

Agents Indemnity Fund

Financial report
for the year ended
30 June 2018



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To the Commissioner for Consumer Affairs Consumer and Business Services, Attorney-General's Department

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, section 41(2) of the *Land Agents Act 1994* and section 43(2) of the *Conveyancers Act 1994*, I have audited the financial report of Agents Indemnity Fund for the financial year ended 30 June 2018.

Opinion

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

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Commissioner for Consumer Affairs, the Executive Director, Finance, People and Performance and the Acting Manager Corporate Services.

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 Agents Indemnity Fund. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Commissioner for Consumer Affairs for the financial report

The Commissioner for Consumer Affairs is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

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

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

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

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

5 November 2018

Agents Indemnity Fund

Financial Statements

For the year ended 30 June 2018

Agents Indemnity Fund
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the Agents Indemnity Fund:

- comply with 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 the Agents Indemnity Fund
- present a true and fair view of the financial position of the Agents Indemnity Fund as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Agents Indemnity Fund for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dini Soulio
Commissioner
Consumer and Business Services
November 2018



Andrew Swanson FCPA
Executive Director
Finance, People & Performance
Attorney-General's Department
November 2018



John Doran
Manager, Corporate Services
Consumer and Business Services
November 2018

Agents Indemnity Fund
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Claims expenses	5	121	724
Compliance and administration	3	305	338
Professional expenses	4	97	249
Grants and subsidies	6	640	599
Other expenses	7	19	16
Total expenses		1 182	1 926
Income			
Interest and investment revenue	8	9 650	9 754
Other income	9	358	268
Total income		10 008	10 022
Net result		8 826	8 096
Other comprehensive income			
<i>Items that will be reclassified subsequently to net result when specific conditions are met</i>			
Market value movement of investments		672	(1 846)
Total other comprehensive income		672	(1 846)
Total comprehensive result		9 498	6 250

The net result and total comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Agents Indemnity Fund
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	10	4 999	7 185
Investments	12	48 078	44 401
Receivables	11	4 350	4 324
Total current assets		<u>57 427</u>	<u>55 910</u>
Non-current assets			
Investments	12	86 969	79 013
Total non-current assets		<u>86 969</u>	<u>79 013</u>
Total assets		<u>144 396</u>	<u>134 923</u>
Current liabilities			
Payables	13	145	170
Total current liabilities		<u>145</u>	<u>170</u>
Total liabilities		<u>145</u>	<u>170</u>
Net assets		<u>144 251</u>	<u>134 753</u>
Equity			
Investments market value reserve		4 150	3 478
Retained earnings		140 101	131 275
Total equity		<u>144 251</u>	<u>134 753</u>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	14
Contingent assets and liabilities	14

The above statement should be read in conjunction with the accompanying notes.

Agents Indemnity Fund
Statement of Changes in Equity
for the year ended 30 June 2018

	Investments market value reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance at 30 June 2016	5 324	123 179	128 503
Net result for 2016-17	-	8 096	8 096
Losses to be taken to equity	(1 846)	-	(1 846)
Total comprehensive result for 2016-17	(1 846)	8 096	6 250
Balance at 30 June 2017	3 478	131 275	134 753
Net result for 2017-18	-	8 826	8 826
Gains to be taken to equity	672	-	672
Total comprehensive result for 2017-18	672	8 826	9 498
Balance at 30 June 2018	4 150	140 101	144 251

All changes in equity are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Agents Indemnity Fund
Statement of Cash Flows
for the year ended 30 June 2018

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Grants and subsidies		(650)	(567)
Compliance and administration		(305)	(338)
Claims		(125)	(786)
Professional costs		(108)	(264)
Other payments		(18)	(133)
Cash used in operations		<u>(1 206)</u>	<u>(2 088)</u>
Cash inflows			
Interest receipts		4 517	4 901
Other receipts		3	1
Cash provided by operations		<u>4 520</u>	<u>4 902</u>
Net cash provided by / (used in) operating activities	15	<u>3 314</u>	<u>2 814</u>
Cash flows from investing activities			
Cash outflows			
Purchase of investments		(5 500)	(65 000)
Cash used in investing activities		<u>(5 500)</u>	<u>(65 000)</u>
Net cash provided by / (used in) investing activities		<u>(5 500)</u>	<u>(65 000)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(2 186)</u>	<u>(62 186)</u>
Cash and cash equivalents at the beginning of the reporting period		7 185	69 371
Cash and cash equivalents at the end of the reporting period	10	<u>4 999</u>	<u>7 185</u>

The above statement should be read in conjunction with the accompanying notes.

