

SA Metropolitan Fire Service Superannuation Scheme

Financial report
for the year ended
30 June 2018



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To the Chairman
SA Metropolitan Fire Service Superannuation Pty Ltd as Trustee for the
SA Metropolitan Fire Service Superannuation Scheme

As required by section 9 of schedule 3 of the *Superannuation Act 1988*, I have audited the financial report of SA Metropolitan Fire Service Superannuation Scheme 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 SA Metropolitan Fire Service Superannuation Scheme as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2018
- an Income Statement for the year ended 30 June 2018
- a Statement of Changes in Member Benefits for the year ended 30 June 2018
- 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 two Trustee Board Members and the Manager/Secretary.

Basis for opinion

I conducted the audit in accordance with section 9 of schedule 3 of the *Superannuation Act 1988* 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 SA Metropolitan Fire Service Superannuation Scheme. 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 Directors of the Trustee for the financial report

The Directors of the Trustee are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 Directors of the Trustee
- 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 Chairman regarding, 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

26 October 2018

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME
ABN: 99 439 309 855

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
ASSETS			
Cash		4,342,454	1,857,449
Receivables	11	16,588	14,809
Investments	12	398,017,023	368,227,903
Prepayments		30,194	29,945
		402,406,259	370,130,106
TOTAL ASSETS			
LIABILITIES			
Benefits payable		183,449	7,789
Creditors and accruals	13	166,892	162,983
Current tax liabilities	10(d)	1,659,212	1,752,121
Deferred tax liability	10(e)	6,348,283	4,030,018
		8,357,836	5,952,911
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS			
		394,048,423	364,177,195
NET ASSETS AVAILABLE FOR MEMBER BENEFITS			
MEMBERS BENEFITS			
Defined Contributions ("DC") Member Liabilities		86,201,454	70,894,529
Defined Benefits ("DB") Member Liabilities		270,932,990	263,464,793
		357,134,444	334,359,322
TOTAL MEMBER BENEFITS			
		36,913,979	29,817,873
NET ASSETS			
EQUITY			
Difference between DB accrued benefits and VB		32,124,046	34,969,141
Difference between VB and Net Assets		4,789,933	(5,151,268)
		36,913,979	29,817,873
TOTAL EQUITY			

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
REVENUE FROM SUPERANNUATION ACTIVITIES			
Interest		30,642	33,987
Trust distributions		18,134,670	16,521,330
Changes in net fair value of investments	8	15,430,314	19,026,791
Other income		909	1,591
		<hr/>	<hr/>
TOTAL SUPERANNUATION ACTIVITIES REVENUE		33,596,535	35,583,699
EXPENSES			
General administration expenses		348,431	339,631
Other operating expenses	9	653,147	727,516
		<hr/>	<hr/>
TOTAL EXPENSES FROM ORDINARY ACTIVITY		1,001,578	1,067,147
		<hr/>	<hr/>
RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX		32,594,957	34,516,552
ALLOCATION TO MEMBERS BENEFITS			
Net benefits allocated to DC member accounts		9,604,979	11,095,182
Net change in DB member benefits		13,172,197	9,707,917
		<hr/>	<hr/>
TOTAL ALLOCATION TO MEMBERS		22,777,176	20,803,099
		<hr/>	<hr/>
OPERATING PROFIT BEFORE TAX		9,817,781	13,713,453
INCOME TAX EXPENSE	10(b)	2,721,675	2,764,911
		<hr/>	<hr/>
OPERATING RESULT AFTER INCOME TAX		7,096,106	10,948,542
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SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	DC \$	DB \$	Total \$
Period ended 30 June 2018				
Liability for accrued benefits beginning of period		70,894,529	263,464,793	334,359,322
CONTRIBUTION REVENUE				
Employer contributions		2,412,100	17,206,900	19,619,000
Member contributions		162,517	878,685	1,041,202
Transfers in		2,057,602	-	2,057,602
Internal transfers		20,317,200	(20,317,200)	-
Income tax on contributions	10(c)	(170,495)	(2,581,035)	(2,751,530)
Net after tax contributions		24,778,924	(4,812,650)	19,966,274
BENEFITS PAID				
Benefits paid		(18,745,720)	(1,288,641)	(20,034,161)
Net Benefits paid		(18,745,520)	(1,288,641)	(20,034,161)
INSURANCE				
Insurance premiums paid to insurer		(331,458)	(591,314)	(922,772)
Insurance claims received from insurer		-	988,605	988,605
Net Insurance (cost)/benefit		(331,458)	397,291	65,833
INCOME AND EXPENSES				
Net benefits allocated comprising:				
Net investment income		9,663,383	-	9,663,383
Net benefits applied		-	13,172,197	13,172,197
Administration fees paid by members		(58,404)	-	(58,404)
Net income/(expenses)		9,604,979	13,172,197	22,777,176
Liability for accrued benefits end of period		86,201,454	270,932,990	357,134,444

