

# Summer KiwiSaver Scheme

Financial Statements  
for the Year Ended 31 March 2023



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## Statement of Changes in Net Assets

### Year Ended 31 March 2023

	Notes	2023 \$000	2022 \$000
Interest income on financial assets at amortised cost		197	28
Interest income on financial assets at fair value through profit and loss		552	176
Net gains/(losses) in fair value of financial assets	2	(7,558)	(231)
Net rebate of management fee	3	261	336
Dividends		204	899
<b>Total Income</b>		<b>(6,344)</b>	<b>1,208</b>
Member account fees		184	181
Other expenses		(2)	115
<b>Total Expenses</b>		<b>182</b>	<b>296</b>
<b>Net profit/(loss) before membership activities</b>		<b>(6,526)</b>	<b>912</b>
<b>Contributions</b>			
Member contributions		12,965	12,430
Employer contributions		6,544	6,164
Crown contributions		2,383	2,481
Transfers from other KiwiSaver schemes		8,695	11,142
Transfers from other superannuation schemes		3,548	2,752
Member attributed taxation		13	74
Other voluntary contributions		4,668	12,604
Other income		1	-
		<b>38,817</b>	<b>47,647</b>
<b>Withdrawals</b>			
Transfers to other KiwiSaver schemes		3,376	10,519
Member attributed taxation	9	106	203
Members Eligible to withdraw		18,229	13,903
Withdrawals on death		408	649
Withdrawals or transfers on permanent emigration		92	266
Withdrawals for serious illness		89	55
First home purchase withdrawals		923	1,622
Significant financial hardship withdrawals		63	147
Other withdrawals		48	84
		<b>23,334</b>	<b>27,448</b>
<b>Net membership activities</b>		<b>15,483</b>	<b>20,199</b>
Movements in Members' accounts for the year		8,957	21,111
Members' accounts at the start of the year		273,246	252,135
<b>Members' accounts at the end of the year</b>		<b>282,203</b>	<b>273,246</b>

The accompanying notes form part of these financial statements

## Statement of Net Assets

### As at 31 March 2023

	Notes	2023 \$000	2022 \$000
<b>Members' Funds</b>	6	282,203	273,246
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and cash equivalents		7,151	9,283
Trade and other receivables	7	381	288
Trade and other receivables from related parties	3,7	22	-
Financial assets at fair value through profit and loss	4	274,849	264,119
<b>Total Assets</b>		<b>282,403</b>	<b>273,690</b>
<b>Current Liabilities</b>			
Trade and other payables	8	33	314
Trade and other payables to related parties	3,8	-	26
Member attributed taxation	9	167	104
<b>Total Liabilities</b>		<b>200</b>	<b>444</b>
<b>Net Assets available for benefits</b>		<b>282,203</b>	<b>273,246</b>

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



Gordon Noble-Campbell  
Director  
24 July 2023



Neil Paviour-Smith  
Director

## Statement of Cash Flows

### Year ended 31 March 2023

	Notes	2023 \$000	2022 \$000
<b>Cash Flows from operating activities</b>			
Cash was provided from:			
Sale of financial assets at fair value through profit or loss		145,524	129,879
Interest & dividend received		906	1,128
Cash was applied to:			
Purchase of financial assets at fair value through profit or loss		(164,116)	(148,858)
Net rebate of management fees		261	336
Other expenses		(184)	(298)
<b>Net cash used in operating activities</b>	10	<b>(17,609)</b>	<b>(17,813)</b>
<b>Cash Flows from financing activities</b>			
Cash was provided from:			
Contributions		38,849	47,868
Cash was applied to:			
Withdrawals		(23,495)	(27,203)
Members PIE tax		63	(923)
<b>Net cash received from financing activities</b>		<b>15,417</b>	<b>19,742</b>
<b>Net increase in cash and cash equivalents</b>		<b>(2,192)</b>	<b>1,929</b>
Cash and cash equivalents at the beginning of year		9,283	7,414
Effect of foreign exchange rate changes		60	(60)
<b>Cash and cash equivalents at the end of the year</b>		<b>7,151</b>	<b>9,283</b>

The accompanying notes form part of these financial statements

## Note 1: Basis of Reporting

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### 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 2022 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 net assets available for benefits are the Scheme's present obligations to pay benefits to members and is the difference between the carrying amount of the assets and the carrying amount of the liabilities.

## Note 2: Net Gains/(Losses) 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 and foreign exchange gains or losses.

