

BCF KIWISAVER SCHEME

Financial Statements

For the year ended 31 March 2019

BCF KIWISAVER SCHEME

Financial Statements

For the year ended 31 March 2019

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Independent Auditor's Report

To the Members of BCF Kiwisaver Scheme

Opinion	<p>We have audited the financial statements of BCF KiwiSaver Scheme (the 'Scheme'), which comprise the statement of net assets, as at 31 March 2019, and the statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying financial statements, on pages 3 to 12, present fairly, in all material respects, the financial position of the Scheme as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').</p>
Basis for opinion	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of the Scheme in accordance with Professional and Ethical Standard 1 (Revised) <i>Code of Ethics for Assurance Practitioners</i> issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Other than in our capacity as auditor, we have no relationship with or interests in the Scheme.</p>
Key audit matters	<p>Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.</p> <p>We have determined that there are no key audit matters to communicate in our report.</p>
Other information	<p>The Trustee is responsible on behalf of the Scheme for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.</p> <p>Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
Directors of the Trustee's responsibilities for the financial statements	<p>The Directors of the Trustee is responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, the Directors of the Trustee is responsible on behalf of the Scheme for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Trustee either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.</p>

**Auditor's responsibilities
for the audit of the
financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-6>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Scheme's members, as a body. Our audit has been undertaken so that we might state to the Scheme's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

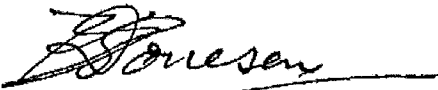
**Silvio Bruinsma, Partner
for Deloitte Limited**
Wellington, New Zealand
1 July 2019

BCF KIWISAVER SCHEME


**Statement of Net Assets
As at 31 March 2019**

	Note	2019 \$	2018 \$
ASSETS			
Cash And Cash Equivalents		8,233	53,113
Investments	6	8,235,551	7,403,439
Canterbury Education Trust	6	502,897	-
Total Assets		8,746,681	7,456,552
 LIABILITIES			
Sundry Creditors	10	19,803	41,638
Benefits Payable	9	-	20,410
Income Tax Payable	7	53,631	13,243
Total Liabilities		73,434	75,291
 NET ASSETS AVAILABLE FOR BENEFITS		8,673,247	7,381,261
 LIABILITY FOR PROMISED BENEFITS			
<i>Represented by:</i>			
KiwiSaver Member Accounts	4	8,673,247	7,381,261
		8,673,247	7,381,261

For and on behalf of the Trustee, who has authorised the issue of these financial statements on:

Director: 

Date: 1 July 2019

Director: 

Date: 1 July 2019

BCF KIWISAVER SCHEME

Statement of Changes in Net Assets For the Year Ended 31 March 2019

INVESTMENT ACTIVITIES	Note	2019	2018
		\$	\$
Investment Revenue			
Interest Received		287,952	239,850
Other Expenses			
Administration & Actuarial Fees		30,000	30,000
Auditor's Remuneration - Audit of Financial statements		16,100	16,683
Auditor's Remuneration - Custodial Service Assurance		-	14,822
Taxation Services		3,450	8,165
Legal Fees		2,073	34,617
Sundry Expenses		41,200	33,168
Total Other Expenses		<u>92,823</u>	<u>137,455</u>
Surplus before Taxation and Membership Activities		<u>195,129</u>	<u>102,395</u>
Tax Expense	7	54,632	45,875
Surplus after Taxation and before Membership Activities		140,497	56,520
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		869,850	823,820
Employer Contributions		518,452	489,693
Crown Tax Credits		182,724	183,443
Transfers in		123,563	77,867
Kickstart		5,000	3,000
Total Contributions		<u>1,699,589</u>	<u>1,577,823</u>
Less:			
Death Payment		5,751	21,254
First Home Withdrawal		149,484	164,883
Retirement		235,807	88,601
Partial Withdrawal		138,000	63,400
Transfer Out		19,059	4,771
Net Membership Activities		<u>1,151,488</u>	<u>1,234,914</u>
Net Increase in Net Assets for the Year Ended March 2019		1,291,985	1,291,434
KiwiSaver Member Accounts at the start of the year	4	7,381,262	6,089,827
KiwiSaver Member Accounts at the Year Ended March 2019		<u><u>8,673,247</u></u>	<u><u>7,381,262</u></u>

