

Your ref: A17/012

6 November 2017

Ms Iryna Reszitaryk
Principal Audit Manager
Auditor-General's Department
Level 9 State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Dear Ms Reszitaryk,

Management representation letter

Agents Indemnity Fund financial statements for the year ended 30 June 2017

We make the following representation, for your audit of the financial statements of the Agents Indemnity Fund for the year ended 30 June 2017, having made such enquiries as we considered necessary for appropriately informing ourselves and according to the best of our knowledge and belief.

1. We have fulfilled our responsibility as set out in the terms of the engagement letter dated 8 February 2017 for the preparation of financial statements that give a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards.
2. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
 - (b) additional information that you have requested from us for the purpose of the audit
 - (c) unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence and
 - (d) information regarding all legal issues and legal opinions which have the capacity to be relevant to the control environment and the fair presentation of the financial statements.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error. We have established and maintained an effective internal control structure to facilitate the preparation of reliable financial statements, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control that we are aware of.
5. We have disclosed to you all information about
 - fraud or suspected fraud involving:
 - i. management
 - ii. employees who have significant roles in internal control

- iii. others where the fraud could have a material effect on the financial statements
 - allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 7. We have disclosed to you all known or suspected instances of non-compliance with laws, regulations, contracts or agreements, the effects of which should be considered when preparing the financial statements.
 8. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in line with the financial reporting framework.
 9. We believe the significant assumptions used in making accounting estimates (including estimates relating to fair value) are reasonable.
 10. All events occurring subsequent to the date of the financial statements and for which the financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
 11. There have been no changes in accounting policies or application of those policies that would have a material effect on the financial statements, except as disclosed in the financial statements.
 12. **Non-current assets**
 - (a) The entity has satisfactory title to all assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- (b) Depreciation on assets has been allocated on a systematic basis over the estimated useful lives of assets. Useful lives and residual values of the assets were reviewed during the reporting period and adjusted where necessary. Any resulting changes were accounted for as a change in accounting estimate.
- (c) We have considered the requirements of accounting standards when assessing whether there are indicators of impairment of assets, and in ensuring that no assets are stated in excess of their recoverable amount.
- (d) We consider the measurement methods (including related assumptions) used to determine the value of assets to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.

13. Liabilities

- (a) We have recognised all liabilities in the financial statements.
- (b) We consider the measurement methods (including related assumptions) used to determine the value of liabilities to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.

14. Contingent liabilities

All material contingent liabilities have been completely and adequately disclosed in the financial statements.

15. Commitments

We have disclosed all material commitments in the financial statements.

16. Related party transactions

- (a) We have disclosed to you the identity of all related parties and related party relationships and transactions of which we are aware.
- (b) We have appropriately accounted for and disclosed such relationships and transactions in line with the requirements of the financial reporting framework.

17. Uncorrected misstatements

There were no misstatements within the financial statements identified during the audit.

18. Publication on a website

With respect to the publication of the audited financial report on our website, we acknowledge that:

- (a) We are responsible for the electronic publication of the audited financial report.
- (b) We will ensure that the electronic version of the audited financial report and the auditor's report on the website are identical to the final signed hard copy version.
- (c) We will clearly differentiate between audited and unaudited information in the construction of the entity's website as we understand the risk of potential misrepresentation.
- (d) We have assessed the controls over the security and integrity of the data on the website and that adequate procedures are in place to ensure the integrity of the information published.
- (e) We will not present the auditor's report on the full financial report with extracts only of the full financial report.

Yours sincerely



Date: 6/11/17

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



Date: 06.11.2017

Manager Corporate Services
Consumer and Business Services
Attorney-General's Department



Date: 6/11/17

Executive Director Finance, People and Performance
Attorney-General's Department

AGENTS INDEMNITY FUND

Financial Statements

For the year ended 30 June 2017

Agents Indemnity Fund Certification of the Financial Statements

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; and
- present a true and fair view of the financial position of the Agents Indemnity Fund as at 30 June 2017 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.



