

Residential Tenancies Fund

Financial Statements

For the year ended 30 June 2018

Residential Tenancies Fund
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Supplies and services	4	4 277	3 673
Employee benefits	3	2 016	1 834
Amortisation	5	208	270
Other expenses	6	32	31
Total expenses		6 533	5 808
Income			
Interest and investment	7	9 143	10 020
Other income	8	690	650
Total income		9 833	10 670
Net cost of providing services		3 300	4 862
Net result		3 300	4 862
Other comprehensive income			
<i>Items that will be reclassified subsequently to net result when specific conditions are met</i>			
Market value movement of investments		995	(3 872)
Total other comprehensive income		995	(3 872)
Total comprehensive result		4 295	990

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

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

Residential Tenancies Fund
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	9	5 393	5 285
Investments	10	122 456	111 426
Receivables	11	5 525	5 575
Total current assets		133 374	122 286
Non-current assets			
Intangible assets	13	200	408
Investments	10	119 276	108 127
Total non-current assets		119 476	108 535
Total assets		252 850	230 821
Current liabilities			
Security bonds lodged	15	88 705	87 025
Payables	16	4 404	193
Total current liabilities		93 109	87 218
Non-current liabilities			
Security bonds lodged	15	107 963	97 291
Other	17	8 680	7 509
Total non-current liabilities		116 643	104 800
Total liabilities		209 752	192 018
Net assets		43 098	38 803
Equity			
Investments market value reserve		10 171	9 176
Asset revaluation surplus		-	190
Retained earnings		32 927	29 437
Total equity		43 098	38 803

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

Contingent assets and liabilities

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

Residential Tenancies Fund
Statement of Changes in Equity
for the year ended 30 June 2018

	Investments market value reserve	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2016	13 048	190	24 575	37 813
Net result for 2016-17	-	-	4 862	4 862
Losses to be taken to equity	(3 872)	-	-	(3 872)
Total comprehensive result for 2016-17	(3 872)	-	4 862	990
Balance at 30 June 2017	9 176	190	29 437	38 803
Net result for 2017-18	-	-	3 300	3 300
Gains to be taken to equity	995	-	-	995
Total comprehensive result for 2017-18	995	-	3 300	4 295
Transfer to retained earnings of net increment realised on disposal of leasehold improvements	-	(190)	190	-
Balance at 30 June 2018	10 171	-	32 927	43 098

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

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

Residential Tenancies Fund
Statement of Cash Flows
for the year ended 30 June 2018

		2018	2017
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Bond refunds		(88 618)	(86 998)
Bond guarantee payments		(7 198)	(7 809)
Employee benefit payments		(1 515)	(4 064)
Supplies and services		(678)	(2 211)
Other payments		(29)	(29)
Cash used in operations		<u>(98 038)</u>	<u>(101 111)</u>
Cash inflows			
Bond lodgements		101 699	96 430
Bond guarantee receipts		7 648	8 517
Interest receipts		1 122	1 231
Other receipts		65	32
Cash generated from operations		<u>110 534</u>	<u>106 210</u>
Net cash provided by / (used in) operating activities	20	<u>12 496</u>	<u>5 099</u>
Cash flows from investing activities			
Cash outflows			
Purchases for investments		(12 388)	(4 114)
Cash used in investing activities		<u>(12 388)</u>	<u>(4 114)</u>
Net cash provided by / (used in) investing activities		<u>(12 388)</u>	<u>(4 114)</u>
Net increase / (decrease) in cash and cash equivalents		<u>108</u>	<u>985</u>
Cash and cash equivalents at the beginning of the period		5 285	4 300
Cash and cash equivalents at the end of the period	9	<u>5 393</u>	<u>5 285</u>

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

Residential Tenancies Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The Residential Tenancies Fund (the Fund) is established under the *Residential Tenancies Act 1995* (the Act). The financial statements are required by section 102(1) of the Act and include income, expenses, assets and liabilities which the Commissioner for Consumer Affairs administers on behalf of the SA Government.

The Residential Tenancies Tribunal was abolished in March 2015 and the functions and some members transitioned to the South Australian Civil and Administrative Tribunal (SACAT). The Fund now pays a portion of SACAT fees.

1.2 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 applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987* (PFAA).

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

1.3 Basis of preparation

The preparation of the financial statements requires:

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

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

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

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

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

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

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 Commissioner has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

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

1 Basis of financial statements (continued)

1.4 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. In 2017-18 there has been a change to the accounting policy for recognition of unclaimed monies relating to security bond refunds. Previously, the Fund recognised unclaimed monies that were more than 5 years old. From 2017-18 the Fund has changed this recognition to more than 1 year old. Refer notes 15 and 17.