BCF KIWISAVER SCHEME

Statement of Cash Flows

For the Year Ended 31 March 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash provided from			
Member Contributions		869,850	823,820
Employer Contributions		518,452	489,693
Crown Tax Credits		182,724	183,443
Transfers In		128,563	80,867
Tax Refund Received		18,653	12,182
		<u>1,718,242</u>	<u>1,590,005</u>
Cash applied to			
Withdrawals		(549,452)	(317,728)
Administration Fees		(30,000)	(30,000)
Transfer Out		(19,059)	(4,771)
Tax Paid		(32,897)	(13,994)
Audit Fee		(36,577)	(18,293)
Tax Advice		(3,450)	(5,290)
Legal Fees		(2,073)	(43,442)
General Expenses		(42,558)	(28,574)
		<u>(716,066)</u>	<u>(462,092)</u>
Net Cash Flows from Operating Activities	8	<u>1,002,176</u>	<u>1,127,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash provided from			
Interest Received		-	-
Sale of investments		-	-
Cash applied to			
Purchase of investments			
Term Deposit		(547,056)	(1,114,830)
Canterbury Education Trust		(500,000)	-
Net Cash Flows from Investing Activities		<u>(1,047,056)</u>	<u>(1,114,830)</u>
Net (Decrease) / Increase in Cash And Cash Equivalents held		(44,880)	13,083
Cash And Cash Equivalents at Beginning of Year		53,113	40,030
Cash And Cash Equivalents at End of Year		<u><u>8,233</u></u>	<u><u>53,113</u></u>

This statement is to be read in conjunction with the notes on pages 6 to 12

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Notes to the Financial Statements For the year ended 31 March 2019

1. Scheme Description

The BCF KiwiSaver Scheme ("The Scheme") is a defined contribution scheme for members of the Brethren Christian Fellowship. It was registered under the KiwiSaver Act 2006 on the 2nd of September 2010. The Scheme started accepting members' contribution on 20th May 2011. There were 610 members in total as at 31 March 2019 (2018: 587).

Details of membership as at 31 March 2019 were:

	Defined Contribution
1 April 2018	587
New Members	39
Death	(2)
Retirements	(13)
Transfers Out	(1)
31 March 2019	610

The Scheme is domiciled in New Zealand and the address of their registered office is 5 Noel Rogers Place, Palmerston North, 4441. Arotahi Trust Limited, is the Trustee of the Scheme and the address of their registered office is 5 Noel Rogers Place, Palmerston North, 4441.

As at 31 March 2019, the Directors of the Trustee are:

- Maurice Hall
- John Mason
- Kevin Sorensen

Funding Arrangements

Members can choose to contribute either 3%, 4%, 6%, 8% or 10% of gross salary or wages. Members may from time to time make additional voluntary contributions to the Scheme. In certain circumstances, employers are required to contribute to KiwiSaver schemes in respect of their employees who are members at a rate of 3%. Employer contributions are subject to Employer Superannuation Contribution Tax. The Government pays 50 cents for every dollar of Member contribution annually up to a maximum of \$521.43.

Retirement Benefits

Member benefits will be locked in to the Scheme until the later of the date for reaching the qualifying age for New Zealand Superannuation or the date on which the Member has been a member of any KiwiSaver Scheme or a member of a Complying Superannuation Scheme for a period of five years. Retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership.

Termination Terms

The Trust Deed sets out the basis on which the Scheme can be terminated.

Changes in the Scheme

The Trust Deed was established on 31 August 2010. The trust Deed was amended on 5th September 2016. There have been no changes to the Trust Deed in the current year.

Investment Pools

As per the Trust Deed there are potentially two separate distinct investment pools within the Scheme, as follows:

1. the "Main Pool", which is intended solely for Brethren members; and
2. the "Segregated Pool", which is intended primarily for any members who cease to break bread with the Brethren Christian Fellowship, as determined by the Trustee.

If assets are attributed to the Segregated Pool, then both it and the Main Pool will contain their own separately identifiable assets. Any balance in Segregated pool shall be invested in bank deposits only. Currently, there is no balance in Segregated Pool therefore no separate accounts are prepared for the year.

2. Statement of compliance

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS) and the requirements of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013 ("FMCA").

