

BCF KIWISAVER SCHEME

Financial Statements

For the year ended 31 March 2022

BCF KIWISAVER SCHEME

Financial Statements

For the year ended 31 March 2022

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Independent Auditor's Report

To the Members of the 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 2022, 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 2022, 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 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</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>

Key audit matter	How our audit addressed the key audit matter
<p>Level 3 investment – Loan to East Street Property Trust (Note 6c)</p> <p>As at 31 March 2022 the Scheme invested \$1,000,000 (2021: \$1,000,000) by way of a loan to East Street Property Limited ('the Borrower'). The investment is required to be carried at fair value in accordance with NZ IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>.</p> <p>The Scheme's investment is valued based on unobservable valuation inputs and therefore is considered to be a Level 3 financial instrument in the hierarchy of fair value measurements.</p> <p>We have included the valuation of the Scheme's loan as a key audit matter due to the significance of the amount to the financial statements and the judgement required to determine that the carrying value represents its fair value.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained the loan agreement and understood the key terms; • Read the Borrower's financial statements for the year ended 30 June 2022 and considered the recoverability of the loan by understanding the value of the security held relative to the loan value; • Obtained external confirmation of the loan amount and current interest rate from the Borrower's Trustees; • Assessed the fair value of the loan against the carrying value by discounting the estimated future cash flows at a market rate of interest as at 31 March 2022, including any credit risk impact on the fair value; and • Assessed the appropriateness of the disclosures in the financial statements including consideration of the classification and measurement of the investment.
<p>Level 3 investment - UBT Invest NZ Retail Fund (Note 6d)</p> <p>As at 31 March 2022 the Scheme invested \$1,700,000 (2021: \$750,000) in the UBT Invest NZ Retail Fund ('the Fund').</p> <p>The Scheme's investment in the Fund is valued based on unobservable valuation inputs and therefore is considered to be a Level 3 financial instrument in the hierarchy of fair value measurements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained the external investment confirmation from the Manager of the Fund; • Obtained the financial statements of the Fund and confirmed these were audited with an unmodified audit opinion issued for the year ended 31 March 2022; • Understood and assessed the valuation methodology as outlined in the accounting policies of the Fund's financial statements and other Fund documents;

The fair value of the Scheme's investment is indirectly determined by the valuation of assets held by the Fund ('the underlying assets'). The valuation of the underlying assets is derived from techniques which are based on unobservable inputs and therefore requires a greater degree of judgement.

The financial statements of the Fund set out the valuation methodology, key inputs, and the resultant values of the underlying assets as at 31 March 2022.

We have included the valuation of the Scheme's investment in the Fund as a key audit matter due to the significance of the amount to the financial statements and the judgement required to determine its fair value.

- Recalculated the fair value of the Scheme's investment in the Fund by multiplying the net assets per unit as disclosed in the Funds financial statements by the number of units owned by the Scheme;
- Assessed the appropriateness of the disclosures in the financial statements including consideration of the classification and measurement of the investment.

Other information

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.

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.

Directors of the Trustee's responsibilities for the financial statements

The Directors of the Trustee are 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 Directors of the Trustee determine 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 Directors of the Trustee are 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/assurance-standards/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.



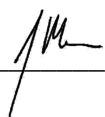
Hamish Anton, Partner
for Deloitte Limited
Wellington, New Zealand
30 August 2022

BCF KIWISAVER SCHEME

Statement of Net Assets As at 31 March 2022

	Note	2022 \$	2021 \$
ASSETS			
Cash And Cash Equivalents		123,543	185,553
Term Deposits	6	9,497,188	8,864,942
Contributions receivable		11,918	-
Canterbury Education Trust	6	-	250,000
East St Property Trust	6	1,000,000	1,000,000
UBT Invest	6	1,700,000	750,000
Interest Receivables		-	957
Distributions Receivables		3,117	1,592
Income Tax Receivable		18,423	9,094
Total Assets		12,354,189	11,062,138
LIABILITIES			
Sundry Creditors	8	32,052	27,321
Total Liabilities		32,052	27,321
NET ASSETS AVAILABLE FOR BENEFITS		12,322,137	11,034,817
LIABILITY FOR PROMISED BENEFITS			
<i>Represented by:</i>			
KiwiSaver Member Accounts	4	12,322,137	11,034,817
		12,322,137	11,034,817

