

BCF KIWISAVER SCHEME

Financial Statements

For the year ended 31 March 2021

BCF KIWISAVER SCHEME

Financial Statements

For the year ended 31 March 2021

INDEX

Independent Auditor's Report	Page 1
Statement of Net Assets	Page 3
Statement of Changes in Net Assets	Page 4
Statement of Cash Flows	Page 5
Notes to the Financial Statements	Pages 6 to 12

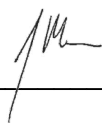
BCF KIWISAVER SCHEME

Statement of Net Assets As at 31 March 2021

	Note	2021 \$	2020 \$
ASSETS			
Cash And Cash Equivalents		185,553	106,619
Investments	6	8,864,942	9,177,141
Canterbury Education Trust	6	250,000	500,000
East St Property Trust	6	1,000,000	-
UBT Invest	6	750,000	-
Interest Receivables		2,549	8,909
Income Tax Receivable	7	9,094	-
Total Assets		11,062,138	9,792,669
LIABILITIES			
Sundry Creditors	9	27,321	16,420
Income Tax Payable	7	-	30,521
Total Liabilities		27,321	46,941
NET ASSETS AVAILABLE FOR BENEFITS		11,034,817	9,745,728
LIABILITY FOR PROMISED BENEFITS			
<i>Represented by:</i>			
KiwiSaver Member Accounts	4	11,034,817	9,745,728
		11,034,817	9,745,728

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

Director: _____



Date: 5 August 2021 _____

Director: _____



Date: 5 August 2021 _____

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 2021

INVESTMENT ACTIVITIES	Note	2021	2020
		\$	\$
Investment Revenue			
Interest Received		261,921	304,914
Other Expenses			
Administration & Actuarial Fees		34,055	32,120
Auditor's Remuneration - Audit of Financial statements		17,365	19,377
Taxation Services		8,625	3,680
Legal Fees		26,637	30,291
Use of Money Interest		398	958
Sundry Expenses		49,028	41,442
Total Other Expenses		<u>136,108</u>	<u>127,868</u>
Surplus before Taxation and Membership Activities		125,813	177,046
Tax Expense	7	30,971	49,799
Surplus after Taxation and before Membership Activities		94,842	127,247
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		993,734	930,967
Employer Contributions		633,117	535,413
Crown Tax Credits		187,507	188,297
Transfers in		173,700	47,331
Total Contributions		<u>1,988,058</u>	<u>1,702,008</u>
Less:			
First Home Withdrawal		451,007	505,438
Retirement		150,175	134,979
Partial Withdrawal		174,000	77,000
Permanent Emigration		9,744	9,549
Transfer Out		8,885	29,808
Net Membership Activities		<u>1,194,247</u>	<u>945,235</u>
Net Increase in Net Assets for the Year Ended March 2021		1,289,089	1,072,481
KiwiSaver Member Accounts at the start of the year	4	9,745,728	8,673,247
KiwiSaver Member Accounts at the Year Ended March 2021		<u><u>11,034,817</u></u>	<u><u>9,745,728</u></u>

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

BCF KIWISAVER SCHEME

Statement of Cash Flows For the Year Ended 31 March 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash provided from			
Member Contributions		993,734	930,967
Employer Contributions		633,117	535,413
Crown Tax Credits		187,507	188,297
Transfers In		173,700	47,331
		<u>1,988,058</u>	<u>1,702,008</u>
Cash applied to			
Withdrawals		(784,926)	(726,966)
Administration Fees		(33,956)	(31,835)
Transfer Out		(8,885)	(29,808)
Tax Paid		(70,984)	(73,867)
Audit Fee		(10,363)	(20,036)
Tax Advice		(4,945)	(6,555)
Legal Fees		(26,637)	(30,291)
General Expenses		(48,908)	(41,577)
		<u>(989,604)</u>	<u>(960,935)</u>
Net Cash Flows from Operating Activities	8	<u>998,454</u>	<u>741,073</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash provided from			
Interest Received			
Sale of investments			
Term Deposit		1,250,480	1,422,407
Receipt of Canterbury Education Trust Loan		250,000	-
Cash applied to			
Purchase of investments			
Term Deposit		(670,000)	(2,065,094)
East St Property Trust		(1,000,000)	-
UBT Invest		(750,000)	-
Net Cash Flows applied to Investing Activities		<u>(919,520)</u>	<u>(642,687)</u>
Net Increase in Cash And Cash Equivalents held		78,934	98,386
Cash And Cash Equivalents at Beginning of Year		106,619	8,233
Cash And Cash Equivalents at End of Year		<u><u>185,553</u></u>	<u><u>106,619</u></u>

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

BCF KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2021

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 666 members in total as at 31 March 2021 (2020: 643).

Details of membership as at 31 March 2021 were:

	Defined Contribution
1 April 2020	643
New Members	34
Emigration	(1)
Death	-
Retirements	(9)
Transfers Out	(1)
31 March 2021	666

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 2021, the Directors of the Trustee are:

- Maurice Hall
- John Mason
- Kevin Sorensen (Resigned 11 September 2020)
- Jeffery Paul Prestige

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 were no changes to the Trust Deed.

