

## **For official use only**

Your ref: A19/190

31 October 2019

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

Dear Ms Reszitnyk,

### **Management representation letter**

#### **Second-hand Vehicles Compensation Fund financial statements for the year ended 30 June 2019**

We make the following representation, for your audit of the financial statements of the Second-hands Vehicles Compensation Fund for the year ended 30 June 2019, 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 responsibilities as set out in the terms of the engagement letter dated 20 December 2019 for the preparation of financial statements that give a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards.
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

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- (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.

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### **12. Non-current assets**

- (a) The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), 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.

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**17. Uncorrected misstatements**

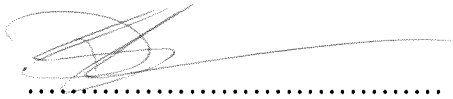
Misstatements within the financial statements identified during the audit have been corrected.

**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



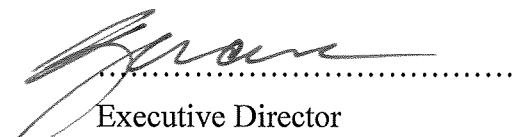
.....  
Commissioner for Consumer Affairs

31/10/19  
.....  
Date:



.....  
General Manager, Corporate Services  
Consumer and Business Services

31/10/19  
.....  
Date



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

31/10/19  
.....  
Date:

# **Second Hand Vehicles Compensation Fund**

## **Financial Statements**

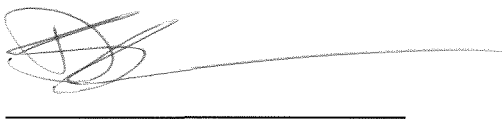
For the year ended 30 June 2019



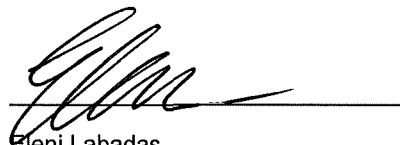
We certify that the attached general purpose financial statements for the Second Hand Vehicles Compensation Fund:

- 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 Second Hand Vehicles Compensation Fund
- present a true and fair view of the financial position of the Second Hand Vehicles Compensation Fund as at 30 June 2019 and the results of its operations and cash flows for the financial year.

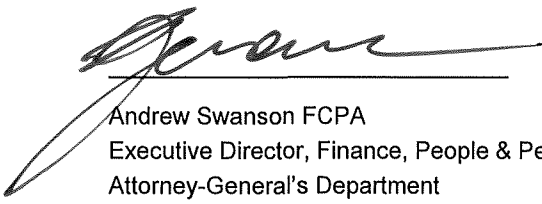
We certify that the internal controls employed by the Second Hand Vehicles Compensation Fund for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dini Soulio  
Commissioner  
Consumer and Business Services  
31 October 2019



Eleni Labadas  
General Manager, Corporate Services  
Consumer and Business Services  
31 October 2019



Andrew Swanson FCPA  
Executive Director, Finance, People & Performance  
Attorney-General's Department  
31 October 2019

**Second Hand Vehicles Compensation Fund**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2019*

	Note	2019 \$'000	2018 \$'000
<b>Expenses</b>			
Compliance and administration	3.1	247	211
Claims	3.2	-	4
Grants and subsidies	3.3	-	25
Other expenses	3.4	9	41
<b>Total expenses</b>		<b>256</b>	<b>281</b>
<b>Income</b>			
Contribution by licensees	4.1	169	188
Investment and interest revenue	4.2	181	215
Other income	4.3	16	15
Gain on revaluation of investments		8	-
<b>Total income</b>		<b>374</b>	<b>418</b>
<b>Net result</b>		<b>118</b>	<b>137</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to net result when specific conditions are met</i>			
Market value movement of investments		-	25
<b>Total other comprehensive income</b>		<b>-</b>	<b>25</b>
<b>Total comprehensive result</b>		<b>118</b>	<b>162</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.



