

# ANNUAL REPORT

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ONEANSWER SEPARATE ACCOUNT TRUST  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

ARSN 152 546 024



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## Directors' Report for the financial year ended 30 June 2018

The Directors of OnePath Funds Management Limited, the Responsible Entity of OneAnswer Separate Account Trust (the 'Scheme'), present their report together with the financial report of the Scheme for the financial year ended 30 June 2018, and the report of the auditor on the Scheme.

### Responsible Entity

The Responsible Entity of the Scheme is OnePath Funds Management Limited. The registered office and principal place of business of the Responsible Entity and the Scheme is Level 23, 242 Pitt Street, Sydney, NSW 2000.

The Directors of OnePath Funds Management Limited during or since the end of the financial year are:

Name	Position Held	Date Appointed	Date Resigned
A H Chonowitz	Non-Executive Director	Appointed 1 March 2015	
L M Fricke	Non-Executive Director	Appointed 7 September 2017	
P G Mullin	Executive Director	Appointed 1 March 2015	
S J Chapman	Non-Executive Director, Chairman	Appointed 1 August 2011	
V S Weekes	Non-Executive Director	Appointed 1 May 2011	Resigned 8 September 2017

### Principal activities

The Scheme is a registered Managed Investment Scheme domiciled in Australia.

The investment activities of the Scheme continued to be in accordance with the investment policy of the Scheme, as outlined in the Product Disclosure Statement (PDS). The primary aim of the Scheme is to provide investors with a fixed rate of return with a choice of investment terms to suit the investors' needs and objectives. The Scheme invests according to the term deposits selected by the investors.

The Scheme did not have any employees during the year.

### Review of operations and results

The Scheme continues to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of operations of the Scheme are disclosed in the Statement of Comprehensive Income.

The returns of investors in the Scheme are based on the fixed rate of return of the term deposits in the investors' respective accounts.

### Fees paid to and investments held by the Responsible Entity or its associates

There were no fees paid to OnePath Funds Management Limited by the Scheme and no investments were held by OnePath Funds Management Limited in the Scheme throughout the reporting period.

### Interests in the Scheme

The movements in investors' holdings in the Scheme during the year are disclosed in Note 4 Net assets attributable to investors.

The value of the Scheme's assets and liabilities are disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 Basis of preparation.

### Significant changes in the state of affairs

#### Strategic review and proposed sale of Wealth business:

In November 2016, Australia and New Zealand Banking Group Limited (ANZ), the ultimate parent company of the Responsible Entity, announced the results of the strategic review of its Wealth business in Australia which includes, the OnePath Pension and Investments (OnePath P&I), Aligned Dealer Groups (ADG) and Insurance businesses. The review concluded that while distribution of high quality Wealth products and services should remain a core component of the ANZ's overall customer proposition, ANZ does not need to be a manufacturer or provider of those goods and services.

On 17 October 2017, ANZ announced the proposed sale of the OnePath P&I and ADG businesses to IOOF Holdings Limited and Australian Wealth Management Limited (IOOF entities) which includes the Responsible Entity. On 12 December 2017, ANZ announced the proposed sale of the OnePath life insurance business to Zurich Financial Services Australia Limited (Zurich). The proposed sale of OnePath P&I, which includes the Responsible Entity, to IOOF is expected to be completed in March 2019.

This significant event did not impact individual unitholder balances or units.

### Likely developments and expected results of operations

The Scheme will continue to invest in cash and term deposits. Further information has not been included in this report to avoid the disclosure of information that may result in unreasonable prejudice to the Scheme.

### Environmental regulation

The operations of the Scheme were not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

### Events subsequent to balance date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the Statement of Financial Position as at 30 June 2018 or on the results and cash flows of the Scheme for the financial year ended on that date.

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## **Directors' Report for the financial year ended 30 June 2018**

### **Indemnities and insurance premiums for officers and auditor**

#### Indemnification:

Under the Scheme's Constitution, the Responsible Entity, including its officers and employees, is generally indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

The Responsible Entity has not indemnified any auditor of the Scheme.

#### Insurance premiums:

No insurance premiums are paid out of the assets of the Scheme in relation to insurance cover for the Responsible Entity, its officers and employees or the auditor of the Scheme.

### **True and fair view**

The Financial Statements have been prepared in accordance with applicable accounting standards to give a true and fair view of the state of affairs of the Scheme at reporting date.

### **Lead auditor's independence declaration**

The lead auditor's independence declaration is set out on page 20 and forms part of the Directors' Report for the financial year ended 30 June 2018.

This report is made in accordance with a resolution of the Directors of OnePath Funds Management Limited.