There were changes to the Statement of Investment Policy and Objectives (SIPO), to reflect changes made in the Trustee's investment strategy, and as per changes to KiwiSaver legislation. The replacement SIPO was lodged on 9 December 2020.

There were changes made to the Other Material Information (OMI) as per the changes to KiwiSaver legislation, and to reflect changes made in the Trustee's investment strategy. The replacement OMI was lodged on 9 December 2020.

The Product Disclosure Statement (PDS) for the offer of membership was updated for new members on 9 December 2020. as per the changes to KiwiSaver legislation, and to reflect changes made in the Trustee's investment strategy.

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 2021

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 2021

3 Summary of Significant Accounting Policies (Cont'd)

Financial Asset at amortised cost

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

Financial Liabilities at amortised cost

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

Goods and Services Tax (GST)

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

Transfers In and Transfers Out

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

Contributions and Benefits

Contributions and benefits are accounted for on an accruals basis.

Benefits Payable

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

Statement of Cash Flows

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

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

Promised Retirement Benefits

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

Capital Risk Management

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

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

Changes to significant accounting policies

During the year there were no changes to accounting policies.

Investments

Investments are in term deposit with bank primarily held solely for collecting cashflow in form of principal and interest on such principal. This qualifies them to be classified financial asset that is not designated at FVPL and measured at amortised cost.

The Scheme has invested in certain loan arrangements and term deposits with a view to earn a return in the form of interest. Term Deposits are recognised and derecognised on the trade date of the contract and interest earned are accounted on accrual basis. Loan Agreement is recognised and derecognised on the trade date of the contract and interest earned are accounted on accrual basis. Loan agreement is assessed yearly for Expected Credit Loss ("ECL") as per the new impairment model under applicable NZ IFRS 9.

BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2021

4. Changes in promised benefits as at 31 March 2021:

	Member Account \$	Reserve Account \$	Total 2021 \$
Balance 1 April 2020	9,745,728	-	9,745,728
Contributions	1,988,058	-	1,988,058
Benefits Paid	(793,811)	-	(793,811)
Change in net assets after tax	-	94,842	94,842
Interest Allocated	94,842	(94,842)	-
Balance 31 March 2021	<u>11,034,817</u>	<u>-</u>	<u>11,034,817</u>

Changes in promised benefits as at 31 March 2020:

	Member Account \$	Reserve Account \$	Total 2020 \$
Balance 1 April 2019	8,673,247	-	8,673,247
Contributions	1,702,008	-	1,702,008
Benefits Paid	(756,773)	-	(756,773)
Change in net assets after tax	-	127,246	127,246
Interest Allocated	127,246	(127,246)	-
Balance 31 March 2020	<u>9,745,728</u>	<u>-</u>	<u>9,745,728</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.

	2021 \$	2020 \$
Vested benefits	<u>11,034,817</u>	<u>9,745,728</u>

Guaranteed benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2020: Nil).

6. Investments

	2021 \$	2020 \$
a. Term Deposits		
ASB	704,308	172,654
BNZ	1,268,075	1,231,284
TSB Bank	2,191,830	2,563,980
Westpac	1,778,307	2,352,100
Kiwibank	2,922,422	2,857,123
Total Investments	<u>8,864,942</u>	<u>9,177,141</u>

b. Canterbury Education Trust

Start Date: 19 November 2018

Maturity Date: 19 November 2023

Interest Rate: Rate of interest will be reviewed annually on each anniversary of loan advanced and adjusted to lowest advertised rate of the ASB Bank for its one-year fixed rate on its first mortgages plus One (1) per cent. Interest rate effective from 19 November 2020 is 3.49% per annum (4.89% p.a. for period prior to 19 November 2020).

Current year Interest: \$18,962.48 (including accrued interest at the year end)

Principal Outstanding: \$250,000 (2020: \$500,000)

c. East Street Property Trust

Start Date: 02 November 2020

Maturity Date: 02 November 2025

Interest Rate: Lower rate: 3% AND Higher rate: 8% (only in case of default)

Principal Outstanding: \$1,000,000 (2020: Nil)

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.