	2023 \$000	2022 \$000
New Zealand Equities	(1,377)	129
New Zealand Property	(2,967)	310
New Zealand Fixed Interest	(489)	(3,001)
Global Equities	(543)	2,952
Global Fixed Interest	(32)	(62)
Forward Foreign Exchange Contracts	(2,150)	(559)
Net change in fair value of financial assets	<b>(7,558)</b>	<b>(231)</b>

The decline in both equity and property indices adversely impacted the closing balance of equity and property asset classes. Similarly, the weakening New Zealand dollar impacted the valuation of forward foreign exchange contracts. Movements in fixed interest securities are reflective of economic indicators such as interest rates and monetary policy changes.

## 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 Octagon Investment Funds (previously called 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:

	2023 \$000	2022 \$000
<b>Forsyth Barr Investment Management Limited</b>		
<i>Fees paid and payable to related parties</i>		
Management fee and scheme expenses	(2,318)	(2,304)
Rebate of underlying fund management fees	2,579	2,640
<b>Net Management fees expense (i)(ii)</b>	<b>261</b>	<b>336</b>
<i>Fees receivable from related parties for the year</i>		
Management fees Receivable	22	-
<i>Fees payable to related parties for the year</i>		
Management fees payable	-	26

(i) Audit fees to Deloitte Limited incurred for the statutory audit of \$38,985 (2022: \$35,420) are paid by Forsyth Barr Investment Management Limited as Manager on behalf of the Scheme. Audit fees incurred for the registry audit of \$3,910 were incurred in 2023 (2022: \$2,500) to PwC 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.

	2023 \$000	2022 \$000
<b>Trustees Executors Limited</b>		
Supervisor fee expense	49	71
Supervisor fee payable	4	7
Registry fees expense	192	190
Registry fees payable	16	16
Custody and investment accounting fees expense	236	171
Custody and investment accounting fees payable	24	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 Octagon Investment Funds (previously called Forsyth Barr Investment Funds) which are also managed by the Manager. The following units are held in Octagon Investment Funds investment products at the end of the year:

**2023**

Units 000's	Opening Balance	Contributions	Withdrawals	Closing Balance 31 March 2023
NZ Equities Fund	11,355	1,359	(1,933)	10,781
Australian Equities Fund	30,279	4,426	(5,237)	29,468
Global Equities Fund	13,270	51,913	(9,159)	56,024
Listed Property Fund	6,632	1,417	(1,078)	6,971
New Zealand Fixed Interest Fund	27,868	5,716	(10,353)	23,231

**2023**

Fair Value \$000	Opening Balance	Contributions	Withdrawals	Change in Fair Value	Closing Balance 31 March 2023
NZ Equities Fund	46,040	5,193	(7,430)	(751)	43,052
Australian Equities Fund	47,683	6,705	(8,133)	417	46,672
Global Equities Fund	20,374	69,485	(12,473)	2,555	79,941
Listed Property Fund	17,583	3,307	(2,425)	(2,967)	15,498
New Zealand Fixed Interest Fund	51,307	10,408	(18,684)	(465)	42,566

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

2022				
Units 000's	Opening Balance	Contributions	Withdrawals	Closing Balance 31 March 2022
NZ Equities Fund	11,056	1,599	(1,300)	11,355
Australian Equities Fund	30,558	4,628	(4,907)	30,279
Global Equities Fund	46,899	8,984	(42,613)	13,270
Listed Property Fund	6,538	803	(709)	6,632
New Zealand Fixed Interest Fund (i)(ii)	24,335	7,332	(3,799)	27,868

2022					
Fair Value \$000	Opening Balance	Contributions	Withdrawals	Change in Fair Value	Closing Balance 31 March 2022
NZ Equities Fund	43,933	6,528	(5,342)	921	46,040
Australian Equities Fund	41,904	6,752	(7,286)	6,313	47,683
Global Equities Fund	79,080	15,180	(73,215)	(671)	20,374
Listed Property Fund	17,017	2,176	(1,920)	310	17,583
New Zealand Fixed Interest Fund (i)(ii)	47,430	14,020	(7,199)	(2,944)	51,307

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

## 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 1 and Level 2 in the fair value hierarchy. These assets comprise managed funds investments, directly held equities and fixed interest financial assets and forward foreign exchange contracts.

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.

