

Summer KiwiSaver Scheme

Financial Statements
for the Year Ended 31 March 2021

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Statement of Changes in Net Assets

Year Ended 31 March 2021

	Notes	2021 \$000	2020 \$000
Interest income on financial assets at amortised cost		30	52
Interest income on financial assets at fair value through profit and loss		241	213
Net change in fair value of financial assets	2	34,413	(5,633)
Net rebate of management fee	3	490	385
Other income		271	556
Total Income		35,445	(4,427)
Member account fees		169	146
Total Expenses		169	146
Net profit/(loss) before membership activities		35,276	(4,573)
Contributions			
Member contributions		11,224	8,438
Employer contributions		5,993	4,499
Crown contributions		3,245	3,272
Transfers from other KiwiSaver schemes		22,874	22,498
Transfers from other superannuation schemes		2,537	1,394
Other voluntary contributions		19,211	14,521
Other income		5	15
		65,089	54,637
Withdrawals			
Transfers to other KiwiSaver schemes		4,775	2,356
Member attributed taxation	9	1,165	194
Members Eligible to withdraw		6,442	4,609
Withdrawals on death		35	134
Withdrawals or transfers on permanent emigration		64	68
Withdrawals for serious illness		60	-
First home purchase withdrawals		1,593	1,507
Significant financial hardship withdrawals		105	84
Other withdrawals		1	103
		14,240	9,055
Net membership activities		50,849	45,582
Movements in Members' accounts for the year		86,125	41,009
Members' accounts at the start of the year		166,010	125,001
Members' accounts at the end of the year		252,135	166,010

The accompanying notes form part of these financial statements


Statement of Net Assets

As at 31 March 2021

	Notes	2021 \$000	2020 \$000
Members' Funds	6	252,135	166,010
Represented by:			
Current Assets			
Cash and cash equivalents		7,414	13,664
Trade and other receivables	7	1,015	291
Trade and other receivables from related parties	3,7	61	37
Financial assets at fair value through profit and loss	4	244,848	152,366
Total Assets		253,338	166,358
Current Liabilities			
Trade and other payables	8	174	207
Member attributed taxation	9	1,029	141
Total Liabilities		1,203	348
Net Assets available for benefits		252,135	166,010

These Financial Statements were authorised for issue by the Manager, Forsyth Barr Investment Management Limited.


Nick Hegan
Director
20 July 2021


Neil Paviour-Smith
Director

The accompanying notes form part of these financial statements

Statement of Cash Flows

Year ended 31 March 2021

	Notes	2021 \$000	2020 \$000
Cash Flows from operating activities			
Cash was provided from:			
Sale of financial assets at fair value through profit or loss		54,595	51,273
Interest & dividend received		526	816
Cash was applied to:			
Purchase of financial assets at fair value through profit or loss		(113,110)	(89,676)
Net rebate of management fees		490	385
Other expenses		(168)	(146)
Net cash used in operating activities	10	(57,667)	(37,348)
Cash Flows from financing activities			
Cash was provided from:			
Contributions		64,925	54,869
Cash was applied to:			
Withdrawals		(14,396)	(9,015)
Members PIE tax		888	(449)
Net cash received from financing activities		51,417	45,405
Net increase in cash and cash equivalents		(6,250)	8,057
Cash and cash equivalents at the beginning of year		13,664	5,607
Cash and cash equivalents at the end of the year		7,414	13,664

The accompanying notes form part of these financial statements

Note 1: Basis of Reporting

Reporting Entity

The reporting entity is Summer KiwiSaver Scheme (“the Scheme”), formerly Forsyth Barr KiwiSaver Scheme. These financial statements show the collective financial performance, financial position and cash flows of the ten Funds that make up the Scheme as the Scheme is considered a single entity per clause 4.8 of the Trust Deed. The ten Funds, whose information is reported and presented collectively within the financial statements, are as follows:

- Summer New Zealand Cash
- Summer New Zealand Fixed Interest
- Summer Global Fixed Interest
- Summer New Zealand Equities
- Summer Australian Equities
- Summer Listed Property
- Summer Global Equities
- Summer Balanced Selection
- Summer Growth Selection
- Summer Conservative Selection

Collectively these Funds are referred to throughout these financial statements as the Scheme. The Scheme is governed by a Trust Deed (“Original Trust Deed”) dated 16 May 2008, as amended by a further Deed of 12 September 2012 (“Existing Trust Deed”) with Forsyth Barr KiwiSaver Limited (now Forsyth Barr Investment Management Limited) (the “Manager”) and Trustees Executors Superannuation Limited, subsequently changed to Trustees Executors Limited (the “Supervisor”) as the supervisor.