	2021 \$	2020 \$
UBT Invest NZRetail Fund	750,000	-

BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2021

7. Income tax	2021	2020
Tax expense	\$	\$
Current tax expense	<u>30,971</u>	<u>49,799</u>
The total tax expense for the year can be reconciled to the Change in Net Assets as follows:		
Change in Net Assets before Tax and membership activities	125,813	177,046
Non-deductible expenses - Late payment penalties - IRD	837	809
Taxable income	<u>126,650</u>	<u>177,855</u>
Income Tax @ 28%	35,462	49,795
RWT paid during the year	-	4
Members with PIRs less than the maximum rate	<u>(4,491)</u>	<u>-</u>
Tax Expense	<u>30,971</u>	<u>49,799</u>
Tax (Receivable)/Payable	\$	\$
Opening Balance	30,521	53,647
Add Tax Assessed	30,971	49,799
Refund	6,335	-
Less: Tax Paid during the year	(78,379)	(74,676)
Add: Late payment penalties	838	791
Add: Use of Money Interest	398	958
Less: WHT reclassification	222	-
Closing Balance	<u>(9,094)</u>	<u>30,521</u>
8. Reconciliation of net cash flows from operating activities to net increase in net assets	2021	2020
	\$	\$
Net increase In Net Assets During Year	1,289,089	1,072,480
Net Interest on Investments (non-cash)	(268,281)	(298,902)
Movements in Other Working Capital Items		
Decrease in trade and other payables	10,900	(3,384)
Decrease in tax payable	(39,614)	(23,109)
(Increase)/Decrease in receivable	6,360	(6,012)
Net Cash Flows from Operating Activities	<u>998,454</u>	<u>741,073</u>
9. Sundry Creditors		
Administration Fees	2,884	2,784
Deloitte Audit - Financial Statement	10,465	11,385
MJW - Custodial Service Assurance	9,200	1,278
Taxation Services - Crowe Horwath	3,680	-
Trustee Fees	900	900
Sundry Expenses	192	73
Total	<u>27,321</u>	<u>16,420</u>

10. 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).

BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2021

10. Fair Value (contd.)

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 - 2021

Investments	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
UBT Investment	-	-	750,000	750,000
Total Investments	-	-	750,000	750,000

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

11 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 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	2,549	-	-	2,549
Total assets	10,303,044	750,000	-	11,053,044
Liabilities				
Sundry Creditors	-	-	27,321	27,321
Total liabilities	-	-	27,321	27,321

As at 31 March 2020

	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	106,619	-	-	106,619
Term Deposit	9,177,141	-	-	9,177,141
Canterbury Education Trust	500,000	-	-	500,000
Interest Receivables	8,909	-	-	8,909
Total assets	9,792,669	-	-	9,792,669
Liabilities				
Sundry Creditors	-	-	16,420	16,420
Total liabilities	-	-	16,420	16,420

BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2021

11 Financial Risk Management (Cond.)

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 advanced loan to Canterbury Education Trust ("CET") and East Street Property Trust ("ESPT"). CET and ESPT, not being listed organisations with quoted price or active market, exposes the Scheme to higher credit risk. Although this risk is substantially mitigated by guarantee from the Trustees of the Scheme, the Loan agreement is assessed yearly for Expected Credit Loss ("ECL") as per the new impairment model under applicable NZ IFRS 9. The Trustee has considered the impact of COVID-19 in ECL probability and concluded this has no material impact.

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 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 +/- \$90,505. (2020: \$92,838).

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.

12 Related Parties

Kevin Sorensen resigned as the Licensed Independent Trustee on 11 September 2020. During the year fees paid by the Scheme to Kevin Sorensen for Trusteeship services was \$4,638 (2020: \$10,628 p.a.). Following the resignation of Kevin Sorensen, Jeffrey Paul Prestidge was appointed as the replacement Licensed Independent Trustee and during the year the Scheme paid Jeffrey Paul Prestidge \$3,317 for Trusteeship services. There are three (2020:Four) 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 \$633,117 (2020: \$535,413)

13 Commitments and Contingent Liabilities

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

14 Events After Balance Date

There were no event after balance date

Independent Auditor's Report

To the Members of the BCF Kiwisaver Scheme

Opinion

We have audited the financial statements of BCF Kiwisaver Scheme (the 'Scheme'), which comprise the statement of net assets as at 31 March 2021, and the statement of changes in net assets, 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 12, present fairly, in all material respects, the financial position of the Scheme as at 31 March 2021, 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 Scheme 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.

Other than in our capacity as auditor and the provision of other control assurance services, we have no relationship with or interests 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>Level 3 investments</p> <p>As at 31 March 2021 the Scheme holds an \$750,000 (2020:Nil) investment in an investment vehicle, that is valued based on unobservable valuation inputs and therefore is considered to be a Level 3 instrument in the hierarchy of fair value measurements.</p> <p>The fair value of these investments are those derived from valuation techniques that include inputs for the asset or liability that are based on unobservable inputs and therefore include a greater degree of judgement. The fair value is determined by the Investment Manager with whom the funds are invested.</p> <p>The Financial Statements of the investment vehicle set out the valuation methodology, key inputs and the resultant values as at 31 March 2021.</p> <p>We have included the level 3 investments as a key audit matter due to the significance of the amount to the financial statements and the judgement involved in determining their fair value.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Obtained external investment confirmations from the Investment Manager;• Obtained the financial statements of the underlying investments vehicle and confirming these were audited with an unmodified audit opinion for the year ended 31 March 2021;• Obtaining an understanding of the control environment at the Investment Manager, through the review of a 3402 - Assurance Reports on Controls at a Service Organisation;• Assessing the appropriateness of classification and measurement of the investments; and• Evaluating the disclosures the Scheme's financial statements.

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.

Deloitte Limited

**Silvio Bruinsma, Partner
for Deloitte Limited**
Wellington, New Zealand
5 August 2021