**Second Hand Vehicles Compensation Fund**  
**Statement of Financial Position**  
*as at 30 June 2019*

	Note	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5.1	1 224	1 292
Investments	5.2	1 928	1 886
Receivables	5.3	75	143
<b>Total current assets</b>		<b>3 227</b>	<b>3 321</b>
<b>Non-current assets</b>			
Investments	5.2	3 604	3 389
<b>Total non-current assets</b>		<b>3 604</b>	<b>3 389</b>
<b>Total assets</b>		<b>6 831</b>	<b>6 710</b>
<b>Current liabilities</b>			
Payables	6.1	15	12
<b>Total current liabilities</b>		<b>15</b>	<b>12</b>
<b>Total liabilities</b>		<b>15</b>	<b>12</b>
<b>Net assets</b>		<b>6 816</b>	<b>6 698</b>
<b>Equity</b>			
Retained earnings		6 816	6 523
Investments market value reserve		-	175
<b>Total equity</b>		<b>6 816</b>	<b>6 698</b>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**Second Hand Vehicles Compensation Fund**  
**Statement of Changes in Equity**  
*as at 30 June 2019*

	Investments market value reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>	150	6 386	6 536
Net result for 2017-18	-	137	137
Gains to be taken to equity	25	-	25
<b>Total comprehensive result for 2017-18</b>	<b>25</b>	<b>137</b>	<b>162</b>
<b>Balance at 30 June 2018</b>	<b>175</b>	<b>6 523</b>	<b>6 698</b>
Adjustments on initial adoption of AASB 9	( 175)	175	-
<b>Adjusted balance at 1 July 2018</b>	<b>-</b>	<b>6 698</b>	<b>6 698</b>
Net result for 2018-19	-	118	118
<b>Total comprehensive result for 2018-19</b>	<b>-</b>	<b>118</b>	<b>118</b>
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>6 816</b>	<b>6 816</b>

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

**Second Hand Vehicles Compensation Fund**  
**Statement of Cash Flows**  
*as at 30 June 2019*

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	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Compliance and administration		(245)	(217)
Claims		-	(4)
Grants and subsidies		-	(25)
Other payments		(11)	(39)
<b>Cash used in operations</b>		<u>(256)</u>	<u>(285)</u>
<b>Cash inflows</b>			
Contribution by licensees		169	188
Interest receipts		19	23
Other receipts		-	2
<b>Cash generated from operations</b>		<u>188</u>	<u>213</u>
<b>Net cash provided by / (used in) operating activities</b>		<u>(68)</u>	<u>(72)</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of investments		-	(1 200)
<b>Cash used in investing activities</b>		<u>-</u>	<u>(1 200)</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>-</u>	<u>(1 200)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>( 68)</u>	<u>(1 272)</u>
Cash and cash equivalents at the beginning of the reporting period		1 292	2 564
<b>Cash and cash equivalents at the end of the reporting period</b>	5.1	<u>1 224</u>	<u>1 292</u>

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

**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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# **Second Hand Vehicles Compensation Fund**

## **Notes to and forming part of the financial statements**

*for the year ended 30 June 2019*

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### **1 About the Second Hand Vehicles Compensation Fund**

The Second Hand Vehicles Compensation Fund (the Fund) is a not-for-profit entity regulated by the *Second-hand Vehicle Dealers Act 1995* (the Act). The Fund is administered by the Commissioner for Consumer Affairs (the Commissioner). The financial statements are required by Schedule 3 of the Act and include income, expenses, assets and liabilities which the Commissioner administers on behalf of the SA Government. The Fund does not control any other entity and has no interest in unconsolidated structured entities.

#### **1.1. Basis of preparation**

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

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

For the 2018-19 financial statements the Fund adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 7.

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

The Commissioner for Consumer Affairs is liable for 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.

Income, expenses, assets, receivables, payables and commitments are recognised net of the amount of GST.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle 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 12 months and more than 12 months, the Fund has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

#### **1.2. Objectives of the Second Hand Vehicles Compensation Fund**

The Fund is regulated by the Act. The Fund is kept and administered by the Commissioner for Consumer Affairs. It exists to provide compensation for persons who have a valid unsatisfied claim against a second hand motor vehicle dealer in relation to the purchase, sale or consignment of a second hand vehicle. The claim is heard by the Magistrates Court and an order for compensation will only be made if there is no reasonable prospect of recovering the amount of the claim other than from the Fund.

The Fund's main source of income is contributions received from second hand vehicle dealers in accordance with Schedule 3 of the Act. The Fund also receives income derived from the investment of Fund assets.