Forward foreign exchange contracts of derivatives that are not exchange-traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

	2023 \$000	2022 \$000
New Zealand Equities	68,024	59,192
New Zealand Property	15,498	17,582
New Zealand Fixed Interest	63,614	59,130
Global Equities	126,612	126,701
Global Fixed Interest	1,101	815
Forward Foreign Exchange Contracts	-	699
<b>Financial assets at fair value</b>	<b>274,849</b>	<b>264,119</b>
	<b>2023 \$000</b>	<b>2022 \$000</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Level 1 Assets</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
Listed equities	26,072	72,611
<b>Total Level 1 Assets</b>	<b>26,072</b>	<b>72,611</b>
<b>Level 2 Assets</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
Fixed interest securities	21,050	7,825
Unit trusts	227,727	182,985
Forward foreign exchange contracts	-	698
<b>Total Level 2 Assets</b>	<b>248,777</b>	<b>191,508</b>

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

	2023		2022	
	Fair value \$000	%	Fair value \$000	%
Octagon NZ Equities Fund	43,052	15.3%	46,040	16.8%
Octagon New Zealand Fixed Interest	42,566	15.1%	51,307	18.8%
Octagon Listed Property Fund	15,498	5.5%	17,583	6.4%
Octagon Australian Equities Fund	46,672	16.5%	47,683	17.5%
Octagon Global Equities Fund	79,941	28.3%	20,374	7.5%

## 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.

Forward foreign exchange contracts are mandatorily measured at fair value in accordance with NZ IFRS 9. Derivatives that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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:

	2023 \$000	2022 \$000
<b>Amortised cost</b>		
Cash and cash equivalents	7,151	9,283
Trade and other receivables	403	288
<b>Fair value through profit or loss</b>		
Financial assets at fair value through profit or loss	274,849	264,119
<b>Total financial assets</b>	<b>282,403</b>	<b>273,690</b>
<b>Financial liabilities (at amortised cost)</b>		
Trade and other payables	33	340
Member attributed taxation	167	104
<b>Total financial liabilities</b>	<b>200</b>	<b>444</b>

### 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 and foreign exchange contracts.

##### (i) Price risk

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% (2022: 10%) change in market prices as at 31 March. A variable of 10% (2022: 10%) is considered appropriate for price risk sensitivity based on market volatility in the prior year. This represents management's best estimate of a reasonable shift in the prices having regard for the historical volatility of those prices:

	2023 \$000	2022 \$000
<b>Financial assets at fair value through profit or loss</b>		
Carrying Amount	274,849	264,119
<b>Impact of a -10% (2022:10%) change in unit trust, equities and bond prices</b>		
Profit	(27,485)	(26,412)
Members' Funds	(27,485)	(26,412)
<b>Impact of a 10% (2022:10%) change in unit trust, equities and bond prices</b>		
Profit	27,485	26,412
Members' Funds	27,485	26,412

##### (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 rate risk through the direct investment in certain securities held such as corporate bonds, Local Authority Funding Agency bonds and cash deposits. The Scheme is indirectly exposed to interest risk through certain fixed interest denominated funds quoted by Octagon 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 but does have some exposure through its direct investments in foreign currency equities and fixed interest investments. The Scheme is indirectly exposed to currency risk through certain of the foreign currency denominated funds quoted by Octagon Investment Funds. Any currency risk is reflected in the unit price of the relevant Investment Funds.

The Funds hold both monetary and non-monetary assets denominated in currencies other than the New Zealand dollar. Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The foreign currency exposure relating to non-monetary assets and liabilities is a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

Currency risk management is undertaken by the Funds Manager within the guidelines agreed by the Supervisor. The Funds enter into forward foreign exchange contracts both to economically hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceeds one year. As the nature of these contracts is to manage the international investment activities of the Funds, they are accounted for at fair value at balance date in a manner consistent with the valuation of the underlying securities. The fair value of derivatives are shown in Note 4 and included within the investments amount on the Statements of Net Assets.

#### **(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 Octagon 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. Octagon 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

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### **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 2023 \$ 000's	Net Asset Value Per Unit 2023 \$	Members' Funds 2022 \$ 000's	Net Asset value per Unit 2022 \$
Summer New Zealand Cash	5,770	1.08	3,985	1.05
Summer New Zealand Fixed Interest	5,954	1.09	5,634	1.09
Summer Global Fixed Interest	1,118	1.05	843	1.08
Summer New Zealand Equities	18,917	1.68	18,781	1.70
Summer Australian Equities	15,875	1.64	14,966	1.63
Summer Listed Property	7,136	1.25	8,310	1.48
Summer Global Equities	27,467	1.61	25,999	1.67
Summer Balanced Selection	119,609	1.37	122,612	1.40
Summer Growth Selection	68,790	1.19	59,981	1.22
Summer Conservative Selection	11,567	1.07	12,135	1.08
	<b>282,203</b>		<b>273,246</b>	