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

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

1.5 Taxation

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

2 Objectives of the Residential Tenancies Fund

The Fund is kept and administered by the Commissioner for Consumer Affairs. The Fund consists of amounts received by the Commissioner by way of security bonds and other amounts paid into the Fund under the Act. The Commissioner will make repayments in respect of security bonds from the Fund. Income derived from investment of the Fund is applied towards the costs of administering the Fund and enforcing the Act, education of landlords and tenants about their statutory and contractual rights and obligations, and operations of the Fund.

The Fund's main source of income is from interest derived from the investment of Fund assets in accordance with section 100(4) of the Act. Fund assets mainly represent the investment of security bonds received in accordance with section 62 of the Act.

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

3 Employee benefits expense

	2018	2017
	\$'000	\$'000
Salaries and wages	1 539	1 495
Employment on-costs - payroll tax and other	264	242
Other	213	97
Total employee benefits expenses	2 016	1 834

* Employment on-costs include superannuation employment on-cost charge which represents the Fund's contributions to superannuation plans in respect of current services of current employees. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole of government financial statements.

Employee benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. They are recouped from the Fund by AGD who assign staff to support the Commissioner in the administration of the Fund. Employee benefit expenses are recognised when incurred.

Key management personnel

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

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

4 Supplies and services

	2018	2017
	\$'000	\$'000
Fees for service - South Australian Civil and Administrative Tribunal	2 937	2 867
Accommodation	538	310
Information and communications technology	378	271
Contract staff	77	-
Legal costs	66	-
Office expenses	35	37
Telephone related expenses	27	38
Other	219	150
Total supplies and services	4 277	3 673

Supplies and services includes accommodation expenses (the cost to lease office space to accommodate staff to administer the Fund). These costs are recouped from the Fund by the Attorney-General's Department (AGD).

The Residential Tenancies Tribunal was abolished in March 2015 and the functions and some members transitioned to the South Australian Civil and Administrative Tribunal (SACAT). The Fund now pays a portion of SACAT expenses which are disclosed above.

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

5 Amortisation

	2018 \$'000	2017 \$'000
Amortisation		
Leasehold improvements	-	58
Intangible assets	208	212
Total amortisation	208	270

All non-current assets, having a limited useful life, are systematically depreciated or amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values and useful lives are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in the accounting estimate.

Amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Leasehold improvements	Life of lease
Intangible Assets	3-5

6 Other expenses

	2018 \$'000	2017 \$'000
Auditor's remuneration		
Audit fees *	32	31
Total other expenses	32	31

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

7 Interest and investment revenue

	2018 \$'000	2017 \$'000
Distribution on Investments held with Public Trustee	5 796	6 965
Interest from Public Trustee investments	2 136	1 875
Interest on bond guarantees with Housing SA	1 121	1 085
Interest on deposits with the Treasurer	90	95
Total interest and investment revenues	9 143	10 020

Investment revenue includes income earned on the Funds accounts held with the Public Trustee. Interest includes interest earned on the Funds accounts held with the Treasurer and the Public Trustee.

Housing SA pays interest at an agreed market determined rate to the Fund based on the daily balance of bond guarantees held.

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

8 Other income

	2018	2017
	\$'000	\$'000
Management fee recovery	639	595
Sundry recoveries	51	55
Total other income	690	650

9 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	5 393	5 285
Total cash and cash equivalents	5 393	5 285

Interest rate risk

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 and cash equivalents represents fair value.

10 Investments

	2018	2017
	\$'000	\$'000
Current		
Investments	122 456	111 426
Total current investments	122 456	111 426
Non-current		
Investments	119 276	108 127
Total non-current investments	119 276	108 127
Total investments	241 732	219 553

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 bond 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 2018 the Fund held investments in common funds in the following:

Capital Stable	19.50%
Balanced	28.84%
Cash	49.63%

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager.

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.

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

10 Investments (continued)

Revaluation increments and decrements are recognised in the Investment market value reserve except where, and to the extent, the decrement exceeds the balance of the reserve which is recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

The fair value of assets traded in active markets are based on quoted market prices for identical assets at balance date.

11 Receivables

	2018	2017
	\$'000	\$'000
Accrued interest and distributions	5 203	5 425
Other	322	150
Total receivables	5 525	5 575

For further information on risk management refer to note 21.

12 Plant and equipment

	2018	2017
	\$'000	\$'000
Leasehold improvements		
Leasehold improvements at fair value	-	323
Accumulated amortisation	-	(323)
Total leasehold improvements	-	-
Plant and equipment		
Plant and equipment at cost (deemed fair value)	35	83
Accumulated depreciation	(35)	(83)
Total plant and equipment	-	-
Information technology		
Information technology at cost (deemed fair value)	20	293
Accumulated depreciation	(20)	(293)
Total information technology	-	-
Total plant and equipment	-	-

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value or minimal value they are recorded at their fair value in the Statement of Financial Position.