The Existing Trust Deed was amended by substituting all provisions of the Existing Trust Deed with all provisions of a new Trust Deed dated 16 September 2016. The amendment was made to comply with and to reflect the requirements of the Financial Markets Conduct Act 2013 (“FMCA”), Financial Markets Conduct Regulations 2014 and other enactments made pursuant to the FMCA, to make a number of minor amendments in connection with the Scheme becoming registered under the FMCA and to reflect that the Manager determined to rename the Scheme the “Summer KiwiSaver Scheme”.

The Scheme is a defined contribution scheme under the KiwiSaver Act 2006 and provides retirement benefits to members. As a defined contribution scheme, members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any returns on contributions received.

The Manager of the Scheme is Forsyth Barr Investment Management Limited (“the Manager”), formerly Forsyth Barr KiwiSaver Limited and the Supervisor of the Scheme is Trustees Executors Limited (“the Supervisor”). The Scheme is domiciled and registered in New Zealand and its registered office is Level 9, Forsyth Barr House, The Octagon, Dunedin 9054.

Statutory Base

The Scheme is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and is subject to the provisions of that Act.

The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013, the KiwiSaver Act 2006 and the Trust Deed.

Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They 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”).

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss. The methods used to measure fair values are disclosed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

Functional and presentation currency

The financial statements are presented in New Zealand dollars which is the Scheme's functional currency, on the basis that the Scheme's investors are mainly based in New Zealand, with the contributions and withdrawals denominated in New Zealand dollars. All financial information presented has been rounded to the nearest thousand.

The accounting policies have been consistently applied to all periods presented unless otherwise stated.

Adoption of New or Amended Standards and Interpretations

There are no new standards or amendment to existing standards that are effective for the year commencing 1 April 2020 that have a material effect on the financial statements of the Scheme. There are no new standards or amendments to existing standards that have been issued but not yet effective that are expected to have a material impact on the financial statements.

Significant Accounting Policies

Significant accounting policies which are specific to certain transactions or balances are set out within the particular note to which they relate. The significant accounting policies which are pervasive to the financial statements are set out below. Accounting policies have been applied consistently to all periods presented in the financial statements.

Critical judgements, estimates and assumptions

The preparation of financial statements requires the Manager to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Judgements are included in the relevant notes. There are no material assumptions or major sources of estimation uncertainty in the preparation of these financial statements. However as with all investments their value is subject to variation due to market fluctuations. The Manager has also used judgement in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13.

Interest Income on financial assets at amortised cost

Interest income is recognised on cash and cash equivalents as the interest accrues using the effective interest rate method.

Expenses

All expenses, including management fees, registry fees and other sundry expenses, are recognised in the statement of changes in net assets on an accrual basis.

Goods and services tax (GST)

The Scheme is not registered for GST. All items in the Statement of Changes in Net Assets and the Statement of Net Assets are stated inclusive of GST.

Net Assets available for benefits

The liability for promised retirement benefits is the Scheme's present obligation to pay benefits to members and has been calculated as the difference between fair value of the assets and the fair value of the liabilities at balance date.

Note 2: Net Change in Fair Value of Financial Assets

Policy

All changes in fair value of financial assets at fair value through profit or loss are recognised in the Statement of Changes in Net Assets, including gains or losses arising on sale.

	2021	2020
	\$000	\$000
New Zealand Equities	8,169	(2,271)
New Zealand Property	3,615	(703)
New Zealand Fixed Interest	1,150	673
Global Equities	21,465	(3,382)
Global Fixed Interest	14	50
Net change in fair value of financial assets	34,413	(5,633)

The decline in equity markets as a result of Covid-19 adversely impacted the closing balance of investments as at 31 March 2020 and the associated net gain/(loss) on financial assets through profit and loss. The closing balance of investments as at 31 March 2021 and the associated net gain/(loss) on financial assets through profit and loss shows the recovery of the market from the prior year.

Note 3: Related Parties

Forsyth Barr Investment Management Limited, as the Manager of the Scheme, is entitled to a Management Fee of up to 0.90% per annum (based on gross asset value per annum) for services as Manager. Where the Scheme invests in Forsyth Barr Investment Funds, management fees paid by the underlying funds are rebated to the Scheme.