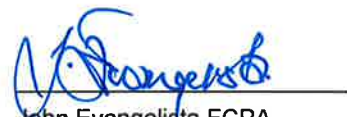
Dini Soulio
Commissioner
Consumer and Business Services

Date: 6/11/17



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

Date: 6/11/17



John Evangelista FCPA
Manager, Corporate Services
Consumer and Business Services

Date: 06.11.2017

Agents Indemnity Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Claims expenses	6	724	1 369
Compliance and administration	4	338	438
Grants and subsidies	7	599	585
Professional expenses	5	249	358
Other expenses	8	16	237
Total expenses		<u>1 926</u>	<u>2 987</u>
Income			
Interest and investment revenue	9	9 754	8 341
Other income	10	268	208
Total income		<u>10 022</u>	<u>8 549</u>
Net result		<u>8 096</u>	<u>5 562</u>
Other comprehensive income			
<i>Items that will be reclassified subsequently to net result when specific conditions are met</i>			
Market value movement of investments		(1 846)	654
Total other comprehensive income		<u>(1 846)</u>	<u>654</u>
Total comprehensive result		<u>6 250</u>	<u>6 216</u>

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

Agents Indemnity Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	11	7 185	69 371
Investments	12	44 401	29 901
Receivables	13	4 339	2 019
Total current assets		55 925	101 291
Non-current assets			
Investments	12	79 013	27 559
Total non-current assets		79 013	27 559
Total assets		134 938	128 850
Current liabilities			
Payables	14	185	347
Total current liabilities		185	347
Total liabilities		185	347
Net assets		134 753	128 503
Equity			
Investments market value reserve		3 478	5 324
Retained earnings		131 275	123 179
Total equity		134 753	128 503
Unrecognised contractual commitments	16		
Contingent assets and liabilities	16		

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 2017

	Investments		
	Market Value	Retained	
	Reserve	Earnings	Total
	\$'000	\$'000	\$'000
Balance at 30 June 2015	4 670	117 617	122 287
Net result for 2015-16	-	5 562	5 562
Gains to be taken to equity	654	-	654
Total comprehensive result for 2015-16	654	5 562	6 216
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

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 2017

		2017	2016
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Claims		(786)	(1 299)
Administration		(338)	(438)
Grants		(567)	(383)
Professional costs		(264)	(373)
Other payments		(133)	(223)
Cash used in operations		(2 088)	(2 716)
Cash inflows			
Interest and investment receipts		4 901	6 150
Other receipts		1	53
Cash generated from operations		4 902	6 203
Net cash provided by operating activities	15	2 814	3 487
Cash flows from investing activities			
Cash outflows			
Purchase of investments		(65 000)	-
Cash used in investing activities		(65 000)	-
Net cash used in investing activities		(65 000)	-
Net increase/(decrease) in cash and cash equivalents		(62 186)	3 487
Cash and cash equivalents at the beginning of the period		69 371	65 884
Cash and cash equivalents at the end of the period	11	7 185	69 371

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 2017

- Note 1:** Objectives of the Agents Indemnity Fund (AIF)
- Note 2:** Significant Accounting Policies
- Note 3:** New and revised accounting standards and policies
- Note 4:** Compliance and administration
- Note 5:** Professional expenses
- Note 6:** Claims
- Note 7:** Grants and subsidies
- Note 8:** Other expenses
- Note 9:** Interest and Investment revenue
- Note 10:** Other income
- Note 11:** Cash and cash equivalents
- Note 12:** Investments
- Note 13:** Receivables
- Note 14:** Payables
- Note 15:** Cash flow reconciliation
- Note 16:** Unrecognised contractual commitments and contingent assets and liabilities
- Note 17:** Financial Risk Management/ Financial Instruments
- Note 18:** Related Party Transactions
- Note 19:** Transactions with SA Government
- Note 20:** Events after reporting period

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 1: Objectives of the Agents Indemnity Fund (AIF)

The Agents Indemnity Fund (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.

Note 2: Significant Accounting Policies

(a) Statement of Compliance

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

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 Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity.

(b) 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*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report;
 - a) revenues, expenses, financial assets and liabilities where the counter party/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies. These are outlined in Note 19.

