Old Scheme Division**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>597,729</b>	<b>573,507</b>
Add: Receipts	-	-
Net Investment Income	(7,448)	45,642
	(7,448)	45,642
Less: Payments	(23,185)	(21,420)
<b>Funds Under Management at 30 June</b>	<b>567,096</b>	<b>597,729</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Defined Benefit Strategy	567,096	597,729
<b>Funds Under Management at 30 June</b>	<b>567,096</b>	<b>597,729</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	116,677	134,599
International Equities A	175,385	172,512
Property A	97,086	102,404
Diversified Strategies Growth A	89,710	99,294
Diversified Strategies Income	73,340	80,080
Cash	14,898	8,840
<b>Funds Under Management at 30 June</b>	<b>567,096</b>	<b>597,729</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

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

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>615,322</b>	<b>578,190</b>
Add: Receipts	53,000	40,000
Net Investment Income	(3,859)	48,132
	<u>49,141</u>	<u>88,132</u>
Less: Payments	<u>(62,000)</u>	<u>(51,000)</u>
<b>Funds Under Management at 30 June</b>	<b>602,463</b>	<b>615,322</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Growth A	-	615,322
SAFA Investment Strategy	602,463	-
	<u>602,463</u>	<u>-</u>
<b>Funds Under Management at 30 June</b>	<b>602,463</b>	<b>615,322</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	117,931	133,905
International Equities A	180,251	173,322
Property A	79,171	81,786
Diversified Strategies Growth A	59,338	65,285
Inflation Linked Securities A	36,306	32,689
Long Term Fixed Interest	23,709	23,248
Diversified Strategies Income	89,954	95,798
Cash	15,803	9,289
	<u>602,463</u>	<u>615,322</u>
<b>Funds Under Management at 30 June</b>	<b>602,463</b>	<b>615,322</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

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

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>15,119</b>	<b>17,664</b>
Add: Receipts	-	-
Net Investment Income	23	955
	<u>23</u>	<u>955</u>
Less: Payments	<u>(4,000)</u>	<u>(3,500)</u>
<b>Funds Under Management at 30 June</b>	<b>11,142</b>	<b>15,119</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Conservative A	<u>11,142</u>	<u>15,119</u>
<b>Funds Under Management at 30 June</b>	<b>11,142</b>	<b>15,119</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	1,202	1,827
International Equities A	1,623	2,107
International Equities Passive A	98	-
Property A	925	1,285
Inflation Linked Securities A	1,665	2,359
Long Term Fixed Interest	551	723
Short Term Fixed Interest	1,987	2,683
Diversified Strategies Income	1,902	2,693
Cash	<u>1,189</u>	<u>1,442</u>
<b>Funds Under Management at 30 June</b>	<b>11,142</b>	<b>15,119</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

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

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>32,704</b>	<b>24,157</b>
Add: Receipts	-	6,500
Net Investment Income	218	2,047
	<u>218</u>	<u>8,547</u>
Less: Payments	<u>(10,000)</u>	-
<b>Funds Under Management at 30 June</b>	<b><u>22,922</u></b>	<b><u>32,704</u></b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Conservative A	<u>22,922</u>	<u>32,704</u>
<b>Funds Under Management at 30 June</b>	<b><u>22,922</u></b>	<b><u>32,704</u></b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	2,473	3,952
International Equities A	3,340	4,557
International Equities Passive A	202	-
Property A	1,902	2,780
Inflation Linked Securities A	3,425	5,103
Long Term Fixed Interest	1,134	1,564
Short Term Fixed Interest	4,088	5,805
Diversified Strategies Income	3,912	5,825
Cash	<u>2,446</u>	<u>3,118</u>
<b>Funds Under Management at 30 June</b>	<b><u>22,922</u></b>	<b><u>32,704</u></b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(p) South Australian Government Financing Authority (SAICORP – Insurance Fund 4)**

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	-	-
Add: Receipts	140,000	-
Net Investment Income	2,293	-
	142,293	-
Less: Payments	0	-
<b>Funds Under Management at 30 June</b>	142,293	-

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Capital Defensive A	142,293	-
<b>Funds Under Management at 30 June</b>	142,293	-