Management fees are payable monthly in arrears.

Fees paid and payable by the Manager to related parties for the year ended 31 March were as follows:

	2021	2020
	\$000	\$000
Forsyth Barr Investment Management Limited		
<i>Fees paid and payable to related parties</i>		
Management fee and scheme expenses	(1,832)	(1,330)
Rebate of underlying fund management fees	2,322	1,715
Net Management fees expense (i)(ii)	490	385
<i>Fees receivable from related parties for the year</i>		
Management fees Receivable	61	37

(i) Audit fees incurred for the statutory audit of \$32,200 (2020: \$31,625) are paid by Forsyth Barr Investment Management Limited as Manager on behalf of the Scheme. Audit fees incurred for the registry audit of \$2,500 were incurred in 2021 (2020: \$2,500) are paid by Forsyth Barr Investment Management Limited as Manager on behalf of the Scheme.

(ii) Reflects management fees already paid within underlying funds.

Trustees Executors Limited (TEL), as Supervisor of the Scheme, is entitled to receive a fee from the Manager for Supervisor services.

In a separate capacity, TEL also provides custodial and investment accounting services for the Scheme and is entitled to receive a fee from the Manager for these services.

TEL as registrar maintains the Members' accounts and Scheme register, and they receive a registry fee from the Manager.

	2021	2020
	\$000	\$000
Trustees Executors Limited		
Supervisor fee expense	56	50
Supervisor fee payable	5	5
Registry fees expense	171	145
Registry fees payable	15	13
Custody and investment accounting fees expense	171	165
Custody and investment accounting fees payable	15	15

Certain Directors of the Manager hold units in the Scheme, all transactions with Directors are conducted on an arm's length basis and are on the same terms and conditions as all other clients investing in the Scheme.

The Scheme invests in Forsyth Barr Investment Funds which are also managed by the Manager. The following units are held in Forsyth Barr Investment Funds investment products at the end of the year:

2021					Closing
Fair Value \$000	Opening			Change in Fair	Balance 31
	Balance	Contributions	Withdrawals	Value	March 2021
NZ Equities Fund	26,726	10,830	(1,730)	8,107	43,933
Australian Equities Fund	20,357	13,472	(1,058)	9,133	41,904
Global Equities Fund	42,718	26,967	(2,933)	12,328	79,080
NZ Fixed Interest Fund (ii)	6,840	-	(7,188)	348	-
Listed Property Fund	11,658	3,363	(1,620)	3,616	17,017
New Zealand Fixed Interest Fund (i)	31,447	23,675	(8,644)	952	47,430

2021				Closing
Units 000's	Opening			Balance 31
	Balance	Contributions	Withdrawals	March 2021
NZ Equities Fund	8,682	2,862	(488)	11,056
Australian Equities Fund	20,486	10,928	(856)	30,558
Global Equities Fund	32,054	16,887	(2,042)	46,899
NZ Fixed Interest Fund (ii)	3,720	-	(3,720)	-
Listed Property Fund	5,806	1,394	(662)	6,538
New Zealand Fixed Interest Fund (i)	16,708	12,031	(4,404)	24,335

(i) On the 11 December 2020 the Premium Yield Fund was renamed to New Zealand Fixed Interest Fund.

(ii) On the 21 January 2021, the NZ Fixed Interest Fund was merged with the New Zealand Fixed Interest Fund.

2020	Opening			Change in Fair	Closing
Fair Value \$000	Balance	Contributions	Withdrawals	Value	Balance 31 March 2020
NZ Equities Fund	20,407	11,468	(3,390)	(1,759)	26,726
Australian Equities Fund	15,729	11,708	(2,743)	(4,337)	20,357
Global Equities Fund	30,634	17,605	(6,479)	958	42,718
NZ Fixed Interest Fund (ii)	6,681	-	-	159	6,840
Listed Property Fund	12,298	4,938	(4,875)	(703)	11,658
New Zealand Fixed Interest Fund (i)	25,842	16,507	(11,522)	620	31,446

