

Summer KiwiSaver Scheme

Financial Statements
for the Year Ended 31 March 2020

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Statement of Changes in Net Assets

Year Ended 31 March 2020

	Notes	2020 \$000	2019 \$000
Interest income on financial assets at amortised cost		52	64
Interest income on financial assets at fair value through profit and loss		213	176
Net change in fair value of financial assets	2	(5,633)	7,598
Net rebate of management fee	3	385	289
Other income		556	4
Total Income		(4,427)	8,131
Member account fees		146	120
Total Expenses		146	120
Net profit/(loss) before membership activities		(4,573)	8,011
Contributions			
Member contributions		8,438	6,571
Employer contributions		4,499	3,594
Crown contributions		3,272	1,067
Transfers from other KiwiSaver schemes		22,498	19,947
Transfers from other superannuation schemes		1,394	3,755
Other voluntary contributions		14,521	2,149
Other income		15	10
		54,637	37,093
Withdrawals			
Transfers to other KiwiSaver schemes		2,356	1,587
Member attributed taxation	9	194	623
Members Eligible to withdraw		4,609	1,835
Withdrawals on death		134	155
Withdrawals or transfers on permanent emigration		68	32
Withdrawals for serious illness		-	21
First home purchase withdrawals		1,507	489
Significant financial hardship withdrawals		84	40
Other withdrawals		103	39
		9,055	4,821
Net membership activities		45,582	32,272
Movements in Members' accounts for the year		41,009	40,283
Members' accounts at the start of the year		125,001	84,718
Members' accounts at the end of the year		166,010	125,001

The accompanying notes form part of these financial statements

Statement of Net Assets

As at 31 March 2020

	Notes	2020 \$000	2019 \$000
Members' Funds	6	166,010	125,001
Represented by:			
Current Assets			
Cash and cash equivalents		13,664	5,607
Trade and other receivables	7	291	518
Trade and other receivables from related parties	3,7	37	23
Financial assets at fair value through profit and loss	4	152,366	119,627
Total Assets		166,358	125,775
Current Liabilities			
Trade and other payables	8	207	184
Member attributed taxation	9	141	590
Total Liabilities		348	774
Net Assets available for benefits		166,010	125,001

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



Nick Hegan
Director
28 July 2020



Neil Paviour-Smith
Director

The accompanying notes form part of these financial statements

Statement of Cash Flows

Year ended 31 March 2020

	Notes	2020 \$000	2019 \$000
Cash Flows from operating activities			
Cash was provided from:			
Sale of financial assets at fair value through profit or loss		51,273	23,282
Interest & dividend received		816	230
Cash was applied to:			
Purchase of financial assets at fair value through profit or loss		(89,676)	(53,669)
Net rebate of management fees		385	289
Other expenses		(146)	(119)
Net cash used in operating activities	10	(37,348)	(29,987)
Cash Flows from financing activities			
Cash was provided from:			
Member contributions		54,869	36,949
Cash was applied to:			
Member withdrawals		(9,015)	(4,384)
Members PIE tax		(449)	(232)
Net cash received from financing activities		45,405	32,333
Net increase in cash and cash equivalents		8,057	2,346
Cash and cash equivalents at the beginning of year		5,607	3,261
Cash and cash equivalents at the end of the year		13,664	5,607

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 (previously Summer Investment Selection)
- Summer Growth Selection (commenced 8 April 2019)
- Summer Conservative Selection (commenced 8 April 2019)

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 2019 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.

	2020	2019
	\$000	\$000
New Zealand Equities	(2,271)	2,537
New Zealand Property	(703)	1,561
New Zealand Fixed Interest	673	1,276
Global Equities	(3,382)	2,210
Global Fixed Interest	50	14
Net change in fair value of financial assets	(5,633)	7,598

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 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.

Prior to 18 October 2019, the management fee charged for each fund was 0.90%. From 18 October 2019 the management fee decreased to 0.50% for Summer New Zealand Cash and 0.75% for both Summer New Zealand Fixed Interest and Summer Global Fixed Interest, other management fees remained unchanged for the other Funds.