Agents Indemnity Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The financial statements are required by section 41(1) of the *Land Agents Act 1994* and include income, expenses, assets and liabilities which the Commissioner administers on behalf of the SA Government.

1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

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

The Agent's Indemnity Fund (the Fund) has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Fund for the period ending 30 June 2018.

1.3 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

The Fund's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

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

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

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

Where the Fund has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Positions and related notes.

The restated comparative amounts do not replace the original financial statements for the preceding period.

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

Agents Indemnity Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2018

1 Basis of financial statements (continued)

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

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

1.4 Taxation

The Fund is not subject to Income Tax. The Fund is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). GST collections and payments are carried out by the Attorney-General's Department (AGD) on behalf of the Fund. GST in relation to the Fund is reported in the AGD Controlled financial statements.

2 Objectives and activities

The Fund is regulated by the *Land Agents Act 1994* (the Act) and the *Conveyancers Act 1994* and is administered by the Commissioner for Consumer Affairs. It exists to provide compensation for persons who have suffered financial loss as a result of fiduciary default of a land agent or conveyancer and who have no reasonable prospect of recovering the full amount of that loss other than from the Fund.

The Fund's main sources of income are from interest paid to the Fund from Land Agents and Conveyancers trust accounts and interest and distributions derived from the investment of Fund assets in accordance with subsection 29(2) of the Act.

3 Compliance and administration

	2018	2017
	\$'000	\$'000
Compliance and administration expenses	305	338
Total compliance and administration expenses	305	338

Compliance and administration expenses of the Fund include payments made to the AGD under section 31(2)(e) of the *Conveyancers Act 1994* and section 29(4)(e) of the *Land Agents Act 1994* as reimbursement for administering the Fund. All payments made from the Fund must meet the requirements in section 31 of the *Conveyancers Act 1994* and section 29 of the *Land Agents Act 1994*.

4 Professional expenses

	2018	2017
	\$'000	\$'000
Legal and other professional costs	97	249
Total professional expenses	97	249

Professional costs of the Fund represent expenses associated with audits of land agent and conveyancers trust accounts.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Claims

	2018	2017
	\$'000	\$'000
Claim expenses	121	724
Total claim expenses	121	724

Claim expenses of the Fund represent compensation payments authorised to be made to persons who have suffered financial loss as a result of fiduciary default of a land agent or conveyancer and who have no reasonable prospect of recovering the full amount of that loss other than from the Fund per section 32 of the *Conveyancers Act 1994* and section 30 of the *Land Agents Act 1994*.

6 Grants and subsidies

	2018	2017
	\$'000	\$'000
Grants	640	599
Total grants and subsidies	640	599

For grants payable, the grant will be recognised as a liability and expense when the entity has a present obligation to pay the grant and expense recognition criteria are met.

Grants can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Under section 31(2)(f)(i) of the *Conveyancers Act 1994* and section 29(4)(f)(i) of the *Land Agents Act 1994* the Commissioner for Consumer Affairs may make payments from the Fund for prescribed education programs.

7 Other expenses

	2018	2017
	\$'000	\$'000
Other	19	16
Total other expenses	19	16

Included in other are audit fees paid/payable to the Auditor-General relating to work performed under the *Public Finance and Audit Act 1987*. These were \$10 800 (2017: \$10 500). No other services were provided by the Auditor-General's Department.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Interest and Investment revenue

	2018	2017
	\$'000	\$'000
Interest from Agents & Conveyancers Trust Accounts	4 592	4 167
Distributions from Public Trustee investments	4 105	4 389
Interest on investments held with Public Trustee	839	778
Interest from the Department of Treasury and Finance	114	420
Total interest and investment revenue	9 650	9 754

9 Other income

	2018	2017
	\$'000	\$'000
Management fee recovery	357	267
Sundry recoveries	1	1
Total other income	358	268

10 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	4 999	7 185
Total cash and cash equivalents	4 999	7 185

Cash is measured at nominal value.