**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**2. Board, committees and employees**

**2.1. Key management personnel**

Key management personnel of the Fund include the Minister and the Commissioner for Consumer Affairs who have responsibility for the strategic direction and management of the fund. The compensation received by the Commissioner is included in the controlled financial statements of the Attorney-General's Department at note 2.1.

The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively 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 are no related party transactions.

**3. Expenses**

**3.1. Compliance and administration**

	2019	2018
	\$'000	\$'000
Compliance and administration expenses	247	211
<b>Total compliance and administration expenses</b>	<b>247</b>	<b>211</b>

Compliance and administration expenses of the Fund include payments made to the AGD under section 3(2)(b) of the *Second-hand Vehicle Dealers Act 1995* as reimbursement for administering the Fund. The estimated annual costs of these resources are paid as compliance and administration expenses.

**3.2. Claims**

	2019	2018
	\$'000	\$'000
Claim expenses	-	4
<b>Total claim expenses</b>	<b>-</b>	<b>4</b>

**3.3. Grants and subsidies**

	2019	2018
	\$'000	\$'000
Grants	-	25
<b>Total grants and subsidies</b>	<b>-</b>	<b>25</b>

Under Schedule 3 section 3(2)(d) of the *Second-hand Vehicle Dealers Act 1995* the Commissioner for Consumer Affairs may make payments from the Fund for prescribed education programs.

**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**3.4. Other expenses**

	2019	2018
	\$'000	\$'000
Other	-	33
Audit fees*	9	8
<b>Total other expenses</b>	<b>9</b>	<b>41</b>

\* Audit fees paid/payable to the Auditor-General's Department related to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

**4. Income**

**4.1. Contribution by licensees**

	2019	2018
	\$'000	\$'000
Contribution by licensees	169	188
<b>Total contribution by licensees</b>	<b>169</b>	<b>188</b>

Contribution by licensees' income is recognised when received from second hand vehicle dealers.

**4.2. Investment and interest revenue**

	2019	2018
	\$'000	\$'000
Distributions from investments held with Public Trustee	127	159
Interest from investments held with Public Trustee	37	34
Interest from deposits held with the Treasurer	17	22
<b>Total investment and interest revenue</b>	<b>181</b>	<b>215</b>

**4.3. Other income**

	2019	2018
	\$'000	\$'000
Management fee recovery	15	14
Sundry recovery	1	1
<b>Total other income</b>	<b>16</b>	<b>15</b>

**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**5. Financial assets**

**5.1. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	1 224	1 292
<b>Total cash and cash equivalents</b>	<b>1 224</b>	<b>1 292</b>

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

**5.2. Investments**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Funds invested with the Public Trustee	1 928	1 886
<b>Total current investments</b>	<b>1 928</b>	<b>1 886</b>
<b>Non-current</b>		
Funds invested with the Public Trustee	3 604	3 389
<b>Total non-current investments</b>	<b>3 604</b>	<b>3 389</b>
<b>Total investments</b>	<b>5 532</b>	<b>5 275</b>

Investments represent funds deposited with the Public Trustee. These investments have been classified as financial assets held at fair value through profit and loss as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet claim repayments. 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 2019 the Fund held investments in common funds in the following proportions:

Cash	34.84%
Balanced	35.23%
Capital Stable	29.93%

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.

The Fund adopted *AASB 9 Financial Instruments* as of 1 July 2018. Per AASB 9, changes to the fair value of investments which were previously disclosed under Other Comprehensive Income are now disclosed in the Statement of Comprehensive Income. The balance of the "Investments market value reserve" (2018: \$175 000) was transferred to retained earnings on transition.

Revaluation increments and decrements are recognised at fair value through profit or loss. The fair value of assets traded in active markets are based on quoted market prices for identical assets at balance date.

For further information on risk management refer to note 9.1. For further information on the impact of AASB 9 refer to note 7.2.



**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**5.3. Receivables**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Accrued interest and distributions	75	143
<b>Total current receivables</b>	<u>75</u>	<u>143</u>
<b>Total receivables</b>	<u><u>75</u></u>	<u><u>143</u></u>

**6. Liabilities**

**6.1. Payables**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Accrued expenses	8	8
Creditors	7	4
<b>Total current payables</b>	<u>15</u>	<u>12</u>
<b>Total payables</b>	<u><u>15</u></u>	<u><u>12</u></u>

All payables are measured at their nominal amount.