2020	Opening Balance	Contributions	Withdrawals	Closing
Units 000's				Balance 31 March 2020
NZ Equities Fund	6,409	3,397	(1,124)	8,682
Australian Equities Fund	13,171	9,615	(2,300)	20,486
Global Equities Fund	24,082	12,850	(4,878)	32,054
NZ Fixed Interest Fund (ii)	3,720	-	-	3,720
Listed Property Fund	5,736	2,076	(2,006)	5,806
New Zealand Fixed Interest Fund (i)	14,032	8,710	(6,034)	16,708

Note 4: Financial Assets at fair value through Profit and Loss

Policy

The Manager classifies the Schemes' investments at fair value through profit or loss at initial recognition. The financial assets can be classified as such, as the Manager makes purchase and sale decisions based on the investments fair value and in accordance with the investment strategy. Purchases and sale of investments are recognised on the trade date, being the date on which the Scheme commits to purchase or sell the investment.

Subsequent to initial recognition financial assets are measured at fair value with any gains or losses recognised in the Statement of Changes in Net Assets when they arise. Interest income related to financial assets at fair value through profit or loss are recognised as interest income using the effective interest method.

Fair value

The Manager 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 quoted prices (unadjusted in active markets) for identical assets.

Level 2 inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs for the asset that are not based on observable market data.

The Scheme's financial assets are classified as Level 2 in the fair value hierarchy. These assets comprise managed funds investments and directly held fixed financial assets.

The fair value of financial assets is determined by reference to unit price calculated by the various investment funds in which the scheme holds financial assets, or from available quoted prices for direct held investments. These unit prices are based on net asset valuation derived from available quoted prices of similar units.

	2021	2020
	\$000	\$000
New Zealand Equities	53,252	34,477
New Zealand Property	17,016	11,658
New Zealand Fixed Interest	52,527	42,079
Global Equities	120,983	63,159
Global Fixed Interest	1,070	993
Financial assets at fair value	244,848	152,366

The following investments exceeded 5% of Net Assets available for benefits:

	2021		2020	
	Fair value		Fair value	
	\$000	%	\$000	%
Forsyth Barr NZ Equities Fund	43,933	17.4%	26,726	16.1%
Forsyth Barr New Zealand Fixed Interest (i)	47,430	18.8%	31,446	18.9%
Forsyth Barr Listed Property Fund	17,018	6.7%	11,659	7.0%
Forsyth Barr Australian Equities Fund	41,904	16.6%	20,357	12.3%
Forsyth Barr Global Equities Fund	79,080	31.4%	42,718	25.7%

(i) On the 11 December 2020 the Premium Yield Fund was renamed to New Zealand Fixed Interest Fund. On 21 January 2021 the NZ Fixed Interest Fund was merged with the New Zealand Fixed Interest Fund.

The decline in equity markets as a result of Covid-19 adversely impacted the closing balance of investments as at 31 March 2020 and the associated net gain/loss on financial assets through profit and loss.

Note 5: Financial Instruments and Risk Management

Policy

Financial instruments currently recognised in the financial statements comprise cash and cash equivalents, trade and other receivables, financial assets at FVTPL, member attributed tax and trade and other payables.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

Cash and cash equivalents include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies and are recorded at amortised cost.

Trade and other receivables are amounts representing assets owing to the Scheme and may include amounts due for contributions receivable and other receivables such as interest or dividends and are recorded at amortised cost.

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value. The portfolio of financial assets is managed and performance is evaluated on a fair value basis.

Trade and other payables are amounts representing liabilities and accrued expenses owing by the Scheme at period end and may include outstanding settlement payable, withdrawals payable, other payables and related party payables and are recorded at amortised cost.

Member attributed taxation is PIE tax payable to Inland Revenue on behalf of members and is recorded at amortised cost.

The following table details the Scheme's financial assets and liabilities by category:

	2021	2020
	\$000	\$000
Amortised cost		
Cash and cash equivalents	7,414	13,664
Trade and other receivables	1,076	328
Fair value through profit or loss		
Financial assets at fair value through profit or loss	244,848	152,366
Total financial assets	253,338	166,358
Financial liabilities (at amortised cost)		
Trade and other payables	174	207
Member attributed taxation	1,029	141
Total financial liabilities	1,203	348

Financial risk management policies

The Scheme is subject to various types of financial risks which arise as a result of its activities, including: market risk, liquidity risk and credit risk.

(a) Market Risk

Market risk is the risk that the Scheme's profit or loss will fluctuate as a result of changes in market conditions. The Scheme is exposed directly, and indirectly, to unit price risk, interest rate risk and currency risk through its holdings of cash and equity investments.