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities A	8,227	-
International Equities A	10,377	-
International Equities Passive A	102	-
Property A	7,554	-
Inflation Linked Securities A	21,290	-
Long Term Fixed Interest	7,049	-
Short Term Fixed Interest	42,483	-
Diversified Strategies Income	22,891	-
Cash	22,320	-
<b>Funds Under Management at 30 June</b>	142,293	-

## Funds SA

### Financial Statements for the year ended 30 June 2020

14(q) Adelaide Cemeteries Authority

#### Statement of Receipts and Payments

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>6,363</b>	<b>6,525</b>
Add: Receipts	900	150
Net Investment Income	(4)	488
	896	638
Less: Payments	(1,900)	(800)
<b>Funds Under Management at 30 June</b>	<b>5,359</b>	<b>6,363</b>

#### Statement of Funds Under Management - by Investment Option

##### Investment Option

High Growth A	3,497	4,789
Balanced A	1,005	1,095
Conservative A	857	479
	5,359	6,363
<b>Funds Under Management at 30 June</b>	<b>5,359</b>	<b>6,363</b>

#### Statement of Funds Under Management – by Asset class

##### Asset class

Australian Equities A	1,166	1,556
International Equities A	1,578	1,993
International Equities Passive A	139	-
Property A	717	890
Diversified Strategies Growth A	423	602
Inflation Linked Securities A	189	166
Long Term Fixed Interest	102	108
Short Term Fixed Interest	171	112
Diversified Strategies Income	602	803
Cash	272	133
	5,359	6,363
<b>Funds Under Management at 30 June</b>	<b>5,359</b>	<b>6,363</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(r) Motor Accident Commission Compulsory Third Party Fund**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>61,587</b>	<b>1,012,035</b>
Add: Receipts	-	24,000
Net Investment Income	1,532	18,288
	1,532	42,288
Less: Payments	(19,100)	(992,736)
<b>Funds Under Management at 30 June</b>	<b>44,019</b>	<b>61,587</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Motor Accident Commission A	44,019	61,587
<b>Funds Under Management at 30 June</b>	<b>44,019</b>	<b>61,587</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Fixed Interest (MAC)	31,128	34,208
Diversified Strategies Income (MAC)	-	13,228
Cash	12,891	14,151
<b>Funds Under Management at 30 June</b>	<b>44,019</b>	<b>61,587</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(s) Motor Accident Commission Retained Premium Component**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>103,872</b>	<b>-</b>
Add: Receipts	-	102,036
Net Investment Income	2,527	1,836
	<b>2,527</b>	<b>103,872</b>
Less: Payments	(55,000)	-
<b>Funds Under Management at 30 June</b>	<b>51,399</b>	<b>103,872</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Motor Accident Commission A	51,399	103,872
<b>Funds Under Management at 30 June</b>	<b>51,399</b>	<b>103,872</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Fixed Interest (MAC)	36,347	57,695
Diversified Strategies Income (MAC)	0	22,310
Cash	15,052	23,867
<b>Funds Under Management at 30 June</b>	<b>51,399</b>	<b>103,872</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### 14(t) South Australian Metropolitan Fire Service Superannuation Scheme

#### Statement of Receipts and Payments

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>434,232</b>	<b>398,339</b>
Add: Receipts	54,778	45,299
Net Investment Income	(2,953)	29,892
	<hr/> 51,825	<hr/> 75,191
Less: Payments	<hr/> (51,098)	<hr/> (39,298)
<b>Funds Under Management at 30 June</b>	<b>434,959</b>	<b>434,232</b>

#### Statement of Funds Under Management - by Investment Option

##### Investment Option

High Growth B	6,546	6,525
Growth B	296,982	314,972
Balanced B	5,725	5,950
Moderate B	7,362	7,348
Conservative B	98,578	87,491
Capital Defensive B	6,189	7,387
Cash B	13,577	4,559
	<hr/> 434,959	<hr/> 434,232
<b>Funds Under Management at 30 June</b>	<b>434,959</b>	<b>434,232</b>