BCF KIWISAVER SCHEME

Notes to the Financial Statements (cont'd) For the year ended 31 March 2019

3 Summary of Significant Accounting Policies

Basis of Preparation

The Scheme is registered under the Financial Markets Conduct Act 2013 (FMCA 2013). The financial statements have been prepared in accordance with the requirements of the FMCA 2013.

Measurement base

The measurement base adopted is that of historical cost modified by the revaluation of investments which are measured at fair value at balance date.

Functional and Presentational currency

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates.

Classification of assets and liabilities

The BCF KiwiSaver Scheme operates as a superannuation scheme. As such, the assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

Standards and Interpretations and other new amendments in issue adopted during the year

The following standards/ interpretations and new amendments which are considered relevant to the Scheme and are effective for the year ended 31 March 2019. These standards/ interpretations and new amendments have been applied in preparing these financial statements.

NZ IFRS 9 Financial Instruments (effective 1 January 2018)

NZ IFRS 9 'Financial Instruments' - was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into three measurement categories: those measured as at fair value through profit and loss, fair value through other comprehensive income and those measured at amortised cost. All the Scheme's assets are held at fair value, which will continue under IFRS 9 meaning the only impact will be on disclosures. This standard is effective for reporting periods beginning on or after 1 January 2018. The Scheme's assessment of NZ IFRS 9's full impact has been done, and it was found that there was no accounting impact. This Standard is effective for the year ending 31 March 2019. IFRS 9 has introduced a number of disclosure requirements which are reflected within these financial statements.

Interest Income

Interest income is recognised in the Statement of Changes in Net Assets using the effective interest method.

Income and Expenses

All income and expenses are accounted for on an accrual basis.

Taxation

Under the PIE regime, the Scheme attributes the taxable income of the Scheme to members in accordance with the proportion of their overall interest in the Scheme. The income attributed to each member is taxed at the member's "prescribed investor rate" which is capped at 28%. Under the PIE regime, income is effectively taxed in the hands of the members and is therefore shown as part of Net Membership Activities in the Statement of Changes in Net Assets.

Financial Instruments

Financial assets and financial liabilities are recognised on the Scheme's Statement of Net Assets when the Scheme becomes a party to the contractual provisions of the instrument. The Scheme shall offset financial assets and financial liabilities if the Scheme has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

BCF KIWISAVER SCHEME

Notes to the Financial Statements (cont'd)
For the year ended 31 March 2019

3 Summary of Significant Accounting Policies (Cont'd)

Financial Asset at amortised cost

Financial Assets at amortised cost are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest method, less impairment losses if any. Such assets are reviewed at each balance date for Expected Credit Loss ("ECL") as per the new impairment model under applicable NZ IFRS 9. This is to determine whether there is objective evidence of impairment, for example when there has been a significant or prolonged decline in the fair value below cost. The impairment allowance on receivables is assessed based on historical delinquency rates and losses. Bad debts are written off when identified.

Financial Liabilities at amortised cost

Payables may include liabilities and accrued expenses owing by the Plan which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These financial liabilities are stated at amortised cost.

Goods and Services Tax (GST)

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

Transfers In and Transfers Out

Transfers in and transfers out are accounted for on an accruals basis.

Contributions and Benefits

Contributions and benefits are accounted for on an accruals basis.

Benefits Payable

Benefits payable are not interest-bearing and are stated at their fair value.

Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

- * *Cash and Cash Equivalents* - comprises cash balances held with banks in New Zealand and overseas.
- * *Investing activities* - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash and cash equivalents.
- * *Operating activities* - include all transactions and other events that are not investing activities.

Promised Retirement Benefits

The liability for promised benefits is calculated as the difference between the carrying amounts of all assets and the carrying amounts of all the liabilities as at balance date.

Capital Risk Management

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits.

The Scheme achieves this through obtaining contributions from members and employers and investing these into financial assets.

Changes to significant accounting policies

The Scheme has adopted the new Accounting Standard NZ IFRS 9 and the accounting policies are amended to comply with the disclosure requirement of the standard. The accounting policies set out here have been applied consistently to all periods presented in these financial statements.

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

Financial assets designated as at fair value through profit or loss, are measured at subsequent reporting dates at fair value, which is the exit price of the exchange on which the investment is quoted.