**Director**

Sydney

6 September 2018

**Financial Report**  
**Financial Statement - Statement of Financial Position**  
**as at 30 June 2018**

	Note	OneAnswer Separate Account Trust	
		30 June 2018 \$	30 June 2017 \$
<b>Assets</b>			
Cash and cash equivalents		8,382,789	7,217,464
Receivables	5	779,226	711,470
Loans and receivables	6	70,908,037	69,282,696
<b>Total assets</b>		<b>80,070,052</b>	<b>77,211,630</b>
<b>Net assets attributable to investors</b>		<b>80,070,052</b>	<b>77,211,630</b>
Represented by:			
Net assets attributable to investors		80,070,052	77,211,630
<b>Total net assets attributable to investors</b>	4	<b>80,070,052</b>	<b>77,211,630</b>

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements set out on pages 9 to 16.

**Financial Report**  
**Financial Statement - Statement of Comprehensive Income**  
**for the financial year ended 30 June 2018**

	Note	OneAnswer Separate Account Trust	
		30 June 2018 \$	30 June 2017 \$
<b>Investment income</b>			
Interest income		1,911,422	2,025,826
<b>Net investment income/(loss)</b>		<b>1,911,422</b>	<b>2,025,826</b>
<b>Expenses</b>			
Penalty interest		12,021	15,280
<b>Operating expenses before finance costs</b>		<b>12,021</b>	<b>15,280</b>
<b>Profit/(loss) from operating activities</b>		<b>1,899,401</b>	<b>2,010,546</b>
<b>Finance costs</b>			
Interest transferred out to investors		1,831,288	2,138,863
<b>Change in net assets attributable to investors/</b>			
<b>Total comprehensive income</b>	<b>4</b>	<b>68,113</b>	<b>(128,317)</b>

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements set out on pages 9 to 16.

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**Financial Report**  
**Financial Statement - Statement of Changes in Equity**  
**for the financial year ended 30 June 2018**

The Scheme's net assets attributable to investors is classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity, and no items of changes in equity have been presented for the current or comparative year.

**Financial Report**  
**Financial Statement - Statement of Cash Flows**  
**for the financial year ended 30 June 2018**

	Note	OneAnswer Separate Account Trust	
		30 June 2018 \$	30 June 2017 \$
<b>Cash flows from operating activities:</b>			
Interest received		12,378	5,834
Interest paid		(12,021)	(15,280)
Proceeds from sale of investments		22,881,432	27,423,935
Purchase of investments		(24,506,773)	(20,879,623)
<b>Net cash flows from/(used in) operating activities</b>	<b>7</b>	<b>(1,624,984)</b>	<b>6,534,866</b>
<b>Cash flows from financing activities:</b>			
Proceeds from applications of investors		32,620,736	29,070,067
Payments on redemptions to investors		(29,830,427)	(37,073,955)
<b>Net cash flows from/(used in) financing activities</b>		<b>2,790,309</b>	<b>(8,003,888)</b>
Net increase/(decrease) in cash and cash equivalents		1,165,325	(1,469,022)
Cash and cash equivalents at the beginning of the financial year		7,217,464	8,686,486
<b>Cash and cash equivalents at the end of the financial year</b>		<b>8,382,789</b>	<b>7,217,464</b>

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements set out on pages 9 to 16.

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**Financial Report  
Notes to the Financial Statements  
for the financial year ended 30 June 2018**

**1. Reporting entity**

The Scheme included in these financial statements is a registered Managed Investment Scheme under the *Corporations Act 2001*. The financial statements of the Scheme are for the financial year ended 30 June 2018.

**2. Basis of preparation**

**2.1 Statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Scheme comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors of the Responsible Entity on 6 September 2018.

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except financial instruments classified as loans and receivables and receivables which are measured at amortised cost.

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgements**

The preparation of the financial statements which are in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates.

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

**2.5 Going concern**

The financial statements have been prepared on a going concern basis.

**2.6 Changes in accounting policies**

There were no changes in the accounting policies of the Scheme during the financial year.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Scheme has not early adopted any accounting standard.

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**Financial Report**  
**Notes to the Financial Statements**  
**for the financial year ended 30 June 2018****3.1 Net assets attributable to investors**

In accordance with AASB 132 *Financial Instruments: Presentation*, investors' funds are classified as a financial liability and disclosed as such in the Statement of Financial Position, being referred to as 'Net assets attributable to investors'. Investors' holdings can be put back into the Scheme at any time for cash equal to the proportionate share of the Scheme's net asset value. The value of redeemable assets is measured at the redemption amount that is payable at the Statement of Financial Position date if investors exercised their right to put the investment back into the Scheme. Changes in the value of this financial liability are recognised in the Statement of Comprehensive Income.