All non-current tangible assets with a value of \$10,000 or greater are capitalised. Items with an acquisition cost less than \$10,000 are expensed in the year of acquisition.

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

12 Plant and equipment (continued)

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III *Asset Accounting Framework* (APF III). The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2018.

Reconciliation of plant and equipment

	Leasehold improvements	Total
	\$'000	\$'000
2018		
Carrying amount at the beginning of the period	-	-
Amortisation	-	-
Carrying amount at the end of the period	-	-
2017	\$'000	\$'000
Carrying amount at the beginning of the period	58	58
Amortisation	(58)	(58)
Carrying amount at the end of the period	-	-

13 Intangible assets

	2018	2017
	\$'000	\$'000
Software		
Software at cost	996	996
Accumulated amortisation	(796)	(588)
Total software	200	408
Total intangible assets	200	408

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Commissioner has intangible assets only with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

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

13 Intangible assets (continued)

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

There were no indications of impairment of intangible assets at 30 June 2018.

Reconciliation of intangible assets

	Software	Total
	\$'000	\$'000
2018		
Carrying amount at the beginning of the period	408	408
Amortisation	(208)	(208)
Carrying amount at the end of the period	200	200
	Software	Total
	\$'000	\$'000
2017		
Carrying amount at the beginning of the period	620	620
Amortisation	(212)	(212)
Carrying amount at the end of the period	408	408

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

14 Fair value measurement

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Commissioner classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3 not traded in an active market and are derived from unobservable inputs.

In determining fair value, the Commissioner has taken into account the characteristic of the asset (for example, condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Commissioner's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Commissioner did not identify any factors to suggest an alternative use, fair value measurement is based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

Refer to note 12 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets and note 10 for financial assets.

The Commissioner does not recognise any financial assets or financial liabilities at fair value.

Fair value hierarchy

Plant and equipment are held at level 3. No re-classifications during the year and movement shown in Note 12. Investments are held at level 1.

15 Security bonds lodged

	2018 \$'000	2017 \$'000
Current		
Bonds lodged	88 705	87 025
Total current security bonds lodged	88 705	87 025
Non-current		
Bonds lodged	107 963	97 291
Total non-current security bonds lodged	107 963	97 291
Total security bonds lodged	196 668	184 316

Security bonds are received to ensure a tenant on cessation of residential and parks leases comply with all statutory requirements compliance under the Act. Bonds lodged are recognised as a liability on receipt.

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

15 Security bonds lodged (continued)

In 2017-18 the Fund changed its accounting policy for recognition of unclaimed monies relating to security bond refunds. As a result the comparative figure for non-current bonds lodged has been revised down by \$4.211 million and the comparative for non-current other liabilities (refer Note 17) has been revised up by the same amount.

16 Payables

	2018 \$'000	2017 \$'000
Current payables		
Creditors	4 372	164
Accrued expenses	32	29
Total current payables	<u>4 404</u>	<u>193</u>
Total payables	<u><u>4 404</u></u>	<u><u>193</u></u>

Interest rate and credit risk

Payables are measured at nominal amounts. 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 to Note 21.

17 Other liabilities

	2018 \$'000	2017 \$'000
Non-current		
Other liabilities	8 680	7 509
Total non-current other liabilities	<u>8 680</u>	<u>7 509</u>
Total other liabilities	<u><u>8 680</u></u>	<u><u>7 509</u></u>

The other liability is a balance of unclaimed monies related to security bond refunds that are more than 1 year old. The items remain in Bonds Management System until a valid claim is lodged and the monies are refunded.

In 2017-18 the Fund changed its accounting policy for recognition of unclaimed monies. Previously other liabilities were recognised for unclaimed monies more than 5 years old. As a result the comparative figure above has been revised up by \$4.211 million whilst the comparative for non-current bonds lodged (refer Note 15) has been revised down by the same amount.

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

18 Contingent assets and liabilities

Under the Bond Guarantee Scheme a guarantee for the bond is given to the landlord by Housing SA. In the event of a claim by a landlord, a payment is made by the Fund. Housing SA then reimburses the Fund. The value of bond guarantees lodged at 30 June 2018 is \$58 million (2017: \$58.2 million).

Under the *Residential Tenancies Act 1995*, bonds lodged prior to 9 May 2015 accrue interest which is paid to tenants when a bond is repaid to them. Interest is not paid when a bond is paid to landlords or third parties such as the SA Housing Trust. All bonds lodged after 9 May 2015 (inclusive) will not accrue interest. The interest payable to tenants has not been recorded as a liability as the Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond.

It is estimated that the contingent interest liability as at 30 June 2018 is \$95 000 (2017: \$100 000).