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 below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

(c) 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.

(d) Comparative Information

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.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 2: Significant Accounting Policies (continued)

(d) Comparative Information (continued)

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.

(e) Rounding

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

(f) Taxation

The Fund is not subject to income tax. The Fund is liable for payroll tax, fringe benefits tax 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.

(g) Events after the reporting period

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

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

(h) Current and Non-Current Classification

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.

(i) 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. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 3: New and revised accounting standards and policies

The Fund did not voluntarily change any of its accounting policies during 2016-2017.

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 2017.

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 department 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 recognised impairment only when incurred.

The impact of adopting this standard is not known and cannot be reliably estimated because it will be dependent on the financial instruments held and economic conditions at the time of adopting as well as accounting elections and judgements which will need to be made.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 4: Compliance and administration

	2017	2016
	\$'000	\$'000
Compliance and administration expenses	338	438
Total compliance and administration expenses	338	438

Compliance and administration expenses of the Fund include payments made to the Attorney-General's Department 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*.

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

Note 5: Professional expenses

	2017	2016
	\$'000	\$'000
Legal and other professional costs	249	358
Total professional expenses	249	358

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

Note 6: Claims

	2017	2016
	\$'000	\$'000
Claim expenses	724	1 369
Total claim expenses	724	1 369

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*.

Note 7: Grants and subsidies

	2017	2016
	\$'000	\$'000
Grants	599	585
Total grants and subsidies	599	585

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.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 8: Other expenses

	2017	2016
	\$'000	\$'000
Consumer and Agent Education	-	213
Other	16	24
Total other expenses	16	237

Included in other are audit fees paid/payable to the Auditor-General's Department relating to work performed under the PFAA. These were \$10 500 (\$9 100). No other services were provided by the Auditor-General.

Under Section 31(2)(f) of the *Conveyancers Act 1994* and Section 29(4)(f) of the *Land Agents Act 1994* the Commissioner for Consumer Affairs may make payments from the Fund for prescribed education programs. During 2015-16 payments were made to the Australian Institute of Conveyancers and Real Estate Institute of South Australia for these purposes. In 2016-17 payments made to Real Estate Institute of South Australia for these purposes have been included in the grants expense. The change in classification is due to a Funding Deed executed in July 2016.

Note 9: Interest and Investment revenue

	2017	2016
	\$'000	\$'000
Distributions from Public Trustee investments	4 389	1 556
Interest from Agents & Conveyancers Trust Accounts	4 167	4 944
Interest on investments held with Public Trustee	778	633
Interest from the Department of Treasury and Finance	420	1 208
Total interest and investment revenue	9 754	8 341

Interest includes interest earned on the Fund's accounts held with the Department of Treasury and Finance and the Public Trustee and interest paid from Agents and Conveyancers trust accounts.

Income is recognised to the extent that it is probable that the flow of economic benefits to the Fund will occur and can be reliably measured.

Note 10: Other income

	2017	2016
	\$'000	\$'000
Management fee recovery	267	155
Sundry recoveries	1	53
Total other income	268	208

Other income includes management fee recovery and sundry recoveries.

Note 11: Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	7 185	69 371
Total cash and cash equivalents	7 185	69 371

Cash and cash equivalents include deposits at call with the Treasurer. Cash is measured at nominal value.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 11: Cash and cash equivalents (continued)

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.

Note 12: Investments

	2017	2016
	\$'000	\$'000
Current		
Funds invested with the Public Trustee	44 401	29 901
Total current investments	<u>44 401</u>	<u>29 901</u>
Non-current		
Funds invested with the Public Trustee	79 013	27 559
Total non-current investments	<u>79 013</u>	<u>27 559</u>
Total Investments	<u><u>123 414</u></u>	<u><u>57 460</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 are based on quoted market prices for identical assets at balance date.

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 2017 the Fund held investments in common funds in the following proportions:

Cash Common Fund	34.93%
Net Liabilities/Receivables	2.91%
Balanced	33.40%
Capital Stable	28.76%

Note 13: Receivables

	2017	2016
	\$'000	\$'000
Accrued interest and distributions	3 767	1 227
Other receivables	572	792
Total current receivables	<u><u>4 339</u></u>	<u><u>2 019</u></u>

For further information on risk management refer Note 17.