#### Statement of Funds Under Management – by Asset class

##### Asset class

Australian Equities B	86,578	93,120
International Equities B	101,798	93,112
International Equities Passive B	9,888	-
Property B	49,626	51,333
Diversified Strategies Growth B	36,054	38,075
Inflation Linked Securities B	15,986	32,918
Long Term Fixed Interest	6,443	17,109
Short Term Fixed Interest	19,974	17,961
Diversified Strategies Income	55,520	66,663
Cash	53,092	23,941
	<hr/> 434,959	<hr/> 434,232
<b>Funds Under Management at 30 June</b>	<b>434,959</b>	<b>434,232</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(u) Super SA Select**

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>9,393</b>	<b>6,299</b>
Add: Receipts	3,306	3,367
Net Investment Income	(204)	647
	<u>3,102</u>	<u>4,014</u>
Less: Payments	<u>(1,720)</u>	<u>(920)</u>
<b>Funds Under Management at 30 June</b>	<b><u>10,775</u></b>	<b><u>9,393</u></b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Balanced B	10,289	8,960
Cash B	486	433
<b>Funds Under Management at 30 June</b>	<b><u>10,775</u></b>	<b><u>9,393</u></b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities B	2,296	1,903
International Equities B	2,528	1,976
International Equities Passive B	264	-
Property B	1,148	1,006
Diversified Strategies Growth B	983	853
Inflation Linked Securities B	536	753
Long Term Fixed Interest	633	686
Short Term Fixed Interest	187	188
Diversified Strategies Income	728	1,363
Cash	<u>1,472</u>	<u>665</u>
<b>Funds Under Management at 30 June</b>	<b><u>10,775</u></b>	<b><u>9,393</u></b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### 14(v) Lifetime Support Authority

#### Statement of Receipts and Payments

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>762,244</b>	<b>598,785</b>
Add: Receipts	96,000	108,000
Net Investment Income	(11,558)	55,459
	<hr/>	<hr/>
	84,442	163,459
Less: Payments	<hr/>	<hr/>
	-	-
<b>Funds Under Management at 30 June</b>	<b>846,686</b>	<b>762,244</b>

#### Statement of Funds Under Management - by Investment Option

##### Investment Option

Lifetime Support Authority Strategy	<hr/>	<hr/>
	846,686	762,244
<b>Funds Under Management at 30 June</b>	<b>846,686</b>	<b>762,244</b>

#### Statement of Funds Under Management – by Asset class

##### Asset class

Australian Equities A	174,202	167,711
International Equities A	261,839	196,543
Property A	144,958	116,251
Diversified Strategies Growth A	133,941	126,655
Inflation Linked Securities A	-	25,296
Long Term Fixed Interest	-	-
Diversified Strategies Income	109,502	118,338
Cash	22,244	11,450
	<hr/>	<hr/>
<b>Funds Under Management at 30 June</b>	<b>846,686</b>	<b>762,244</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

### 14(w) Health Services Charitable Gifts Board – Pool Investment

#### Statement of Receipts and Payments

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>96,876</b>	<b>90,114</b>
Add: Receipts	12,100	1,500
Net Investment Income	(538)	6,262
	<hr/>	<hr/>
	11,562	7,762
Less: Payments	(13,079)	(1,000)
	<hr/>	<hr/>
<b>Funds Under Management at 30 June</b>	<b>95,359</b>	<b>96,876</b>

#### Statement of Funds Under Management - by Investment Option

##### Investment Option

Growth B	10,151	16,593
Balanced B	45,516	49,517
Capital Defensive B	35,938	25,852
Cash B	3,754	4,914
	<hr/>	<hr/>
<b>Funds Under Management at 30 June</b>	<b>95,359</b>	<b>96,876</b>

#### Statement of Funds Under Management – by Asset class

##### Asset class

Australian Equities B	14,312	16,319
International Equities B	16,619	16,722
International Equities Passive B	1,558	-
Property B	8,351	9,144
Diversified Strategies Growth B	5,519	6,624
Inflation Linked Securities B	7,476	8,781
Long Term Fixed Interest	4,661	5,614
Short Term Fixed Interest	11,531	8,687
Diversified Strategies Income	10,308	14,301
Cash	15,024	10,684
	<hr/>	<hr/>
<b>Funds Under Management at 30 June</b>	<b>95,359</b>	<b>96,876</b>