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	DC \$	DB \$	Total \$
Period ended 30 June 2017				
Liability for accrued benefits beginning of period		60,399,070	250,859,000	311,258,070
CONTRIBUTION REVENUE				
Employer contributions		2,754,763	16,754,899	19,509,662
Member contributions		32,638	1,460,682	1,493,320
Transfers in		1,535,157	-	1,535,157
Internal transfers		12,804,470	(12,804,470)	-
Income tax on contributions	10(c)	(228,467)	(2,513,235)	(2,741,702)
Net after tax contributions		16,898,561	2,897,876	19,796,437
BENEFITS PAID				
Benefits paid		(16,889,095)	-	(16,889,095)
Net Benefits paid		(16,889,095)	-	(16,889,095)
INSURANCE				
Insurance premiums paid to insurer		(874,400)	-	(874,400)
Insurance claims received from insurer		265,211	-	265,211
Net Insurance (cost)/benefit		(609,189)	-	(609,189)
INCOME AND EXPENSES				
Net benefits allocated comprising:				
Net investment income		11,133,920	-	11,133,920
Net benefits applied		-	9,707,917	9,707,917
Administration fees paid by members		(38,738)	-	(38,738)
Net income/(expenses)		11,095,182	9,707,917	20,803,099
Liability for accrued benefits end of period		70,894,529	263,464,793	334,359,322

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Difference DB Accrued Benefits and VB \$	Difference VB and Net Assets \$	Total \$
Period Ended 30 June 2018			
Opening Balance	34,969,141	(5,151,268)	29,817,873
Change during year	(2,845,095)	9,941,201	7,096,106
Closing Balance	32,124,046	4,789,933	36,913,979
	\$	\$	\$
Year Ended 30 June 2017			
Opening Balance	33,296,000	(14,426,669)	18,869,331
Change during year	1,673,141	9,275,401	10,948,542
Closing Balance	34,969,141	(5,151,268)	29,817,873

Whilst there is a deficit of net assets compared to accrued benefits, several factors including the size of the Scheme and the number of members lead the Trustee to believe the position will improve in future years. The Trustee continues to act on the advice of the Scheme Actuary in relation to the funding strategy.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest		26,813	36,218
GST recoup		36,802	38,169
Other income		909	1,591
Insurance proceeds		988,605	265,211
General administration expenses		(342,283)	(414,949)
Insurance premiums paid		(922,772)	(874,400)
Other expenses		(680,804)	(662,990)
Income taxes expense on operating activities		(1,367,146)	(522,312)
Net cash flows used in operating activities	14(a)	(2,259,876)	(2,133,462)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment		36,222,743	38,103,721
Payments for purchase of investments		(32,446,879)	(38,760,534)
Net cash flows from/(used) in investing activities		3,775,864	(656,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Employer contributions		19,619,000	19,509,662
Member contributions		1,041,202	1,493,320
Transfers in		2,057,602	1,535,157
Benefits paid to members		(19,868,084)	(18,424,412)
Income taxes expense on contributions		(1,880,703)	(1,732,743)
Net cash flows from financing activities		969,017	2,380,984
Net increase/(decrease) in cash and cash equivalents		2,485,005	(409,291)
Cash and cash equivalents at the beginning of period		1,857,449	2,266,740
Cash and cash equivalents at the end of period	14(b)	4,342,454	1,857,449