Interest rate risk

Deposits at call with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

11 Receivables

	2018	2017
	\$'000	\$'000
Current		
Accrued interest and distributions	3 609	3 767
Other receivables	741	557
Total current receivables	<u>4 350</u>	<u>4 324</u>
Total receivables	<u><u>4 350</u></u>	<u><u>4 324</u></u>

For further information on risk management refer note 16.

12 Investments

	2018	2017
	\$'000	\$'000
Current		
Funds invested with the Public Trustee	48 078	44 401
Total current investments	<u>48 078</u>	<u>44 401</u>
Non-current		
Funds invested with the Public Trustee	86 969	79 013
Total non-current investments	<u>86 969</u>	<u>79 013</u>
Total Investments	<u><u>135 047</u></u>	<u><u>123 414</u></u>

Investments are measured at fair value in accordance with unit prices at balance date as advised by the Public Trustee. Investments are classified as either current or non-current. The current investments are the Cash Investments Strategy and the non-current investments are the Balanced and Capital Stable Investments Strategy.

Due to the classification of investments as available for sale, revaluation increments or decrements are recognised in the investments market value reserve.

The fair value of assets traded in active markets is based on quoted market prices for identical assets at balance date. This is consistent with level 1 of the fair value hierarchy.

Investments represent funds deposited with the Public Trustee. These investments have been designated as available for sale financial assets as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet claims on the Fund. Investments are made by way of notional unit holdings in a selection of common funds managed by the Public Trustee.

The proportion of unit holdings is dependent upon the investment strategy adopted.

As at 30 June 2018 the Fund held investments in common funds in the following proportions:

Cash Common Fund	34.70%
Balanced	33.57%
Capital Stable	29.19%

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13 Payables

	2018	2017
	\$'000	\$'000
Current		
Accrued expenses	145	170
Total current payables	<u>145</u>	<u>170</u>
Total payables	<u><u>145</u></u>	<u><u>170</u></u>

Interest rate and credit risk

All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

For further information on risk management refer to note 16.

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

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.

14 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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.

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

The Fund has no commitments contracted for at the reporting date not recognised as liabilities.

The Fund has an estimated contingent obligation to pay \$183 000 (2017: \$nil) relating to anticipated future claims against the Fund.

The Fund is not aware of any contingent assets (2017: \$nil) at the reporting date.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	4 999	7 185
Balance as per the Statement of Cash Flows	4 999	7 185
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by/(used in) operating activities	3 314	2 814
Add / (less) non-cash Items		
Interest from Public Trustee investments	839	778
Distributions from Public Trustee investments	4 105	4 389
Management fee recovery	357	267
Movement in assets and liabilities		
Increase/(decrease) in other receivables	186	(211)
(Increase)/decrease in payables	25	59
Net result	8 826	8 096

16 Financial risk management / financial instruments

Risk management is managed by the Fund's corporate services section and Fund risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

All cash balances and cash common funds held with the Public Trustee are available at call. Investments held with the Public Trustee are classified as 'available for sale' financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised directly in equity. Accordingly there is no impact on the net result.

Investments represent funds held by the Public Trustee. The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the Fund to investment risks, including market, credit, interest and currency risk. At reporting date funds totalling \$135.04 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the Fund has no significant concentration of credit risk.

The Fund is exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

Cash is also subject to interest rate risk.

There have been no changes in risk exposure since the last reporting period.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16 Financial risk management / financial instruments (continued)

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/ liability note.