# Funds SA

## Financial Statements for the year ended 30 June 2020

14(x) Health Services Charitable Gifts Board – Ray and Shirl Norman Cancer Research Trust

### Statement of Receipts and Payments

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>7,759</b>	<b>7,489</b>
Add: Receipts	305	400
Net Investment Income	(64)	525
	<u>241</u>	<u>925</u>
Less: Payments	<u>(681)</u>	<u>(655)</u>
<b>Funds Under Management at 30 June</b>	<b><u>7,319</u></b>	<b><u>7,759</u></b>

### Statement of Funds Under Management - by Investment Option

#### Investment Option

Growth B	6,365	7,088
Cash B	954	671
<b>Funds Under Management at 30 June</b>	<b><u>7,319</u></b>	<b><u>7,759</u></b>

### Statement of Funds Under Management – by Asset class

#### Asset class

Australian Equities B	1,534	1,728
International Equities B	1,786	1,731
International Equities Passive B	181	-
Property B	829	927
Diversified Strategies Growth B	734	816
Inflation Linked Securities B	-	384
Long Term Fixed Interest	-	261
Diversified Strategies Income	761	1,064
Cash	1,494	848
<b>Funds Under Management at 30 June</b>	<b><u>7,319</u></b>	<b><u>7,759</u></b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

14(y) Health Services Charitable Gifts Board – DE Brown Trust

**Statement of Receipts and Payments**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Funds Under Management at 1 July</b>	<b>287</b>	<b>284</b>
Add: Receipts	1	-
Net Investment Income	-	19
	1	19
Less: Payments	(22)	(16)
<b>Funds Under Management at 30 June</b>	<b>266</b>	<b>287</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Conservative B	266	287
<b>Funds Under Management at 30 June</b>	<b>266</b>	<b>287</b>

**Statement of Funds Under Management – by Asset class**

**Asset class**

Australian Equities B	29	38
International Equities B	36	37
International Equities Passive B	3	-
Property B	22	24
Inflation Linked Securities B	38	44
Long Term Fixed Interest	14	13
Short Term Fixed Interest	47	50
Diversified Strategies Income	46	50
Cash	31	31
<b>Funds Under Management at 30 June</b>	<b>266</b>	<b>287</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

14(z) The University of Adelaide Endowment Trust

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	<b>192,692</b>	<b>189,024</b>
Add: Receipts	4,800	364
Net Investment Income	(2,398)	14,324
	<u>2,402</u>	<u>14,688</u>
Less: Payments	<u>(3,500)</u>	<u>(11,020)</u>
<b>Funds Under Management at 30 June</b>	<b>191,594</b>	<b>192,692</b>

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

High Growth B	<u>191,594</u>	<u>192,692</u>
<b>Funds Under Management at 30 June</b>	<b>191,594</b>	<b>192,692</b>

**Statement of Funds Under Management – by Asset class**

Australian Equities B	49,976	57,058
International Equities B	57,595	59,174
International Equities Passive B	5,439	-
Property B	28,768	28,782
Diversified Strategies Growth B	22,100	22,178
Diversified Strategies Income	20,985	20,870
Cash	<u>6,731</u>	<u>4,630</u>
<b>Funds Under Management at 30 June</b>	<b>191,594</b>	<b>192,692</b>

**Funds SA**  
**Financial Statements for the year ended 30 June 2020**

**14(aa) Legal Services Commission**

**Statement of Receipts and Payments**

	2020 \$'000	2019 \$'000
<b>Funds Under Management at 1 July</b>	-	-
Add: Receipts	8,000	-
Net Investment Income	(194)	-
	7,806	-
Less: Payments	-	-
<b>Funds Under Management at 30 June</b>	7,806	-

**Statement of Funds Under Management - by Investment Option**

**Investment Option**

Capital Defensive B	7,806	-
<b>Funds Under Management at 30 June</b>	7,806	-

**Statement of Funds Under Management – by Asset class**

Australian Equities B	371	-
International Equities B	562	-
International Equities Passive B	23	-
Property B	424	-
Inflation Linked Securities B	1,109	-
Long Term Fixed Interest	404	-
Short Term Fixed Interest	2,325	-
Diversified Strategies Income	1,275	-
Cash	1,313	-
<b>Funds Under Management at 30 June</b>	7,806	-