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. REPORTING ENTITY

SA Metropolitan Fire Service Superannuation Scheme ("Scheme") is a defined benefit and accumulation benefit superannuation scheme domiciled in Australia. The address of the Scheme's registered office is:

99 Wakefield Street
Adelaide SA 5000

The Scheme primarily is involved in providing retirement benefits to its members. The Scheme provides superannuation benefits to employees in the SA Metropolitan Fire Service in Australia.

The Trustee of the Scheme is SA Metropolitan Fire Service Superannuation Pty Ltd.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements are general purpose statements which have been drawn up in accordance with *AASB 1056 Superannuation Entities*, other applicable Australian accounting standards, the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS") and the provisions of the Trust Deed.

The financial statements were approved by the Board of the Trustee, SA Metropolitan Fire Service Superannuation Pty Ltd on the 24th day of October 2018.

(b) Basis of Measurement

The financial statements have been measured on a Fair Value Basis with the exception of member liabilities (ss Note 6) and tax assets and liabilities (see Note 3(g)).

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and estimates. It also requires the Trustee and management to exercise judgement in the process of applying the entity's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no critical accounting estimates and judgements contained in these financial statements other than those used to determine the liability for accrued benefits, as detailed in Note 6.

(e) New and amended Standards adopted during the year

The following new and revised Standards and Interpretations have been adopted in the financial statements. Their adoption has not had significant financial or disclosure impact on these financial statements but may affect the accounting for future transactions or arrangements.

AASB Amendment / Standard	Title
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised losses
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. BASIS OF PREPARATION (CONTINUED)

(f) New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2018 and have not been applied in preparing these financial statements. Those which may be relevant to the Scheme are set out below. The Scheme does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised requirements on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the requirements on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The adoption of AASB 9 is not expected to have a material impact on the Scheme's financial assets or financial liabilities as they are carried at fair value through the profit or loss.

AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all leases (including operating leases) to be brought to account onto the balance sheet. The definition of a lease is also amended and is not the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 *Revenue from Contracts with Customers* is adopted at the same time. The Scheme does not expect any impact on its financial statements resulting from the application of AASB 16.

AASB 2018-1 Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

AASB 2018-1 relates to amendments to AASB1, AASB128 and AASB140 and applies for annual reporting periods beginning on or after 1 January 2019. The Scheme does not expect any impact on its financial statements resulting from the application of AASB 2018-1.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Scheme's main sources of income are interest, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Scheme's accounting policies or the amounts recognised in the financial statements.

(g) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES

The Scheme has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Investments

Investments of the Scheme are invested in unit trusts managed by the Superannuation Funds Management Corporation of South Australia (Funds SA). The investments are initially recognised using trade date accounting. From this date any gains and losses arising from changes in fair value are recorded.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Investments (Continued)

Fair Values have been determined as follows:

Market quoted investments

The fair value of an investment for which there is a readily available market quotation is determined as the last quoted sale price at the close of business on reporting date.

Units in unlisted managed investment schemes

These are valued at the redemption price at reporting date quoted by the investment managers which are based on the fair value of the underlying investments.

(b) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Receivables and Creditors and Accruals

Receivables and creditors and accruals are carried at nominal amounts accrued or due at reporting date, which approximate fair value. Receivables and creditors are normally settled within 30 days.

(d) Financial Liabilities

The Scheme recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Benefits payable comprises the entitlements of members who ceased employment prior to year end but had not been paid at that time. Members who subsequently advise the Scheme that they have ceased employment and were not included in benefits payable are included in vested benefits at year end.

Other payables are payable on demand or over short time frames of less than 60 days.

The Scheme recognises financial liabilities at fair value as at reporting date with any change in fair values since the beginning of the reporting period included in the Income Statement.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Changes in fair value

Changes in fair value of investments are recognised as income and are determined as the difference between the fair value at balance date or consideration received (if sold during the year) and the fair value at the previous balance date or cost (if the investment was acquired during the year).