(i) Unit price risk

Unit price risk is the risk that the fair value or future cash flows of non monetary financial instruments will fluctuate because of changes in market prices. Market price changes can occur due to competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally.

Sensitivity Analysis

The following table shows the sensitivity of profit for the year and members' accounts to a 10% (2020: 15%) change in unit trust prices as at 31 March. A variable of 10% (2020:15%) is considered appropriate for unit price risk sensitivity based on the impact of Covid-19 increasing volatility in the prior year. This represents management's best estimate of a reasonable shift in the unit prices having regard for the historical volatility of those prices:

	2021	2020
	\$000	\$000
Financial assets at fair value through profit or loss		
Carrying Amount	244,848	152,366
Impact of a -10% (2020:15%) change in unit trust and bond prices		
Profit	(24,485)	(22,855)
Members' Funds	(24,485)	(22,855)
Impact of a +10% (2020:15%) change in unit trust and bond prices		
Profit	24,485	22,855
Members' Funds	24,485	22,855

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is directly exposed to interest risk through the direct investment in certain bonds held. The Scheme is indirectly exposed to interest risk through certain of the fixed interest denominated funds quoted by Forsyth Barr Investment Funds.

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme has no material direct exposure to currency risk. The Scheme is indirectly exposed to currency risk through certain of the foreign currency denominated funds quoted by Forsyth Barr Investment Funds. Any currency risk is reflected in the unit price of the relevant Investment Funds.

(b) Liquidity Risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. The Scheme holds the majority of its investments with various funds managed by Forsyth Barr Investment Funds. The Scheme is indirectly exposed to the liquidity risk management processes of the funds, the Scheme has some direct exposure through directly held fixed interest investments. Forsyth Barr Investment Funds and the Scheme manages liquidity risk by holding the majority of its investments in listed financial instruments that are traded in active markets that can be readily disposed of.

The Scheme's financial liabilities consist of trade and other payables which are short term in nature and classified as a current liability at balance date.

(c) Credit Risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Scheme. The maximum credit risk of financial instruments is considered to be the carrying amount on the Statement of Net Assets. Financial instruments that subject the Scheme to credit risk consist primarily of financial assets at FVTPL, trade and other receivables and cash and cash equivalents.

The Scheme measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. The risk of non recovery of monetary assets is considered by the Manager to be minimal due to the quality of counterparties dealt with. No loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Scheme.

The investment strategy incorporates an appropriate diversification of investments (at an underlying unlisted unit trust level) so that the Scheme has no significant concentration of credit risk.

Note 6: Capital Management

Policy

The Scheme manages its Members' accounts as capital. Each unit in a fund is the same as any other unit in that fund, and represents an interest in the net assets of that fund. The unit price of the fund is determined as the net asset value of the fund divided by the number of units on issue. As at balance date the Scheme classified all units in Members' accounts as follows:

	Members' Funds	Net Asset Value Per Unit	Members' Funds	Net Asset Value Per Unit
	2021	2021	2020	2020
	\$ 000's	\$	\$ 000's	\$
Summer New Zealand Cash	3,950	1.04	4,833	1.02
Summer New Zealand Fixed Interest	7,038	1.16	8,585	1.11
Summer Global Fixed Interest	1,095	1.12	1,022	1.07
Summer New Zealand Equities	19,145	1.65	12,092	1.29
Summer Australian Equities	11,637	1.41	6,523	1.04
Summer Listed Property	8,288	1.44	6,505	1.12
Summer Global Equities	26,033	1.75	16,958	1.38
Summer Balanced Selection	120,257	1.41	86,723	1.20
Summer Growth Selection	43,126	1.20	15,949	0.96
Summer Conservative Selection	11,566	1.11	6,820	1.00
	252,135		166,010	

	Units on Issue	Units	Units	Units on Issue
	2020	Issued	Redeemed	2021
	000's	000's	000's	000's
Summer New Zealand Cash	4,733	8,354	(9,304)	3,783
Summer New Zealand Fixed Interest	7,706	2,685	(4,305)	6,086
Summer Global Fixed Interest	953	831	(802)	982
Summer New Zealand Equities	9,375	4,354	(2,154)	11,575
Summer Australian Equities	6,269	4,045	(2,068)	8,247
Summer Listed Property	5,825	1,792	(1,861)	5,756
Summer Global Equities	12,266	5,726	(3,138)	14,854
Summer Balanced Selection	72,474	27,221	(14,151)	85,544
Summer Growth Selection	16,571	23,832	(4,525)	35,878
Summer Conservative Selection	6,834	13,011	(9,389)	10,456

The Scheme has no restrictions or specific capital requirements on the contributions and withdrawals other than as required by the KiwiSaver Act 2006.