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

Director: _____


Date: 30 August 2022 _____

Director: _____


Date: 30 August 2022 _____

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

BCF KIWISAVER SCHEME

Statement of Changes in Net Assets For the Year Ended 31 March 2022

INVESTMENT ACTIVITIES	Note	2022 \$	2021 \$
Investment Revenue			
Interest Received		178,246	261,921
Distributions		55,883	-
Investment Management Fees		(25,312)	-
Net Investment Revenue		208,818	261,921
Other Expenses			
Administration & Actuarial Fees		35,155	34,055
Auditor's Remuneration - Audit of Financial statements		33,580	17,365
Taxation Services		8,970	8,625
Legal Fees		17,153	26,637
Use of Money Interest		-	398
Sundry Expenses		43,558	49,028
Total Other Expenses		138,416	136,108
Surplus before Membership Activities		70,402	125,813
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		1,081,733	993,734
Employer Contributions		652,187	633,117
Crown Tax Credits		196,284	187,507
Transfers in		95,891	173,700
Total Contributions		2,026,096	1,988,058
Less:			
First Home Withdrawal		428,463	451,007
Retirement		256,353	150,175
Partial Withdrawal		50,000	174,000
Permanent Emigration		21,795	9,744
Life Shortening Illness		21,757	-
Transfer Out		8,223	8,885
PIE Tax Expense		22,586	30,971
Net Membership Activities		1,216,919	1,163,276
Net Increase in Net Assets		1,287,320	1,289,089
KiwiSaver Member Accounts at the start of the year		11,034,817	9,745,728
KiwiSaver Member Accounts at the end of the year	4	12,322,137	11,034,817

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

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Statement of Cash Flows For the Year Ended 31 March 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash provided from			
Member Contributions		1,069,815	993,734
Employer Contributions		652,187	633,117
Crown Tax Credits		196,284	187,507
Transfers In		95,891	173,700
		<u>2,014,177</u>	<u>1,988,058</u>
Cash applied to			
Withdrawals		(778,369)	(784,926)
Administration Fees		(35,056)	(33,956)
Transfer Out		(8,223)	(8,885)
Tax Paid		(31,915)	(70,984)
Audit Fee		(32,124)	(10,363)
Tax Advice		(5,750)	(4,945)
Legal Fees		(17,153)	(26,637)
General Expenses		(43,602)	(48,908)
		<u>(952,192)</u>	<u>(989,604)</u>
Net Cash Flows from Operating Activities	7	<u>1,061,985</u>	<u>998,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash provided from			
Interest Received		34,831	-
Distributions Received		29,047	-
Sale of investments			
Term Deposit		-	1,250,480
Receipt of Canterbury Education Trust Loan		250,000	250,000
Cash applied to			
Purchase of investments			
Term Deposit		(487,872)	(670,000)
East St Property Trust		-	(1,000,000)
UBT Invest		(950,000)	(750,000)
		<u>(1,123,995)</u>	<u>(919,520)</u>
Net Cash Flows applied to Investing Activities		<u>(1,123,995)</u>	<u>(919,520)</u>
Net (Decrease)/Increase in Cash And Cash Equivalents held		(62,010)	78,934
Cash And Cash Equivalents at Beginning of Year		185,553	106,619
Cash And Cash Equivalents at End of Year		<u><u>123,543</u></u>	<u><u>185,553</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 2022

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 689 members in total as at 31 March 2022 (2021: 666).

Details of membership as at 31 March 2022 were:

	Defined Contribution
1 April 2021	666
New Members	41
Emigration	(1)
Death	-
Retirements	(13)
Other	(2)
Transfers Out	(2)
31 March 2022	689

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 2022, the Directors of the Trustee are:

- Maurice Hall
- Jeffery Paul Prestige
- John Mason

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

There was a change to the Trust Deed. Effective 11 November 2021 the BCF KiwiSaver Scheme Trust Deed was updated to remove a special purpose company called BCF Limited who has been a counterparty to the Trust Deed alongside The Trustee. It has never been used and its involvement is redundant.

There were no changes to the Statement of Investment Policy and Objectives (SIPO) lodged on 9 December 2020.

There were no changes made to the Other Material Information (OMI) lodged on 9 December 2020.

There were no changes to The Product Disclosure Statement (PDS) for the offer of membership for new members on 9 December 2020.