**3.2 Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and term deposits with an original maturity of less than 3 months.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**3.3 Interest income**

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. This also applies to premiums and discounts paid on interest bearing instruments. Interest income is recognised on a gross basis, including withholding tax, if any.

**3.4 Expenses**

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Interest expense may consist of early withdrawal adjustments charged to investors on withdrawal from term deposits prior to their maturity.

**3.5 Taxation**

Under current legislation the Scheme is not subject to income tax as each investor will have absolute entitlement to the underlying term deposits held in their separate accounts. All income derived from the term deposits accrue directly to investors.

**3.6 Receivables**

Receivables are carried at amortised cost and include amounts for accrued income.

Accrued income relates to interest income. Amounts are generally received at maturity for the 3, 6 and 12 month term deposit options. For terms greater than 12 months, interest is received annually on the anniversary start date of the term deposit and at maturity.

**3.7 Loans and receivables**

Loans and receivables in the Statement of Financial Position comprise term deposits with an original maturity greater than 3 months. Term deposits are carried at amortised cost.

The Scheme recognises loans and receivables on the date the Scheme becomes party to the contractual agreement. Loans and receivables are derecognised when the right to receive cash flows from them expires.

Loans and receivables are initially recorded in the Statement of Financial Position at cost. The majority of the Scheme's net assets attributable to investors are loans and receivables and therefore the accounting policies relating to the valuation of loans and receivables are significant.

When there is objective evidence that the Scheme will not be able to collect all amounts due according to the original terms of the receivable, the Scheme will write off the amount by reducing the carrying amount directly in the Statement of Financial Position and also recognise a loss or other expense in the Statement of Comprehensive Income.

**3.8 Fair value measurement**

The difference between fair value and carrying value for the Loan and receivables balance is immaterial.

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**Financial Report**  
**Notes to the Financial Statements**  
**for the financial year ended 30 June 2018**

**3.9 Change in net assets attributable to investors**

The movement in net assets attributable to investors is recognised in the Statement of Comprehensive Income.

**3.10 New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations were available for early adoption but have not been applied by the Scheme in these financial statements:

- AASB 9 *Financial Instruments (and applicable amendments)* replacing AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2018. AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has also introduced revised rules around hedge accounting and impairment. The standard is available for early adoption. Management does not expect this standard to have a significant impact on the recognition and measurement of the Scheme's financial instruments as they are carried at fair value through profit or loss. It is not expected that the classification of any financial assets or liabilities will change as a result of adopting AASB 9. The derecognition rules have not been changed from the previous requirements and the Scheme does not apply hedge accounting.
- AASB 15 *Revenue from Contracts with Customers*. AASB 15 is applicable for reporting periods beginning on or after 1 January 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time and over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. This is likely to have a minimal impact to the Scheme if any, due to the nature of the revenue (investment) not falling within the scope of the standard.

Management expects changes in the Scheme's accounting policies due to the adoption of the above accounting standards however no significant changes to the amounts recognised within the financial statements are expected.

**Financial Report**  
**Notes to the Financial Statements**  
**for the financial year ended 30 June 2018**

**4. Net assets attributable to investors**

As stipulated within the Scheme's Constitution, investors have an absolute entitlement to the underlying term deposits, cash and receivables in their personal portfolios in the Scheme and have the right to withdraw these at any time less an early withdrawal adjustment.

Movement in the net assets attributable to investors of the Scheme during the year are as follows:

	OneAnswer Separate Account Trust	
	30 June 2018 \$	30 June 2017 \$
<b>Opening balance</b>	77,211,630	85,343,835
Applications	32,620,736	29,070,067
Redemptions	(29,830,427)	(37,073,955)
Change in net assets attributable to investors	68,113	(128,317)
<b>Closing balance</b>	<b>80,070,052</b>	<b>77,211,630</b>

**Financial Report**  
**Notes to the Financial Statements**  
**for the financial year ended 30 June 2018**

**5. Receivables**

The table below details the receivables held by the Scheme at the reporting date:

	OneAnswer Separate Account Trust	
	30 June 2018	30 June 2017
	\$	\$
Interest receivable	779,226	711,470
<b>Total receivables</b>	<b>779,226</b>	<b>711,470</b>

**6. Loans and receivables**

The following table details the loans and receivables held by the Scheme at the reporting date:

	OneAnswer Separate Account Trust	
	30 June 2018	30 June 2017
	\$	\$
Term deposits between 6 months and 12 months	53,445,671	54,831,624
Term deposits due greater than 12 months	17,462,366	14,451,072
<b>Total loans and receivables</b>	<b>70,908,037</b>	<b>69,282,696</b>

**7. Reconciliation of cash flows from operating activities**

The table below details the reconciliation of cash flows from operating activities for the year as follows:

	OneAnswer Separate Account Trust	
	30 June 2018	30 June 2017
	\$	\$
<b>Profit/(Loss) from operating activities</b>	1,899,401	2,010,546
<b>Changes in operating assets and liabilities:</b>		
Proceeds from sale of investments	22,881,432	27,423,935
Purchase of investments	(24,506,773)	(20,879,623)
Net change in receivables	(67,756)	118,871
Income transferred out to investors	(1,831,288)	(2,138,863)
<b>Net cash flows from/(used in) operating activities</b>	<b>(1,624,984)</b>	<b>6,534,866</b>

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**Financial Report**  
**Notes to the Financial Statements**  
**for the financial year ended 30 June 2018**

**8. Financial risk management**

**8.1 Introduction and overview**

The Scheme is exposed to a variety of financial risks from investments in financial instruments. These risks include:

- credit risk
- liquidity risk
- market risk

This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk, and the Scheme's management of investors' funds.

**8.2 Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme, resulting in a financial loss to the Scheme.

**8.2.1 Cash and cash equivalents**

The Scheme's cash and cash equivalents and term deposits (loans and receivables) are held by Australia and New Zealand Banking Group Limited. The credit rating of Australian and New Zealand Banking Group Limited is AA- as at the reporting date.

**8.2.2 Credit risk exposure**

The carrying amount of cash and cash equivalents and receivables represent the maximum exposure to credit risk.

**8.3 Liquidity risk**

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Scheme.

The liquidity risk is represented by Net assets attributable to investors. Management mitigates this risk by being able to call the cash and cash equivalents and term deposits at any time.

**8.4 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the Scheme's income.

**8.4.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The Scheme is subject to minimal interest rate risk as the majority of financial instruments held are fixed rate term deposits.

## Financial Report

### Notes to the Financial Statements

#### for the financial year ended 30 June 2018

#### 9. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Scheme:

	OneAnswer Separate Account Trust	
	30 June 2018	30 June 2017
	\$	\$
<b>KPMG</b>		
- Financial statement audit		
Paid by Responsible Entity	4,817	4,963
- Compliance and regulatory		
Paid by Responsible Entity	25,500	25,500
<b>Total audit fees paid</b>	<b>30,317</b>	<b>30,463</b>

#### 10. Related parties

##### 10.1 Responsible Entity

The Responsible Entity of the Scheme is OnePath Funds Management Limited (ABN 21 003 002 800). OnePath Funds Management Limited is a subsidiary of Australia and New Zealand Banking Group Limited (ANZ).

##### 10.2 Key management personnel

The Scheme does not employ personnel in its own right. However, the Scheme is required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel, during or since the end of the financial year are:

Name	Position Held	Date Appointed	Date Resigned
A H Chonowitz	Non-Executive Director	Appointed 1 March 2015	
L M Fricke	Non-Executive Director	Appointed 7 September 2017	
P G Mullin	Executive Director	Appointed 1 March 2015	
S J Chapman	Non-Executive Director, Chairman	Appointed 1 August 2011	
V S Weekes	Non-Executive Director	Appointed 1 May 2011	Resigned 8 September 2017

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the reporting period.

No director has entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving directors' interests existing at financial year end.

##### 10.3 Related party transactions

All related party transactions are conducted on commercial terms and conditions. Costs of the Scheme are borne by OnePath Funds Management Limited, the Responsible Entity of the Scheme.

The Directors of the Responsible Entity may also be employees and/or directors of other companies owned by ANZ. The Responsible Entity may also be involved in activities other than the business of managed investment schemes.

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity at any time during the reporting period.

No compensation is paid to the Directors of the Responsible Entity by the Scheme. From time to time the Directors of OnePath Funds Management Limited may invest or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other investors in the Scheme.

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**Financial Report**  
**Notes to the Financial Statements**  
**for the financial year ended 30 June 2018**

**10.4 Related party investments held by the Scheme**

As at 30 June 2018, the Scheme held no investments either in the Responsible Entity or in any Scheme managed by the Responsible Entity.