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 their short-term nature.

## **Second Hand Vehicles Compensation Fund**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2019*

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#### **7. Changes in accounting policy**

##### **7.1. Treasurer's Instructions (Accounting Policy Statements)**

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- Removal of the additional requirement to report transactions with the SA Government.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective.

##### **7.2. AASB 9 Financial Instruments**

*AASB 9 Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Fund adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

Per AASB 9, changes to the fair value of investments which were previously disclosed under Other Comprehensive Income are now disclosed in the Statement of Comprehensive Income. The balance of the "Investments market value reserve" (2018: \$175 000) was transferred to retained earnings on transition.

**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**7.2. AASB 9 Financial Instruments (continued)**

The total impact on the Fund's retained earnings as at 1 July 2018 is as follows:

	<b>2018</b>
	<b>\$'000</b>
Closing retained earnings 30 June 2018 – AASB 139	<u>6 523</u>
Adjustment to retained earnings from adoption of AASB 9	<u>175</u>
Opening retained earnings 1 July 2018 – AASB 9	<u>6 698</u>

On 1 July 2018, the Fund has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

**Reclassification of financial instruments on adoption of AASB 9**

On the date of initial application, the Fund's financial instruments were as follows, with any reclassifications noted.

	Measurement category		Carrying amount	
			AASB 139 at	AASB 9 at 1 July
			30 June 2018	2018
	AASB 139	AASB 9	\$'000	\$'000
<b><u>Current financial assets</u></b>				
Receivables	Loans and Receivables	Amortised Cost	143	143
	Available for	Fair Value		
Investments with Public Trustee	Sale at Fair	through Profit	1 886	1 886
	Value	and Loss		
<b><u>Non-current financial assets</u></b>				
Investments with Public Trustee	Available for	Fair Value	3 389	3 389
	Sale at Fair	through Profit		
	Value	and Loss		

All other financial assets and financial liabilities are measured at amortised cost.

## **Second Hand Vehicles Compensation Fund**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2019*

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#### **8. Outlook**

##### **8.1. Unrecognised contractual commitments and contingent assets and liabilities**

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

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

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

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

The Fund has no contingent liabilities or assets.

##### **8.2. Events after the reporting period**

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

#### **9. Measurement and risk**

##### **9.1. Financial instruments**

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

Risk management is managed by the Fund's corporate services section. 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*.

###### **Market and credit risk**

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 'fair value through profit and loss' financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised through the profit and loss.

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 \$5.5 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

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

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

Cash is also subject to interest rate risk.

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

**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**9.1. Financial instruments (continued)**

**Categorisation of financial instruments**

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

**Classification applicable until 30 June 2018 under AASB 139 *Financial Instruments: Recognition and Measurement***

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Assets available for sale
- Financial liabilities measured at cost.

**Classification applicable from 1 July 2018 under AASB 9 *Financial Instruments***

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

**Second Hand Vehicles Compensation Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

**9.1. Financial instruments (continued)**

Category of financial asset and financial liabilities	Note	2019 Carrying amount / fair value \$'000	2019 Contractual maturities	
			Within 1 year \$'000	1-5 years \$'000
<b>Financial assets</b>				
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	5.1	1 224	1 224	-
<b>Fair value through profit and loss</b>				
Investments	5.2	5 532	1 928	3 604
<b>Financial assets at amortised cost</b>				
Receivables	5.3	75	75	-
<b>Total financial assets</b>		<b>6 831</b>	<b>3 227</b>	<b>3 604</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Payables	6.1	7	7	-
<b>Total financial liabilities at cost</b>		<b>7</b>	<b>7</b>	<b>-</b>

Category of financial asset and financial liabilities	Note	2018 Carrying amount / fair value \$'000	2018 Contractual maturities	
			Within 1 year \$'000	1-5 years \$'000
<b>Financial assets</b>				
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	5.1	1 292	1 292	-
<b>Available for sale</b>				
Investments	5.2	5 275	1 886	3 389
<b>Loans and receivables</b>				
Receivables	5.3	143	143	-
<b>Total financial assets</b>		<b>6 710</b>	<b>3 321</b>	<b>3 389</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Payables	6.1	4	4	-
<b>Total financial liabilities at cost</b>		<b>4</b>	<b>4</b>	<b>-</b>

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). 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 levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.