Interest revenue

Interest revenue is recognised in the Income Statement as it accrues using the effective interest rate method at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Investment units trust distribution income

Distributions from managed investment schemes and units in unit trusts are recognised in the Income Statement as at the date the unit value is quoted ex-distribution. If not received at reporting date, the distribution receivable is reflected in the statement of financial position as a receivable at fair value.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Contributions revenue and transfers in

Contributions revenue and transfers in are recognised in the Statement of Changes in Member Benefits when the control and the benefits from the revenue have transferred to the Scheme and is recognised gross of any taxes.

(g) Income Tax

The Scheme is a complying superannuation Scheme within the provisions of the Income Tax Assessment Act and accordingly the concessional tax rate of 15% has been applied.

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Scheme expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Scheme intends to settle its current tax assets and liabilities on a net basis.

(h) Goods and Services Tax

GST incurred that is not recoverable from the ATO has been recognised as part of the cost of acquisition of the asset or as part of the expense to which it relates.

Receivables and payables are stated with the amount of GST included in the value.

The amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Excess Contributions Tax

The Australian Taxation Office ("ATO") may issue release authorities to members of the Scheme relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year.

The liability for excess contributions tax will be recognised when the relevant release authorities are received from members, as the Trustee considers this is when it can be reliably measured.

The excess contributions tax liability recognised by the Scheme will be charged to the relevant members' accounts.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) No-TFN Contributions Tax

Where a member does not provide their tax file number to a fund, the fund may be required to pay no-TFN contributions tax at a rate of 34% which is in addition to the concessional tax rate of 15% which applies to the Scheme's assessable income.

The no-TFN contributions tax liability recognised by the Scheme will be charged to the relevant members' accounts. Where a tax offset is obtained by the Scheme in relation to members' no-TFN contributions tax, the tax will be included in the relevant members' accounts.

(k) Financial Instruments

Recognition

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial assets are recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or liabilities are recorded. Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempt from the scope of AASB139.

Measurement

Financial instruments are initially measured at cost, being the fair value of the consideration given. Subsequent to initial recognition all financial instruments are valued at fair value.

Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Scheme transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

4. OPERATION OF THE SCHEME

On 30 November 2006, the Treasurer declared the SA Metropolitan Fire Service Superannuation Fund ("Fund") a scheme established pursuant to Clause 2 of Schedule 3 of the Superannuation Act 1988 (the Act).

The Scheme is governed by a Trust Deed and Rules pursuant to the Act became effective from 1 December 2006.

The Scheme is a defined benefit scheme and an exempt public sector superannuation scheme in terms of Schedule 1AA of the Superannuation Industry (Supervision) Regulations 1994 (Cth). The Scheme is a taxed scheme by virtue of Schedule 4 of the Income Tax Assessment Regulations 1997 (Cth). The Scheme comprises a defined benefit and an accumulation benefit division.

The objective of the Trustee is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable.

5. FUNDING ARRANGEMENTS

Contributions are made to the Scheme in accordance with the recommendations contained in the actuarial report at the following rates of gross salaries.

	2018	2017
	%	%
Employer contributions:		
- Contributory	13.50	13.50
- Accumulation	9.50	9.50
Defined Benefit salary sacrifice contributions	6.47 – 7.06	6.47 – 7.06
Member contributions:		
- Contributory	5.5 – 6.0	5.5 – 6.0

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6. MEMBER LIABILITIES

(a) Defined contribution member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at reporting date.

Defined contribution members bear the investment risk relating to the underlying assets of the Scheme.

(b) Defined benefit member liabilities

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at reporting date to yield net cash flows that would be sufficient to meet accrued benefits as at reporting date when they are expected to fall due. The amount of accrued benefits has been determined on the basis of the present value of the expected future payments that arise from membership of the Scheme up to the measurement date. The figure reported has been determined by reference to the expected future salary levels and by application of the market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of accrued benefits was undertaken by the Scheme's appointed actuary as part of an actuarial review dated 1 July 2017.