19 Related party transactions

The Fund is established pursuant to the *Residential Tenancies Act 1995*, administered by AGD and is a wholly owned and controlled entity of the Crown.

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

Significant transactions with government related entities

During the year the Fund invested \$12.388 million with Public Trustee (2017: \$4.114 million) due to a review conducted in 2016 by an investment consultant. The review recommended a change in investment strategy requiring the transfer of surplus cash held with the Treasurer to Public Trustee investments.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the Fund and other SA Government controlled entities are disclosed at note 24.

Transactions with key management personnel and other related parties

Refer to Note 3 for key management personnel compensation (there are no other material transactions or balances to disclose with key management personnel or related parties).

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

20 Cash flow reconciliation

	2018 \$'000	2017 \$'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	5 393	5 285
Balance as per the Statement of Cash Flows	5 393	5 285
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	12 496	5 099
Add / (less) non-cash Items		
Depreciation and amortisation	(208)	(270)
Interest from Public Trustee investments	2 136	1 875
Distributions from Public Trustee investments	5 796	6 965
Management fee recovery	639	595
Movement in assets and liabilities		
Increase/(decrease) in other receivables	175	75
(Increase)/decrease in payables	(4 211)	481
(Increase)/decrease in security bonds lodged	(12 352)	(8 704)
(Increase)/decrease in other liabilities	(1 171)	(1 254)
Net cost of providing services	3 300	4 862

21 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 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 \$241.7 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.

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

21 Financial risk management / financial instruments (continued)

Categorisation of financial instruments

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

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

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	9	5 393	5 393	-	-
Investments	10	241 732	122 456	119 276	-
Receivables ⁽¹⁾	11	5 525	5 525	-	-
Total financial assets		252 650	133 374	119 276	-
Financial liabilities					
Payables ⁽¹⁾	16	4 372	4 372	-	-
Security bonds lodged	15	196 668	88 705	107 963	-
Other financial liabilities	17	8 680	-	8 680	-
Total financial liabilities		209 720	93 077	116 643	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2017 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	9	5 285	5 285	-	-
Investments	10	219 553	111 426	108 127	-
Receivables ⁽¹⁾	11	5 575	5 575	-	-
Total financial assets		230 413	122 286	108 127	-
Financial liabilities					
Payables ⁽¹⁾	16	164	164	-	-
Security bonds lodged	15	184 316	87 025	97 291	-
Other financial liabilities	17	7 509	-	7 509	-
Total financial liabilities		191 989	87 189	104 800	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, 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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21 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
2018					
Financial assets					
Cash and cash equivalents	5 393	(54)	54	-	-
Investments	241 732	-	-	(2 417)	2 417
Total increase / (decrease)	247 125	(54)	54	(2 417)	2 417
2017					
Financial assets					
Cash and cash equivalents	5 285	(53)	53	-	-
Investments	219 553	-	-	(2 196)	2 196
Total increase / (decrease)	224 838	(53)	53	(2 196)	2 196

22 Impact of standards and statements not yet implemented

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

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as at 30 June 2020. The Fund has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. The Fund does not currently have any revenue contract with a material impact for the period after 1 July 2018 and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

AASB 9 Financial Instruments

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018, i.e. to financial statements as at 30 June 2019. 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 funds invested with the Public Trustee are currently classified as Available for Sale at Fair Value through Other Comprehensive Income (FVOCI). On adoption of AASB 9 *Financial Instruments*, these instruments will continue to be measured at Fair Value; however the gain/loss on revaluation of investments will be reported through the Net Result. The effect on the 2017-18 net result if the standard had been operational for 2017-18 would have been an increase in net result of \$995 000.

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23 Events after reporting period

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

24 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. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Supplies and services	4	4 277	3 673	-	-	4 277	3 673
Employee benefits	3	2 016	1 834	-	-	2 016	1 834
Amortisation	5	-	-	208	270	208	270
Other expenses	6	32	31	-	-	32	31
Total expenses		6 325	5 538	208	270	6 533	5 808
Income							
Interest and investment	7	9 143	10 020	-	-	9 143	10 020
Other income	8	690	650	-	-	690	650
Total income		9 833	10 670	-	-	9 833	10 670
Financial assets							
Cash and cash equivalents	9	5 393	5 285	-	-	5 393	5 285
Receivables	11	5 525	5 575	-	-	5 525	5 575
Investments	10	241 732	219 553	-	-	241 732	219 553
Total financial assets		252 650	230 413	-	-	252 650	230 413
Financial liabilities							
Security bonds lodged	15	-	-	196 668	184 316	196 668	184 316
Payables	16	4 404	193	-	-	4 404	193
Other liabilities	17	-	-	8 680	7 509	8 680	7 509
Total financial liabilities		4 404	193	205 348	191 825	209 752	192 018