Gains and losses on investments are determined by the valuation change between the opening and closing exit prices of assets.

During the year 2018 the Scheme's invested in Term Deposit & Loan Agreement with a view to earn a return in the form of interest. Term Deposits are recognised and derecognised on the trade date of the contract and interest earned are accounted on accrual basis. Loan Agreement is recognised and derecognised on the trade date of the contract and interest earned are accounted on accrual basis. Loan agreement is assessed yearly for Expected Credit Loss ("ECL") as per the new impairment model under applicable NZ IFRS 9.

BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2019

4. Changes in promised benefits as at 31 March 2019:

	Member Account	Reserve Account	Total 2019
	\$	\$	\$
Balance 1 April 2018	7,381,261	-	7,381,261
Contributions	1,699,589	-	1,699,589
Benefits Paid	(548,101)	-	(548,101)
Change in net assets after tax	-	140,497	140,497
Interest Allocated	140,497	(140,497)	-
Balance 31 March 2019	<u>8,673,246</u>	<u>-</u>	<u>8,673,246</u>

Changes in promised benefits as at 31 March 2018:

	Member Account	Reserve Account	Total 2018
	\$	\$	\$
Balance 1 April 2017	6,089,827	-	6,089,827
Contributions	1,577,823	-	1,577,823
Benefits Paid	(342,909)	-	(342,909)
Change in net assets after tax	-	56,520	56,520
Interest Allocated	56,520	(56,520)	-
Balance 31 March 2018	<u>7,381,261</u>	<u>-</u>	<u>7,381,261</u>

5. Vested benefits

Vested benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date.

	2019	2018
	\$	\$
Vested benefits	<u>8,673,246</u>	<u>7,381,261</u>

Guaranteed benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2018: Nil).

6. Investments

	2019	2018
	\$	\$
a. Term Deposits		
ASB	1,007,809	1,663,807
BNZ	1,777,570	1,714,682
TSB Bank	1,973,235	1,899,848
Westpac	1,313,253	672,846
Kiwibank	2,163,684	1,452,256
Total Investments	<u>8,235,551</u>	<u>7,403,439</u>

b. Caterbury Education Trust

Start Date: 19 November 2018

Maturity Date: 19 November 2023

Interest Rate: Rate of interest will be reviewed annually on each anniversary of loan advanced and adjusted to lowest advertised rate of the ASB Bank for its one-year fixed rate on its first mortgages plus One (1) per cent. Interest rate on the date of signing this agreement (i.e. 19 November 2018) was 5.19% per annum for the first year of this agreement.

Current year Interest: \$9,385 (including accrued interest at the year end)

Principal Outstanding: \$500,000

7. Income tax

	2019	2018
	\$	\$
Tax expense		
Current tax expense	<u>54,632</u>	<u>45,875</u>
The total tax expense for the year can be reconciled to the Change in Net Assets as follows:		
Change in Net Assets before Tax and membership activities	195,129	102,395
Interest Adjustment	-	-
Taxable income	<u>195,129</u>	<u>102,395</u>
Income Tax @ 28%	54,632	28,670
RWT prior year adjustment	-	17,205
Tax Expense	<u>54,632</u>	<u>45,875</u>

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Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2019

7. Income tax (contd.)	2019	2018
Current Tax	\$	\$
Opening Balance	13,243	(30,820)
Add Tax Assessed	54,632	45,875
Refund	18,653	12,182
Less Tax Paid during the year	(32,882)	(13,994)
Closing Balance	<u>53,647</u>	<u>13,243</u>
8. Reconciliation of net cash flows from operating activities to net increase in net assets	2019	2018
	\$	\$
Net increase In Net Assets During Year	1,291,983	1,291,434
Net Interest on Investments (non-cash)	(287,952)	(239,849)
Movements in Other Working Capital Items		
(Decrease) / Increase in trade and other payables	(42,244)	32,265
Decrease in other receivable	40,388	44,063
Net Cash Flows from Operating Activities	<u>1,002,175</u>	<u>1,127,913</u>
9. Benefits Payable		
Death Withdrawal payable	-	20,410
	<u>-</u>	<u>20,410</u>
10. Sundry Creditors		
Administration Fees	2,500	2,500
Deloitte Audit - Financial Statement	11,270	16,675
Deloitte Audit - Custodial Service Assurance	-	14,822
Register of Member Audit Fees	2,050	2,300
Taxation Services - Crowe Horwath	2,875	2,875
Trustee Fees	1,035	2,358
Legal Fees	-	-
Sundry Expenses	73	108
Total	<u>19,803</u>	<u>41,638</u>

11. Fair Value

The Scheme's investments are measured at fair value in the Statement of Net Assets. It is possible to determine the fair value as all investments are deposits with reputable banks.