The actuarial value of the defined benefit member liability reflects an actuarial assessment of benefits accrued up to the date of calculation and payable to members on resignation, retirement, death and disablement. This assessment may result in the employer being required to make additional contributions into the Scheme.

The main assumptions used to determine the actuarial value of accrued benefits at the last review date were:

- The future rate of investment return earned on the Scheme's investments would be 6.2% pa (under 60).
- The future rate of investment return earned on the Scheme's investments would be 4.6% pa (over 60)
- The future rate of salary increases would be 3.0% p.a.

The Scheme's actuary considers the following movements in the main assumptions used to determine the values of accrued benefits are reasonably possible for the 2017/18 reporting period.

- The future rate of investment return $\pm 2\%$ (under 60) and $\pm 1\%$ (over 60) (2017: $\pm 1\%$).

The impact of the reasonably possible changes in these key assumptions are shown below:

Reasonable possible change in key assumptions	Increase/(decrease) In DB Liabilities	
	2018 \$'000	2017 \$'000
Increase/decrease in future rate of investment return 2% pa (under 60) and 1% (over 60) and no other changes	31.0/(31.0)	30.1/(30.1)

The Scheme's actuary and the Trustee continue to monitor the Scheme's funding position on a regular basis and do not have any reason to believe that the Scheme sponsor will not continue to meet its funding commitments to the defined benefit section.

The liability for accrued benefits at 1 July 2017 was as follows:

	1 July 2017
	\$
Liability for accrued benefits	268,350,000
Assets attributable to defined benefit liabilities	294,659,000

The Scheme was in a satisfactory financial position at the date of the last actuarial review.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7. VESTED BENEFITS

Vested benefits are benefits that are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which members were entitled to receive had they terminated their Scheme membership as at the reporting date.

	2018 \$	2017 \$
Vested Benefits	389,258,490	369,328,463
Net Assets available to pay benefits	394,048,423	364,177,195
Surplus/(Deficit)	4,789,933	(5,151,268)

The Trustee continues to act on the advice of the Scheme Actuary in relation to the funding strategy.

8. CHANGES IN NET FAIR VALUE OF INVESTMENTS

	2018 \$	2017 \$
Investments realised during the period	1,609,584	1,534,480
Investments held at reporting date	13,820,730	17,492,311
TOTAL CHANGES IN NET FAIR VALUE	15,430,314	19,026,791

The above changes in net market value of investments held with Funds SA include underlying investment expenses paid by Funds SA of \$4,196,628 (2017: \$2,315,287).

9. OTHER OPERATING EXPENSES

	2018 \$	2017 \$
Actuarial & consulting fees*	126,202	196,273
Audit fees	57,530	58,960
Legal fees	51,128	29,310
Management expenses	282,743	312,349
Tax agent fees	8,030	7,440
Trustee expenses	127,514	123,184
TOTAL OTHER OPERATING EXPENSES	653,147	727,516

	2018		2017	
	Number	\$	Number	\$
*Actuarial & Consulting fees comprise of the following:				
Below \$10,000	6	38,298	4	21,032
Between \$10,000 and \$30,000	1	87,904	4	59,507
Above \$30,000	-	-	3	115,734
TOTAL	7	126,202	11	196,273