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:

	2020	2019
	\$000	\$000
Forsyth Barr Investment Management Limited		
<i>Fees paid and payable to related parties</i>		
Management fee and scheme expenses	(1,330)	(909)
Rebate of underlying fund management fees	1,715	1,198
Net Management fees expense (i)(ii)	385	289
<i>Fees receivable from related parties for the year</i>		
Management fees Receivable	37	23

(i) Audit fees incurred for the statutory audit of \$31,625 (2019: \$31,050) 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 2020 (2019: \$2,300) 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.

	2020 \$000	2019 \$000
Trustees Executors Limited		
Supervisor fee expense	50	34
Supervisor fee payable	5	3
Registry fees expense	145	119
Registry fees payable	13	11
Custody and investment accounting fees expense	165	120
Custody and investment accounting fees payable	15	10

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:

2020 Fair Value \$000	Opening Balance	Contributions	Withdrawals	Change in Fair Value	Closing 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	6,681	-	-	159	6,840
Listed Property Fund	12,298	4,938	(4,875)	(703)	11,658
Premium Yield Fund	25,842	16,507	(11,522)	620	31,447

2020 Units 000's	Opening Balance	Contributions	Withdrawals	Closing 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	3,720	-	-	3,720
Listed Property Fund	5,736	2,076	(2,006)	5,806
Premium Yield Fund	14,032	8,710	(6,034)	16,708

2019	Opening			Change in Fair	Closing
Fair Value \$000	Balance	Contributions	Withdrawals	Value	Balance 31 March 2019
NZ Equities Fund	13,270	5,145	(545)	2,537	20,407
Australian Equities Fund	11,627	5,670	(2,305)	737	15,729
Global Equities Fund	26,996	9,685	(7,520)	1,473	30,634
NZ Fixed Interest Fund	6,353	-	-	328	6,681
Listed Property Fund	7,827	5,750	(2,840)	1,561	12,298
Premium Yield Fund	11,239	14,335	(748)	1,016	25,842

2019	Opening Balance	Contributions	Withdrawals	Closing Balance
Units 000's				31 March 2019
NZ Equities Fund	4,846	1,742	(179)	6,409
Australian Equities Fund	10,369	4,836	(2,034)	13,171
Global Equities Fund	22,525	7,705	(6,148)	24,082
NZ Fixed Interest Fund	3,720	-	-	3,720
Listed Property Fund	4,257	2,881	(1,403)	5,736
Premium Yield Fund	6,421	8,029	(418)	14,032

Note 4: Financial Assets at fair value through P&L

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.

	2020	2019
	\$000	\$000
New Zealand Equities	34,477	20,407
New Zealand Property	11,658	12,298
New Zealand Fixed Interest	42,079	39,852
Global Equities	63,159	46,363
Global Fixed Interest	993	707
Financial assets at fair value	152,366	119,627

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

	2020		2019	
	Fair value		Fair value	
	\$000	%	\$000	%
Forsyth Barr NZ Equities Fund	26,726	16.1%	20,407	16.3%
Forsyth Barr NZ Fixed Interest Fund	6,840	4.1%	6,681	5.3%
Forsyth Barr Premium Yield Fund	31,447	18.9%	25,842	20.7%
Forsyth Barr Listed Property Fund	11,658	7.0%	12,298	9.8%
Forsyth Barr Australian Equities Fund	20,357	12.3%	15,729	12.6%
Forsyth Barr Global Equities Fund	42,718	25.7%	30,634	24.5%

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. Further the uncertainty caused by Covid-19 in the New Zealand and global economies impacted on higher than usual withdrawals from the Scheme in March 2020.

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:

	2020	2019
	\$000	\$000
Amortised cost		
Cash and cash equivalents	13,664	5,607
Trade and other receivables	328	541
Fair value through profit or loss		
Financial assets at fair value through profit or loss	152,366	119,627
Total financial assets	166,358	125,775
Financial liabilities (at amortised cost)		
Trade and other payables	207	184
Member attributed taxation	141	590
Total financial liabilities	348	774

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 15% (2019: 10%) change in unit trust prices as at 31 March. The impact of Covid-19 caused the Scheme to review the adequacy of the unit price risk sensitivity. A variable of 15% (2019:10%) is considered appropriate for unit price risk sensitivity based on the impact of Covid-19. This represents management's best estimate of a reasonable shift in the unit prices having regard for the historical volatility of those prices:

	2020	2019
	\$000	\$000
Financial assets at fair value through profit or loss		
Carrying Amount	152,366	119,627
Impact of a -15% (2019:10%) change in unit trust and bond prices		
Profit	(22,855)	(11,963)
Members' Funds	(22,855)	(11,963)
Impact of a +15% (2019:10%) change in unit trust and bond prices		
Profit	22,855	11,963
Members' Funds	22,855	11,963

(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
	2020	2020	2019	2019
	\$ 000's	\$	\$ 000's	\$
Summer New Zealand Cash	4,833	1.02	2,717	1.04
Summer New Zealand Fixed Interest	8,585	1.11	9,927	1.11
Summer Global Fixed Interest	1,022	1.07	749	1.05
Summer New Zealand Equities	12,092	1.29	11,677	1.30
Summer Australian Equities	6,523	1.04	7,249	1.24
Summer Listed Property	6,505	1.12	6,918	1.18
Summer Global Equities	16,958	1.38	15,626	1.31
Summer Balanced Selection	86,723	1.20	70,138	1.20
Summer Growth Selection	15,949	0.96	-	0.00
Summer Conservative Selection	6,820	1.00	-	0.00
	166,010		125,001	

	Units on Issue	Units	Units	Units on Issue
	2019	Issued	Redeemed	2020
	000's	000's	000's	000's
Summer New Zealand Cash	2,618	6,686	(4,572)	4,733
Summer New Zealand Fixed Interest	8,949	3,964	(5,207)	7,706
Summer Global Fixed Interest	713	931	(692)	953
Summer New Zealand Equities	8,957	3,490	(3,072)	9,375
Summer Australian Equities	5,849	2,675	(2,255)	6,269
Summer Listed Property	5,841	2,935	(2,951)	5,825
Summer Global Equities	11,941	4,755	(4,430)	12,266
Summer Balanced Selection	58,522	26,615	(12,663)	72,474
Summer Growth Selection	-	20,423	(3,852)	16,571
Summer Conservative Selection	-	9,673	(2,839)	6,834

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.

	2020	2019
	\$000	\$000
Contributions receivable	291	518
Trade and other receivable to related parties		
Management fees rebate	37	23

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.

	2020	2019
	\$000	\$000
Redemptions payable	207	184

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.

	2020	2019
	\$000	\$000
Opening attributed tax payable for the year	590	359
Member attributed tax payable for the year	194	623
Member attributed tax paid during the year	(643)	(392)
Member attributed tax payable at balance date	141	590

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.

	2020	2019
	\$000	\$000
Net profit/(loss) before membership activities	(4,573)	8,011
<i>Adjustments for non cash items</i>		
Unrealised changes in the fair value of financial assets	8,170	(6,344)
Scheme administration fees charged to members	148	169
	8,318	(6,175)
<i>Movements in working capital items</i>		
Increase in trade and other receivables	213	(178)
Increase in trade and other payables	(23)	27
Increase in underlying cost of investments carried at fair value	(41,282)	(31,672)
<i>Movement in items classified as financing activities</i>		
Other expenses	-	-
	(41,092)	(31,823)
Net cash flows used in operating activities	(37,348)	(29,987)

Note 11: Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 March 2020 (2019: nil).

Note 12: Subsequent Events

The outbreak of Covid-19 and the subsequent quarantine measures imposed along with the trade and travel restrictions by New Zealand and other governments in early 2020 have caused disruption to businesses and economic activity. As a result, there has been significant volatility in the local and global equity markets at the end of the year as well as post year end. This has adversely impacted the market value of the investments of the Scheme as at 31 March 2020.

The Directors have assessed and will continue to assess the impacts of Covid-19 on the entity's operations now and in the future. No material uncertainty has arisen from these assessments about the entity's ability to continue with operations into the foreseeable future. The Directors consider the going concern assumption is still appropriate as a basis for the preparation of the financial statements.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations or the state of affairs of the entity in subsequent financial years.



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 2020, 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 2020, 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 Scheme in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, 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. These services have not impaired our independence as auditor of the Scheme. 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. The firm has no other relationship with, or interest in, 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. The Annual Report is expected to be made available to us after the date of this auditor's 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.

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 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 Board of Directors of the Manager 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 unitholders 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
28 July 2020