	Units on Issue 2022 000's	Units Issued 000's	Units Redeemed 000's	Units on Issue 2023 000's
Summer New Zealand Cash	3,798	5,225	(3,684)	5,339
Summer New Zealand Fixed Interest	5,162	2,002	(1,695)	5,469
Summer Global Fixed Interest	778	1,196	(905)	1,069
Summer New Zealand Equities	11,035	1,527	(1,311)	11,251
Summer Australian Equities	9,187	1,936	(1,446)	9,677
Summer Listed Property	5,624	987	(895)	5,716
Summer Global Equities	15,561	3,204	(1,664)	17,100
Summer Balanced Selection	87,365	10,730	(11,016)	87,079
Summer Growth Selection	49,111	13,274	(4,587)	57,798
Summer Conservative Selection	11,207	7,562	(7,942)	10,827

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.

	2023 \$000	2022 \$000
Contributions receivable	153	150
Outstanding settlements receivable	228	138
	<b>381</b>	<b>288</b>
<b>Trade and other receivable to related parties</b>		
Management fees rebate	22	-

## 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.

	2023 \$000	2022 \$000
Redemptions payable	33	158
Outstanding settlements payable	-	156
	33	314
<b>Trade and other payables to related parties</b>		
Management fees expense	-	26

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.

	2023 \$000	2022 \$000
Opening attributed tax payable for the year	104	1,029
Member attributed tax payable for the year	106	203
Member attributed tax paid during the year	(43)	(1,128)
Member attributed tax payable at balance date	167	104

## 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.

	2023 \$000	2022 \$000
Net profit/(loss) before membership activities	(6,526)	912
<i>Adjustments for non cash items</i>		
Unrealised changes in the fair value of financial assets	1,458	15,920
Scheme administration fees charged to members	184	181
	<b>1,642</b>	<b>16,101</b>
<i>Movements in working capital items</i>		
(Decrease)/Increase in trade and other receivables	(115)	788
(Increase)/Decrease in trade and other payables	307	(166)
Increase in underlying cost of investments carried at fair value	(12,917)	(35,448)
<i>Movement in items classified as financing activities</i>		
Other expenses	-	-
	<b>(12,725)</b>	<b>(34,826)</b>
<b>Net cash flows used in operating activities</b>	<b>(17,609)</b>	<b>(17,813)</b>

## Note 11: Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 March 2023 (2022: nil).

## Note 12: Subsequent Events

No subsequent events noted (2022: nil)

## 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 2023, and the statement of changes in net assets, statement of cash flows for the year 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 17, present fairly, in all material respects, the financial position of the Scheme as at 31 March 2023, 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'.)

#### 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 relation to PIE tax compliance. 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.

Key audit matter	How our audit addressed the key audit matter
<p><b>Existence and valuation of financial assets at fair value through profit or loss</b></p> <p>As disclosed in Note 4, the Summer KiwiSaver Scheme financial assets at fair value through profit or loss (“the investments”) at 31 March 2023 are valued at \$274,849,000 and represent a significant portion (97%) of total assets.</p> <p>At 31 March 2023, the Scheme has investments in unlisted unit trusts managed by the Manager, directly held equity investments that are listed on recognised international exchanges and fixed interest investments that are either listed on recognised international exchanges or for which there is an available secondary market.</p> <p>All investments are held by Trusteed Executors Limited (“TEL” or the “Custodian”) on behalf of the Summer KiwiSaver Scheme and administered by the Administrator.</p> <p>The investments at fair value through profit or loss are a key audit matter due to the quantum of the balance relative to total assets. This was an area of significant focus in our audit and an area where significant audit effort was directed.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- Updating our understanding of the business processes employed by Summer KiwiSaver Scheme for accounting for and valuing their investment portfolio;</li> <li>- Obtaining a schedule of investments at market price as at 31 March 2023 and reconciling the schedule to general ledger;</li> <li>- Obtaining confirmation from the Custodian that Summer KiwiSaver Scheme was the recorded owner of all investment assets and of the total balance held in each unit trust or security;</li> <li>- Obtaining the Independent Assurance Reports for both the administrator and custodian and assessing the appropriateness of their controls, the impact (if any) of any exceptions in control procedures reported and the relevant complementary client controls; and</li> <li>- For a sample of investments agreeing the price of investments held at 31 March 2023 to independent third party pricing sources.</li> </ul>

**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 identified above when it becomes available 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.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors of the Manager and consider further appropriate actions.

**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/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.

*Deloitte Limited*

**Heidi Rautjoki, Partner  
for Deloitte Limited**  
Dunedin, New Zealand  
24 July 2023