* The number relates to the number of invoices received during the year.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10. TAXATION	2018 \$	2017 \$
(a) Recognised in the income statement		
Current income tax in the financial statements		
- Current tax charge	260,120	298,541
- Adjustment to current tax for prior period	143,290	154,736
Deferred income tax		
- Movement in temporary differences	2,318,265	2,311,634
	<hr/>	<hr/>
Income tax expense	2,721,675	2,764,911
	<hr/>	<hr/>
(b) Numerical reconciliation between income tax expense and profit before income tax		
Results from superannuation activities before income tax	32,594,957	34,516,551
	<hr/>	<hr/>
Tax applicable at the rate of 15% (2017: 15%)	4,889,244	5,177,483
Tax effect of adjustments		
- Capital gains tax discounting	(1,425,820)	(1,255,552)
- Imputation and foreign tax credits	(885,039)	(1,311,756)
- Over/(Under) provision prior year	143,290	154,736
	<hr/>	<hr/>
Income tax expense/(benefit)	2,721,675	2,764,911
	<hr/>	<hr/>
(c) Recognised in the statement of changes in member benefits		
Contributions and transfer in and net insurance recognised in the Statement of changes in member benefits	22,783,637	21,928,950
	<hr/>	<hr/>
Tax applicable at the rate of 15% (2017: 15%)	3,417,546	3,289,343
Tax effect of adjustments		
- Contributions	(156,180)	(223,997)
- Transfers in	(256,082)	(200,912)
- Insurance proceeds	(148,292)	(39,782)
- Deduction for notional insurance premiums	(82,950)	(82,950)
- Anti detriment deduction	(22,512)	-
	<hr/>	<hr/>
Income tax expense	2,751,530	2,741,702
	<hr/>	<hr/>

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10. TAXATION (CONTINUED)

	2018 \$	2017 \$
(d) Current tax liabilities		
Balance at beginning of year	1,752,121	1,003,152
Income tax paid – current period	(1,352,438)	(1,288,123)
Income tax paid – prior periods	(1,895,411)	(966,933)
Current year income tax provision	3,011,650	3,040,244
Over provision prior year	143,290	(36,219)
	<hr/>	<hr/>
Current tax liabilities	1,659,212	1,752,121
	<hr/>	<hr/>
(e) Deferred tax liabilities		
The amount of deferred tax liability recognised:		
Realised capital losses	(2,721,970)	(3,500,056)
Unrealised capital gains	9,079,642	7,539,430
Accrued expenses	(9,389)	(9,356)
	<hr/>	<hr/>
Deferred tax liability	6,348,283	4,030,018
	<hr/>	<hr/>

11. RECEIVABLES

	2018 \$	2017 \$
Interest receivable	4,759	930
GST receivable	11,829	13,879
	<hr/>	<hr/>
TOTAL RECEIVABLES	16,588	14,809
	<hr/>	<hr/>

12. INVESTMENTS

	2018 \$	2017 \$
Funds SA – Defined benefit	315,687,990	297,608,822
Funds SA – Accumulation Scheme	82,329,033	70,619,081
	<hr/>	<hr/>
TOTAL INVESTMENTS	398,017,023	368,227,903
	<hr/>	<hr/>
<i>Made up as follows:</i>		
High Growth	5,068,782	3,325,743
Growth	304,871,716	292,820,982
Balanced	5,297,952	3,607,683
Moderate	3,719,445	2,681,485
Conservative	70,609,106	56,835,352
Capital Defensive	4,702,358	4,964,963
Cash	3,747,664	3,991,695
	<hr/>	<hr/>
TOTAL INVESTMENTS	398,017,023	368,227,903
	<hr/>	<hr/>

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13. CREDITORS AND ACCRUALS

	2018 \$	2017 \$
Actuarial & consulting fees	-	44,971
Administration fees	59,400	29,700
Audit fees	56,100	54,670
Legal fees	9,658	2,972
Management fees	20,428	-
PAYG withholding tax	11,163	20,747
Tax agent fees	7,920	7,700
FBT payable	2,223	2,223
	<hr/>	<hr/>
TOTAL CREDITORS AND ACCRUALS	166,892	162,983
	<hr/>	<hr/>

14. CASH FLOW INFORMATION

(a) Reconciliation of cash flows from superannuation activities

	2018 \$	2017 \$
Results from superannuation activities after tax	7,096,106	10,948,542
Allocation to DC member's accounts	9,604,979	11,095,182
Allocation to DB member's accounts	13,172,197	9,707,917
Net changes in fair value of investments	(15,430,314)	(19,026,791)
Distributions reinvested	(18,134,670)	(16,521,330)
Group life premiums in Members Statement	(922,772)	(874,400)
Group life proceeds in Members Statement	988,605	265,211
(Increase)/Decrease in GST receivable	2,050	(1,017)
(Increase)/Decrease in accrued income	(3,829)	2,231
(Increase)/Decrease in prepayments	(249)	4,018
Increase/(Decrease) in creditors and accruals	13,492	24,378
Increase/(Decrease) in current tax liabilities	(963,736)	(259,990)
Increase/(Decrease) in deferred tax liabilities	2,318,265	2,502,588
	<hr/>	<hr/>
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(2,259,876)	(2,133,462)
	<hr/>	<hr/>