**10.5 ANZ Securities - Related party investments**

As at 30 June 2018, the Scheme held \$79,290,826 (2017: \$76,500,160) of cash and terms deposits with ANZ. Cash and term deposits less than 90 days of \$8,382,789 (2017: \$7,217,464) are disclosed under 'Cash and cash equivalents' and \$70,908,037 (2017: \$69,282,696) are included under 'Loans and receivables' in the Statement of Financial Position. As at reporting date the Scheme held a receivable of \$779,226 (2017: \$711,470) for accrued interest on term deposits held with ANZ. The Scheme did not have any amount payable to ANZ as at 30 June 2018 (2017: Nil).

During the financial year, the Scheme was entitled to interest income (net of penalty interest) of \$1,899,401 (2017: \$2,010,546) from investments in cash and term deposits with ANZ.

**11. Custodian**

OnePath Funds Management Limited (ABN 21 003 002 800) is the custodian of the Scheme.

**12. Commitments and contingencies**

There were no commitments or contingencies for the Scheme as at the reporting date (30 June 2017: Nil).

**13. Significant events during the financial period**

Strategic review and proposed sale of Wealth business:

In November 2016, Australia and New Zealand Banking Group Limited (ANZ), the ultimate parent company of the Responsible Entity, announced the results of the strategic review of its Wealth business in Australia which includes, the OnePath Pension and Investments (OnePath P&I), Aligned Dealer Groups (ADG) and Insurance businesses. The review concluded that while distribution of high quality Wealth products and services should remain a core component of the ANZ's overall customer proposition, ANZ does not need to be a manufacturer or provider of those goods and services.

On 17 October 2017, ANZ announced the proposed sale of the OnePath P&I and ADG businesses to IOOF Holdings Limited and Australian Wealth Management Limited (IOOF entities) which includes the Responsible Entity. On 12 December 2017, ANZ announced the proposed sale of the OnePath life insurance business to Zurich Financial Services Australia Limited (Zurich). The proposed sale of OnePath P&I, which includes the Responsible Entity, to IOOF is expected to be completed in March 2019.

This significant event did not impact individual unitholder balances or units.

**14. Likely developments and expected results of operations**

The Scheme will continue to invest in cash and term deposits. Further information has not been included in this report to avoid the disclosure of information that may result in unreasonable prejudice to the Scheme.

**15. Events subsequent to reporting date**

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the Statement of Financial Position as at 30 June 2018 or on the results and cash flows of the Scheme for the financial year ended on that date.

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## Financial Report Directors' Declaration

OnePath Funds Management Limited presents the Directors' Declaration in respect of the following Scheme:

OneAnswer Separate Account Trust

In accordance with a resolution of the Directors of OnePath Funds Management Limited we state that:

In the opinion of the Directors:

1. The financial statements and notes to the financial statements of the Scheme, set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
  - 1.1 giving a true and fair view of the Scheme's financial position as at 30 June 2018 and its performance for the financial year ended on that date.
  - 1.2 complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes to the financial statements of the Scheme, set out on pages 5 to 16 comply with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

This Declaration is made in accordance with a resolution of the Directors of OnePath Funds Management Limited.



**Director**

Sydney

6 September 2018



## Independent Auditor's Report

To the investors of OneAnswer Separate Account Trust ('the Scheme'):

### Opinion

We have audited the **Financial Report** of the Scheme.

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2018;
- Statement of Comprehensive Income for the year then ended;
- Statement of Changes in Equity for the year then ended;
- Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration made by the Directors of OnePath Funds Management Limited (the Responsible Entity).

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme and the Responsible Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Other Information

Other Information is financial and non-financial information in Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Michael O Connell

*Partner*

Sydney

6 September 2018



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of OnePath Funds Management Limited, the Responsible Entity for the following Scheme:

OneAnswer Separate Account Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of the Scheme for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Michael O Connell'.

Michael O Connell

*Partner*

Sydney  
6 September 2018

## CONTACT DETAILS FOR THE SCHEMES

### CUSTOMER SERVICES

 13 38 63 weekdays between 8.30am and 6.30pm (AEST)

 [customer@onepath.com.au](mailto:customer@onepath.com.au)

### ANZ SERVICEPLUS

For use by ANZ Financial Planners only.

 1800 998 996 weekdays between 8.00am and 6.00pm (AEST)

 [anzserviceplus@anz.com](mailto:anzserviceplus@anz.com)

### POSTAL ADDRESS

 OnePath Funds Management Limited  
GPO Box 4028  
Sydney NSW 2001

### WEBSITE

 [anz.com](http://anz.com)

### RESPONSIBLE ENTITY

OnePath Funds Management Limited  
ABN 21 003 002 800 AFSL 238342

### CUSTODIANS

OnePath Funds Management Limited  
242 Pitt Street  
Sydney NSW 2000

### AUDITOR

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International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000