Receivables include amounts receivable from interest accruals and other receivables.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 14: Payables

	2017	2016
	\$'000	\$'000
Accrued expenses	185	347
Total payables	185	347

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. 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 Note 17.

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.

Note 15: Cash flow reconciliation

	2017	2016
	\$'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	7 185	69 371
Balance as per the Statement of Cash Flows	7 185	69 371
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	2 814	3 487
Movements in assets and liabilities		
Increase/(decrease) in receivables	2 320	428
Increase/(decrease) in current investments	2 800	1 938
(Increase)/decrease in payables	162	(291)
Net cost of providing services	8 096	5 562

Note 16: Unrecognised contractual commitments and contingent assets and liabilities

The Fund has no commitments contracted for at the reporting date recognised as liabilities.

The Fund is not aware of any contingent assets or contingent liabilities (2016 - \$1.093m) at the reporting date.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 17: 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 \$123.4million 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.

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 note 2 or in the respective financial asset/ liability note.

Agents Indemnity Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 17: Financial Risk Management/ Financial Instruments (continued)

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	2017 Carrying amount/ Fair value \$'000	Contractual Maturities		
				<1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	11	7 185	7 185	-	-
Available for sale investments	Investments	12	123 414	44 401	79 013	-
Receivables	Receivables ⁽¹⁾	13	557	557	-	-
Total financial assets			131 156	52 143	79 013	-
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	14	174	174	-	-
Total financial liabilities			174	174	-	-
Category of financial asset and financial liability			2016 Carrying amount/ Fair value \$'000	Contractual Maturities		
				<1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	11	69 371	69 371	-	-
Available for sale investments	Investments	12	57 460	29 901	27 559	-
Receivables	Receivables ⁽¹⁾	13	768	768	-	-
Total financial assets			127 599	100 040	27 559	-
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	14	338	338	-	-
Total financial liabilities			338	338	-	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. audit fees payable to the Auditor-General's Department 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.

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Note 17: Financial Risk Management/ Financial Instruments (continued)

Sensitivity Analysis

The impact of a 1% movement in interest rates and a 1% movement in equity indexes 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
2017					
Cash and cash equivalents	7 185	(72)	72	-	-
Investments	123 414	-	-	(1 234)	1 234
Total increase/(decrease)		(72)	72	(1,234)	1,234
2016					
Cash and cash equivalents	69 371	(694)	694	-	-
Investments	57 460	-	-	(575)	575
Total increase/(decrease)		(694)	694	(575)	575

Note 18: Related Party Transactions

The 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 Agents Indemnity 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 an additional \$65 million with Public Trustee due to a review conducted by an investment consultant. The review recommended a change in investment strategy requiring the transfer for 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 Agents Indemnity Fund and other SA Government entities are disclosed at Note 19.

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 Attorney-General's Department at Note 30.

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 the Department of Treasury and Finance) 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.

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Note 19: 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	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Claim expenses	6	-	-	724	1 369	724	1 369
Compliance and administration	4	338	438	-	-	338	438
Grants and subsidies	7	-	164	599	421	599	585
Professional expenses	5	90	97	159	261	249	358
Other expenses	8	11	10	5	227	16	237
Total expenses		439	709	1 487	2 278	1 926	2 987
Income							
Interest and investment revenue	9	5 587	3 397	4 167	4 944	9 754	8 341
Other income	10	267	155	1	53	268	208
Total income		5 854	3 552	4 168	4 997	10 022	8 549
Financial assets							
Cash and cash equivalents	11	7 185	69 371	-	-	7 185	69 371
Investments	12	123 414	57 460	-	-	123 414	57 460
Receivables	13	3 767	1 227	572	792	4 339	2 019
Total financial assets		134 366	128 058	572	792	134 938	128 850
Financial liabilities							
Payables	14	11	189	174	158	185	347
Total financial liabilities		11	189	174	158	185	347

Note 20: Events after reporting period

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