(b) Reconciliation of Cash

Cash at bank	4,342,454	1,857,449
	<hr/>	<hr/>

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15. RELATED PARTIES

(a) Trustee and Key Management Personnel

The Trustee of the Scheme is SA Metropolitan Fire Service Superannuation Pty Ltd. The following people were directors of the Trustee during the financial year for the periods indicated:

<u>Employer Representative</u>	<u>Member Representative</u>
Gregory Crossman Period: 01/07/17 to 30/06/18	Robert Tidswell (Chairman) Period: 01/07/17 to 30/06/18
Glenn Benham Period: 01/07/17 to 30/06/18	David Harvey Period: 01/07/17 to 30/06/18
Roy Thompson Period: 01/07/17 to 30/06/18	Gregory Northcott Period: 01/07/17 to 30/06/18
Garry Powell Period: 01/07/17 to 30/06/18	Michael Vander-Jeugd Period: 01/07/17 to 30/06/18

The Directors of the Trustee received no remuneration from the Scheme or employer in connection with the management of the Scheme.

The Directors of the Trustee who are members of the Scheme contribute on the same terms and conditions as other members.

(b) Employer Company

SA Metropolitan Fire Service and its subsidiaries is the employer and contributions to the Scheme are disclosed in the Income Statement.

The Scheme has reimbursed the employer for management expenses incurred by the employer of \$270,206 (2017: \$292,739).

16. AUDITOR'S REMUNERATION

	2018 \$	2017 \$
Amounts paid or due and payable to the Auditor General's Department for the following services:		
• Audit services (GST exclusive)	52,800	57,670

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Estimation

The carrying amounts of all the Scheme's financial instruments at the balance date approximated their fair values.

Derivative financial instruments

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

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

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value of Financial Instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: valuation technique for which the lowest level input that is significant to the fair value measurement is not observable.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Scheme uses Funds SA to manage investments who use widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair market values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

When third party information, such as broker quotes or pricing services, is used to measure fair value, then the portfolio valuation function assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASB. This includes:

- verifying that the broker or pricing service is approved by the Scheme for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes

Financial assets at fair value through profit or loss

30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Unlisted equities and managed investment schemes</i>				
Funds SA – Defined Benefit	-	315,687,990	-	315,687,990
Funds SA – Accumulation Scheme	-	82,329,033	-	82,329,033
	-	398,017,023	-	398,017,023

Financial assets at fair value through profit or loss

30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Unlisted equities and managed investment schemes</i>				
Funds SA – Defined Benefit	-	297,608,822	-	297,608,822
Funds SA – Accumulation Scheme	-	70,619,081	-	70,619,081
	-	368,227,903	-	368,227,903

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18. FINANCIAL RISK MANAGEMENT

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

Financial instruments include financial assets such as cash, receivables, investments and also include financial liabilities such as payables.

The Trustee of the Scheme has overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Trustee is responsible for developing and monitoring the Scheme's risk management policies, including those related to its investment activities. The Scheme's risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Trustee receives regular reports from Funds SA to monitor compliance with the Scheme's investment objectives.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA who has invested 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), diversified strategies (income), and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures in the international equities asset sector are 50% 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.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

Funds SA manages interest rate risk through:

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

As the interest rate on the Scheme's bank account is a floating rate and varies with market interest rate, any change in interest rates will have no impact on the valuation of the account.