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 2022

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

During the year no new standard and interpretations or amendment in issue adopted by the scheme.

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.

Financial Asset and Liabilities at Fair Value Through Profit or Loss

Investments held at fair value through profit or loss are measured initially at fair value excluding any transaction costs. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Changes in Net Assets.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of units held by the Scheme is determined by reference to published bid prices at the close of business on the reporting date being the redemption price established by the underlying fund manager.

BCF KIWISAVER SCHEME

Notes to the Financial Statements (cont'd) For the year ended 31 March 2022

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.

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

During the year there were no changes to accounting policies.

Investments in Term Deposits

Investments in term deposits with banks are held solely for collecting cashflow in form of principal and interest on such principal. This qualifies them to be classified as financial assets that are not designated at fair value through profit and loss and measured at amortised cost. This provides readers with a clear understanding of the value of these investments and as such has been deemed the most appropriate accounting policy given the nature of these investments.

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Notes to the Financial Statements (Cont'd) For the year ended 31 March 2022

4. Changes in promised benefits as at 31 March 2022:

	Member Account \$	Reserve Account \$	Total 2022 \$
Balance 1 April 2021	11,034,817	-	11,034,817
Contributions	2,026,096	-	2,026,096
Benefits Paid	(786,591)	-	(786,591)
Change in net assets after tax	-	47,815	47,815
Interest Allocated	47,815	(47,815)	-
Balance 31 March 2022	<u>12,322,137</u>	<u>-</u>	<u>12,322,137</u>

Changes in promised benefits as at 31 March 2021:

	Member Account \$	Reserve Account \$	Total 2021 \$
Balance 1 April 2020	9,745,729	-	9,745,729
Contributions	1,988,058	-	1,988,058
Benefits Paid	(793,811)	-	(793,811)
Change in net assets after tax	-	94,841	94,841
Interest Allocated	94,841	(94,841)	-
Balance 31 March 2021	<u>11,034,817</u>	<u>-</u>	<u>11,034,817</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.

	2022 \$	2021 \$
Vested benefits	<u>12,322,137</u>	<u>11,034,817</u>

Guaranteed benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2021: Nil).

6. Investments

All investments exceeded 5% of net assets available for benefits. (2021: All investments except for the loan to the Canterbury Education Trust exceeded 5% of net assets available for benefits).

	2022 \$	2021 \$
a. Term Deposits		
ASB	1,202,033	704,308
BNZ	1,282,029	1,268,075
TSB Bank	2,231,512	2,191,830
Westpac	1,816,849	1,778,306
Kiwibank	2,964,765	2,922,422
Total Investments	<u>9,497,188</u>	<u>8,864,941</u>

b. Canterbury Education Trust

On 19 July 2021 the remaining principal of \$250,000 was repaid to the Scheme and the final interest payment of \$1,458.15 was received on 20 July 2021.

c. East Street Property Trust

Start Date: 02 November 2020
Maturity Date: 02 November 2025
Interest Rate: 3% p.a. to 30 November 2021 then 3.5% from 1 December 2021.
Can increase to 8% in case of default
Principal Outstanding: \$1,000,000 (2021: \$1,000,000)

The fair value of the loan is estimated as the present value of future cashflows, discounted at a market rate of interest. The loan has a fixed interest rate which is reviewed annually at the sole discretion of the Scheme. Due to the short term nature of the fixed interest period, the carrying value of the loan represents the fair value.

d. UBT Investment

The UBT Invest NZ Retail Fund ('Fund') is intended to provide members of the Brethren community ('Community') with an investment product that suitably satisfies the Community's ethical requirements, as an alternative to other fixed income investments in the market. The Fund will make loans to businesses in the Community, and may make investments in other fixed income investments and cash and cash-like investments. The Fund may also invest in other credit funds or collective investment vehicles whose investments include loans made to the Community.

	2022 \$	2021 \$
UBT Invest NZRetail Fund	1,700,000	750,000

The Scheme's investment in the Fund is held at fair value based on the unit price of the Fund. The Scheme is exposed to returns from movements in the unit price and any income distributions from the Fund. The interest rates on the Fund's fixed interest investments are able to be changed with 30 days' notice to the borrower. Given the short term nature of the fixed interest period, the carrying values (including any loss allowance) represents their fair values.