Note 7: Trade and Other Receivables

Policy

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

The trade and other receivables' carrying values are a reasonable approximation of fair value.

	2021	2020
	\$000	\$000
Contributions receivable	470	291
Outstanding settlements receivable	545	-
	1,015	291
Trade and other receivable to related parties		
Management fees rebate	61	37

Note 8: Trade and Other Payables

Policy

Trade and other payables comprise of liabilities, purchases of securities and investments that are unsettled at balance date and accrued expenses owing by the Scheme which are unpaid at balance date. These are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Trades are recorded on trade date, and normally settled within three business days.

	2021	2020
	\$000	\$000
Redemptions payable	74	207
Outstanding settlements payable	100	-
	174	207

All trade and other payables' carrying values approximate their fair value.

Note 9: Member attributed taxation

Policy

The Scheme is a Portfolio Investment Entity (PIE) under the Income Tax Act 2007. The Scheme pays tax on behalf of members meaning no income tax expense or deferred tax balances are recognised in the financial statements. PIE tax payable to Inland Revenue on behalf of members is recognised as a liability and is measured based on Prescribed Investor Rates (PIR) applicable to the individual members.

Tax losses are not recognised in the financial statements. However, these amounts are tracked and may be applied by members against tax payable in relation to their PIE investment income. Deductible expenditure incurred by the Scheme can be transferred to Master Superannuation Trusts in accordance with section DV 2 of the Income Tax Act 2007. This results in tax credits to the Scheme which is disclosed in the Statement of Changes in Net Assets.

	2021	2020
	\$000	\$000
Opening attributed tax payable for the year	141	590
Member attributed tax payable for the year	1,165	194
Member attributed tax paid during the year	(277)	(643)
Member attributed tax payable at balance date	1,029	141

Note 10: Reconciliation of Net Profit to Cash Flows from Operating Activities

Policy

The Statement of Cash Flow has been prepared inclusive of GST, consistent with the method used in the Statement of Changes in Net Assets.

Cash reflects the balance of cash and liquid assets used in the day-to-day management of the Scheme.

Financing activities are those activities that result in changes in the size and composition of Members' accounts. This includes attributed tax elements of Members' accounts.

Operating activities are the principal revenue activities of the Scheme and other activities that are not financing activities.

	2021	2020
	\$000	\$000
Net profit/(loss) before membership activities	35,276	(4,573)
<i>Adjustments for non cash items</i>		
Unrealised changes in the fair value of financial assets	(32,025)	8,170
Scheme administration fees charged to members	168	148
	(31,857)	8,318
<i>Movements in working capital items</i>		
Increase in trade and other receivables	(748)	213
Increase in trade and other payables	33	(23)
Increase in underlying cost of investments carried at fair value	(60,371)	(41,282)
<i>Movement in items classified as financing activities</i>		
Other expenses	-	-
	(61,086)	(41,092)
Net cash flows used in operating activities	(57,667)	(37,348)

Note 11: Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 March 2021 (2020: nil).

Note 12: Subsequent Events

No subsequent events noted.

Independent Auditor's Report

To the Members of Summer KiwiSaver Scheme

Opinion

We have audited the financial statements of Summer KiwiSaver Scheme (the 'Scheme'), which comprise the statement of net assets as at 31 March 2021, and the statement of changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 3 to 16, present fairly, in all material respects, the net assets of the Scheme as at 31 March 2021, and its changes in net assets 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').

Basis for opinion

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Manager and the Scheme in the area of taxation advice. In addition to this, subject to certain restrictions, partners and employees of our firm may deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme. Our firm has no other relationship with, or interest in, the Scheme. These services have not impaired our independence as auditor of the Scheme.

Key audit matters

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.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors of the Manager are 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.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

Manager's responsibilities for the financial statements

The Board of Directors of the Manager 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 Board of Directors of the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Manager 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 either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

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-2>

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

**Heidi Rautjoki, Partner
for Deloitte Limited**
Dunedin, New Zealand
20 July 2021