Other market price risk

Other market price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Scheme's financial instruments are valued at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

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.
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

Sensitivity analysis

The Trustee has determined that the forecast risk/return profile provides a reasonably possible change in the value of the investments in each investment option. These standard deviations provide the risk variable to be applied to each option. The following table illustrates the effect on change in net assets and net assets available to pay benefits from possible changes in market price risk. This is reported by investment option available for members to invest in.

2018

Investment Option	Sensitivity variable	Standard Deviation	Net Income from Superannuation activities	Net Assets available for member benefits
High Growth	Nominal standard deviation	11.0%	±557,566	±557,566
Growth	Nominal standard deviation	9.3%	±28,353,070	±28,353,070
Balanced	Nominal standard deviation	8.4%	±445,028	±445,028
Moderate	Nominal standard deviation	6.6%	±245,483	±245,483
Conservative	Nominal standard deviation	5.2%	±3,671,674	±3,671,674
Capital defensive	Nominal standard deviation	3.7%	±173,987	±173,987
Cash	Nominal standard deviation	1.0%	±37,477	±37,477
Total			±33,484,285	±33,484,285

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market price risk (Continued)

2017

Investment Option	Sensitivity variable	Standard Deviation	Net Income from Superannuation activities	Net Assets available for member benefits
High Growth	Nominal standard deviation	10.9%	±362,506	±362,506
Growth	Nominal standard deviation	9.2%	±26,939,530	±26,939,530
Balanced	Nominal standard deviation	8.1%	±292,222	±292,222
Moderate	Nominal standard deviation	6.2%	±166,252	±166,252
Conservative	Nominal standard deviation	4.6%	±2,614,426	±2,614,426
Capital defensive	Nominal standard deviation	2.9%	±143,984	±143,984
Cash	Nominal standard deviation	1.2%	±47,900	±47,900
Total			±30,566,820	±30,566,820

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Scheme's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment options' expected return in future years.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

The Scheme is exposed to risk for the defined benefit liabilities whereas market risk remains with the members for the accumulation scheme.

Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The fair value of financial assets included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired.

SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

Funds SA manages liquidity risk as follows:

- The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions from investors.
- A large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

30 June 2018	Less than 3 months	3 Months to 1 year	Total Contractual Cash Flows	Carrying Amount (Asset)/Liabilities
Benefits payable	183,449	-	183,449	183,449
Creditors & accruals	166,892	-	166,892	166,892
Vested benefits (see below)	389,258,490	-	389,258,490	389,258,490
Total	389,608,831	-	389,608,831	389,608,831

30 June 2017	Less than 3 months	3 Months to 1 year	Total Contractual Cash Flows	Carrying Amount (Asset)/Liabilities
Benefits payable	7,789	-	7,789	7,789
Creditors & accruals	162,983	-	162,983	162,983
Vested benefits (see below)	369,328,463	-	369,328,463	369,328,463
Total	369,499,235	-	369,499,235	369,499,235

Vested benefits have been included in the less than 3 months column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

19. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the Scheme's financial statements at 30 June 2018.

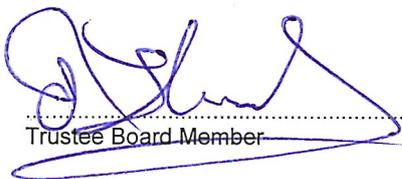
SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

STATEMENT BY TRUSTEE

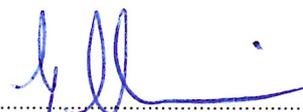
In the opinion of the Trustee

- (a) the accompanying financial statements and notes set out on pages 2 to 23 are in accordance with:
 - (i) The Treasurer's instructions promulgated under the provisions of the Public Sector and Audit Act 1987. Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
 - (ii) present fairly the Scheme's financial position as at 30 June 2018 and its performance for the year ended on that date.
- (b) internal controls over the reporting have been effective throughout the reporting period; and
- (c) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the members of the SA Metropolitan Fire Service Superannuation Scheme Pty Ltd as Trustee for the SA Metropolitan Fire Service Superannuation Scheme.


.....
Trustee Board Member


MANAGER / SECRETARY


.....
Trustee Board Member

Signed at Adelaide this 24th day of October 2018.