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2019

12 Financial Risk Management

The Scheme is involved with a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

Categories of financial instruments As at 31 March 2019

	Financial assets as at Amrtised Cost	Financial assets as at fair value through profit or loss	Financial Liabilities at Amortised Cost	Total
Assets				
Cash And Cash Equivalents	8,233	-	-	8,233
Investments	8,235,551	-	-	8,235,551
Canterbury Education Trust	502,897	-	-	502,897
Total assets	8,746,681	-	-	8,746,681
Liabilities				
Sundry Creditors	-	-	19,803	19,803
Total liabilities	-	-	19,803	19,803

As at 31 March 2018

	Financial assets as at Amrtised Cost	Financial assets as at fair value through profit or loss	Financial Liabilities at Amortised Cost	Total
Assets				
Cash And Cash Equivalents	53,113	-	-	53,113
Investments	7,403,439	-	-	7,403,439
Total assets	7,456,552	-	-	7,456,552
Liabilities				
Sundry Creditors	-	-	41,638	41,638
Benefits Payable	-	-	20,410	20,410
Total liabilities	-	-	62,048	62,048

Risk Management

Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustees.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The maximum exposure to credit risk for the Scheme is the carrying amount of its assets as disclosed in the Statement of Net Assets.

As at balance date, investments were held as cash on call with ANZ and term deposits with ASB, BNZ, Westpac, TSB and Kiwibank. The Scheme's investing activities expose it to credit risk. ANZ Bank New Zealand Limited, ASB Bank New Zealand Limited, BNZ, and Westpac New Zealand have credit ratings of AA- with both Standard & Poors and Fitch. TSB Bank Limited has a credit rating of A- credit rating with Fitch. Kiwibank has a credit rating of A with Standard & Poors.

In addition to above investments the Scheme advanced loan to Canterbury Education Trust ("CET"). CET, not being listed organisation with quoted price or active market, exposes the Scheme to higher credit risk. Although this risk is substantially mitigated by guarantee from the Trustees of the Scheme, the Loan agreement is assessed yearly for Expected Credit Loss ("ECL") as per the new impairment model under applicable NZ IFRS 9.

Liquidity risk management

Liquidity risk is the risk that the Scheme will encounter difficulty in raising funds to meet its obligations to pay members. Due to the nature of a KiwiSaver scheme, it is unlikely that a significant number of members would exit at the same time. However, to control liquidity risk, the Scheme invests in deposits with registered New Zealand banks.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of interest-bearing financial instruments will fluctuate because of changes in market interest rates. The maturity period for term deposits varies from 3 months to 24 months during the year.

A 1% movement in interest rates would have an impact on the value of the Scheme's assets of +/- \$82,438. (2018: \$74,566).

Capital management

Net assets attributable to members are considered to be the Scheme's capital for the purposes of capital management. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its members and to maximise the Scheme's members' value as well as ensuring its net assets attributable to members are sufficient to meet all present and future obligations.

In order to meet its objectives for capital management the Scheme's management review the Scheme's performance on a regular basis.

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Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2019

13 Related Parties

Under FMCA Kevin Sorensen is appointed as the Licensed Independent Trustee with the fee of of \$12,136 p.a. (2018: \$7,053 p.a.) for Trusteeship services paid by the Company. There are three directors for Arotahi Trust Limited, the Trustee. None of these directors are members of the Scheme.

The Scheme holds no investments in any of the employer companies. During the year the contributions received from the employer companies was \$518,452 (2018: \$489,693)

During the year the trustees of the Scheme resolved to enter into loan agreement with Canterbury Education Trust ("CET") and the trustee of the Scheme are guarantors of this loan agreement.

14 Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 31 March 2019 (2018: Nil).

15 Events After Balance Date

There were no significant events after balance date that would impact the financial statements as at 31 March 2019 (2018: Nil).