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Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2022

7. Reconciliation of net cash flows from operating activities to net increase in net assets	2022	2021
	\$	\$
Net increase In Net Assets During Year	1,287,319	1,289,089
Net Interest on Investments (non-cash)	(141,825)	(268,281)
Interest on East St Property Trust	(37,379)	-
Distributions from UBT Investment	(29,047)	-
Movements in Other Working Capital Items		
Increase in trade and other payables	4,732	10,900
Increase in tax receivable	(10,853)	(39,614)
(Increase)/Decrease in receivable	(10,962)	6,360
Net Cash Flows from Operating Activities	<u>1,061,985</u>	<u>998,454</u>
8. Sundry Creditors		
Administration Fees	2,983	2,884
Deloitte Audit - Financial Statement	14,605	10,465
MJW - Custodial Service Assurance	6,517	9,200
Taxation Services - Crowe Horwath	6,900	3,680
Trustee Fees	900	900
Sundry Expenses	147	192
Total	<u>32,052</u>	<u>27,321</u>

9. 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).

The following table provides an analysis of financial instruments that are measured subsequent to initial value at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Hierarchy of Fair Value Measurements - 2022

Investments	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
UBT Investment	-	-	1,700,000	1,700,000
East St Property Trust	-	-	1,000,000	1,000,000
Total Investments	-	-	2,700,000	2,700,000

Hierarchy of Fair Value Measurements - 2021

Investments	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
UBT Investment	-	-	750,000	750,000
Canterbury Education Trust	-	-	250,000	250,000
East St Property Trust	-	-	1,000,000	1,000,000
Total Investments	-	-	2,000,000	2,000,000

There were no transfers between level 1, 2 or 3 in the year.

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Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2022

10. 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 2022

	Financial assets as at Amortised Cost	Financial assets as at fair value through profit or loss	Financial Liabilities at Amortised Cost	Total
Assets				
Cash And Cash Equivalents	123,543	-	-	123,543
Term Deposit	9,497,188	-	-	9,497,188
East St Property Trust	-	1,000,000	-	1,000,000
UBT Invest	-	1,700,000	-	1,700,000
Distributions Receivables	3,117	-	-	3,117
Contributions Receivables	11,918	-	-	11,918
Total assets	9,635,766	2,700,000	-	12,335,766
Liabilities				
Sundry Creditors	-	-	32,052	32,052
Total liabilities	-	-	32,052	32,052

As at 31 March 2021

	Financial assets as at Amortised Cost	Financial assets as at fair value through profit or loss	Financial Liabilities at Amortised Cost	Total
Assets				
Cash And Cash Equivalents	185,553	-	-	185,553
Term Deposit	8,864,942	-	-	8,864,942
Canterbury Education Trust	-	250,000	-	250,000
East St Property Trust	-	1,000,000	-	1,000,000
UBT Invest	-	750,000	-	750,000
Interest Receivables	957	-	-	957
Distributions Receivables	1,592	-	-	1,592
Total assets	9,053,044	2,000,000	-	11,053,044
Liabilities				
Sundry Creditors	-	-	27,321	27,321
Total liabilities	-	-	27,321	27,321

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.

The Scheme has advanced loans to the Canterbury Education Trust ("CET") and the East Street Property Trust ("ESPT"). On 19 July 2021 the remaining principal of \$250,000 was repaid to the Scheme from the CET and the final interest payment of \$1,458 was received on 20 July 2021 as full and final settlement of the loan to the CET. As the ESPT is not a listed organisation with quoted price or active market, the Scheme is exposed to higher credit risk. This risk is substantially mitigated by a first registered mortgage over the property held by the ESPT.

The Scheme has invested in UBT Invest NZ Fund ("UBT"), a Portfolio Investment Entity. Although UBT is registered in New Zealand and regulated by FMCA, this investment indirectly exposes the Scheme to a credit risk to the extent there is investment in cash and fixed interest instruments with the underlying funds. The maximum credit exposure to credit risk is the carrying value of investment in UBT.

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 primarily 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 +/- \$96,207. (2021: \$90,505).

BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2022

10. Financial Risk Management (Cont.)

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.

11 Related Parties

During the year fees paid by the Scheme to Licensed Independent Trustee Jeffrey Paul Prestidge for Trusteeship services was \$7,236 (2021: \$7,955 p.a.). 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 \$652,187 (2021: \$633,117)

12 Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 31 March 2022 (2021: Nil).

13 Events After Balance Date

There were no event after balance date