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

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount / fair value \$'000	2018 Contractual maturities		
				Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	10	4 999	4 999	-	-
Available for sale investments	Investments	12	135 047	48 078	86 969	-
Receivables	Receivables ⁽¹⁾	11	4 340	4 340	-	-
Total financial assets			144 386	57 417	86 969	-
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	13	134	134	-	-
Total financial liabilities			134	134	-	-

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount / fair value \$'000	2017 Contractual maturities		
				Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	10	7 185	7 185	-	-
Available for sale investments	Investments	12	123 414	44 401	79 013	-
Receivables	Receivables ⁽¹⁾	11	4 316	4 316	-	-
Total financial assets			134 915	55 902	79 013	-
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	13	159	159	-	-
Total financial liabilities			159	159	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, audit fees payable to the AGD, etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16 Financial risk management / financial instruments (continued)

Sensitivity analysis

The impact of a 1% movement in interest rates and a 1% movement in pooled investments on financial assets is shown in the following table:

	Carrying amount \$'000	Interest rate risk		Price risk	
		-1%	+1%	-1%	+1%
		Net result \$'000	Net result \$'000	Equity \$'000	Equity \$'000
2018					
Cash and cash equivalents	4 999	(50)	50	-	-
Investments	135 047	-	-	(1 350)	1 350
Total increase / (decrease)	140 046	(50)	50	(1 350)	1 350
2017					
Cash and cash equivalents	7 185	(72)	72	-	-
Investments	123 414	-	-	(1 234)	1 234
Total increase / (decrease)	130 599	(72)	72	(1 234)	1 234

17 Related party transactions

The Agents Indemnity Fund is regulated by the *Land Agents Act 1994* and the *Conveyancers Act 1994* and is administered by the Commissioner for Consumer Affairs. The Fund is a wholly owned and controlled entity of the Crown.

Related parties of the Fund include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

During the year the Fund invested \$5.5 million with Public Trustee (2017: \$65 million) due to a review conducted in 2016 by an investment consultant. The review recommended a change in investment strategy requiring the transfer of surplus cash held with the Treasurer to Public Trustee investments.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the Fund and other SA Government entities are disclosed at note 20.

Key management personnel

Key management personnel of the Fund include the Minister and the Commissioner for Consumer and Business Affairs. The compensation received by the Commissioner is included in the controlled financial statements of the AGD at note 3.

The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively, and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

There were no transactions with key management personnel and other related parties.

Agents Indemnity Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2018

18 Impact of standards and statements not yet implemented

The Fund did not voluntarily change any of its accounting policies during 2017-2018.

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

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The Fund has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018. AASB 9 *Financial Instruments* provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

The Funds invested with the Public Trustee are currently classified as Available for Sale at Fair Value through Other Comprehensive Income (FVOCI). On adoption of AASB 9 *Financial Instruments*, these instruments will continue to be measured at Fair Value, however the gain/loss on revaluation of investments will be reporting through the Net Result. The effect on the 2017-18 net result if the standard had been operational for 2017-18 would have been an increase in net result of \$672 000.

19 Events after reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2018.

Note disclosure is made about events between 30 June 2018 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2018 and which may have a material impact on the results of subsequent years.

There are no known events after balance date that affects these financial statements.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

20 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature:

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Claim expenses	5	-	-	121	724	121	724
Compliance and administration	3	305	338	-	-	305	338
Grants and subsidies	6	-	-	640	599	640	599
Professional expenses	4	-	90	97	159	97	249
Other expenses	7	11	11	8	5	19	16
Total expenses		316	439	866	1 487	1 182	1 926
Income							
Interest and investment revenue	8	5 058	5 587	4 592	4 167	9 650	9 754
Other income	9	357	267	1	1	358	268
Total income		5 415	5 854	4 593	4 168	10 008	10 022
Financial assets							
Cash and cash equivalents	10	4 999	7 185	-	-	4 999	7 185
Investments	12	135 047	123 414	-	-	135 047	123 414
Receivables	11	3 609	3 767	741	557	4 350	4 324
Total financial assets		143 655	134 366	741	557	144 396	134 923
Financial liabilities							
Payables	13	11	11	134	159	145	170
Total financial liabilities		11	11	134	159	145	170