

The Presbyterian Church Of Aotearoa New Zealand Beneficiary Fund

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The Presbyterian Church Of Aotearoa New Zealand Beneficiary Fund
Statement of Net Assets
As at 30 June 2020

	Note	As at 30 June 2020	As at 30 June 2019
		\$	\$
ASSETS			
Cash and cash equivalents		12,806	13,490
Presbyterian Investment Fund deposits	4	521,740	1,255,613
Financial Assets at Fair Value Through Profit or Loss	4	51,413,488	52,833,600
Total Assets		51,948,034	54,102,703
LIABILITIES			
Benefits Payable	5	-	3,138
Other Payables	5	79,125	723,464
Sundry Creditors	5	65,517	33,843
Total Liabilities		144,642	760,445
NET ASSETS AVAILABLE FOR BENEFITS	3	51,803,392	53,342,258
LIABILITY FOR PROMISED BENEFITS			
<i>Represented by:</i>			
Member account		49,479,810	51,402,434
Employer account		1,880,967	1,431,164
Reserve account		442,615	508,660
		51,803,392	53,342,258

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

Director: M. N. Galt

Date: 22 October 2020

Director: [Signature]

Date: 22 October 2020

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The Presbyterian Church Of Aotearoa New Zealand Beneficiary Fund
Statement of Changes in Net Assets
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Interest		12,845	-
Gain on Financial Assets at Fair Value Through Profit or Loss	6	2,300,498	3,157,459
Total Income		2,313,343	3,157,459
EXPENSES			
Investment Management Fees / Rebates		96,743	223,136
Actuarial Fees		2,226	11,976
Administration and Management Charges		54,000	54,000
Fees for audit of financial statement		22,138	35,621
Consulting Fees		14,697	28,780
Legal Expenses		7,353	42,182
Trustee Expenses	7	106,422	78,337
Sundry Expenses		29,358	25,476
Total Expenses		332,937	499,508
Net Profit before Taxation		1,980,406	2,657,951
Income Tax Expense		-	-
Net Profit after Taxation		1,980,406	2,657,951
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		584,278	557,939
Government Contributions		38,415	32,256
Church Contributions		393,618	398,464
Reinvestment of Defined Benefit Wind Up Entitlement		-	491,863
Total Contributions		1,016,311	1,480,522
Benefits Paid			
Regular drawdowns		1,489,216	1,599,283
Retirements / Withdrawals		3,046,367	3,255,669
Total Benefits Paid		4,535,583	4,854,952
Net Membership Activities		(3,519,272)	(3,374,430)
Net Decrease in Net Assets During Year		(1,538,866)	(716,479)
Net Assets Available For Benefits at Beginning of Year		53,342,258	54,058,737
Net Assets Available For Benefits at End of Year		51,803,392	53,342,258

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The Presbyterian Church Of Aotearoa New Zealand Beneficiary Fund
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Member Contributions		584,278	557,939
Church Contributions		393,618	398,464
Government Contributions		38,415	32,256
		<u>1,016,311</u>	<u>988,659</u>
<i>Cash applied to</i>			
Benefits Paid		4,538,721	5,088,181
Fund Operating Costs		230,639	299,068
		<u>4,769,360</u>	<u>5,387,249</u>
Net Cash Out Flows applied to Operating Activities	8	<u>(3,753,049)</u>	<u>(4,398,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash provided from</i>			
Proceeds from Sale of Investments		5,324,938	5,714,014
<i>Cash applied to</i>			
Purchase of investments		1,572,573	1,366,337
Net Cash Flows from Investing Activities		<u>3,752,365</u>	<u>4,347,677</u>
Net Decrease in Cash Held		(684)	(50,913)
Cash at Beginning of Year		13,490	64,403
Cash at End of Year		<u><u>12,806</u></u>	<u><u>13,490</u></u>

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THE PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND BENEFICIARY FUND
Notes to the Financial Statements
For the year ended 30 June 2020

1. (a) Fund Description

The Presbyterian Church of Aotearoa New Zealand Beneficiary Fund ("Beneficiary Fund" or "Fund") is a restricted workplace savings scheme registered under the Financial Market Conduct Act 2013 ("FMCA"). It was established in the early 1900's to provide retirement benefits to nationally ordained ministers of the Presbyterian Church of Aotearoa New Zealand ("Church").

The Presbyterian Beneficiary Fund Trustee Limited ("Trustee") is the Fund's trustee and the Administration manager is Melville Jessup Weaver.

The Fund is domiciled in New Zealand and the address of the principal place of business is Ground floor, Naylor Love / Corelogic, 275-283 Cuba Street, Te Aro, Wellington, 6141.

From 1 July 2017, the Fund has been a defined contribution scheme consisting of a New Benefits Section and Complying Fund Section. All nationally ordained ministers are required to join the Fund. The Trustee may also accept applications from those deemed to be in kindred service. Personal contributions are made to the Fund at the prescribed rate of 5% of Basic Stipend. Church contributions are made to the Fund at a matching 5% of Basic Stipend (before the deduction of Employer Superannuation Contribution Tax, if any). Contribution rates for kindred members may vary. Members may withdraw their savings on reaching retirement age or leaving active ministry. Additional withdrawals may also be approved in the event of serious illness, financial hardship, first home purchase and permanent emigration.

The Fund offers four investment options: Cash; Conservative; Balanced; and Growth. The Fund's investments are managed in a socially responsible investment fashion. Members are allocated units in the investment option(s) of their choice, with daily unit pricing.

(b) Fund History

Prior to 30 June 2017, the Fund was primarily a contributory defined benefit superannuation scheme, with two defined benefit sections and a defined contribution component (Complying Fund Section). In November 2016, the General Assembly, the governing body of the Church, approved the wind up of the defined benefit sections of the Fund ("Old DB Sections") and the creation of a new defined contribution section (New Benefits Section). The Complying Fund Section continued unchanged.

The amount payable to members under wind up was determined as at 30 November 2017 and as at 30 June 2020 all members had received all their wind up entitlements. Members in receipt of wind up entitlements were able to reinvest those funds in the Fund. Funds reinvested in the New Benefits Section (as a Continuing Value balance) are available for withdrawal at any time.

The General Assembly determined that any surplus on the wind-up of the Old DB Sections would be transferred to a new charitable fund called the Presbyterian Benevolent Fund. The Fund has already transferred some funds to the Presbyterian Benevolent Fund, with the remainder to be transferred once the wind up is declared. It was also determined that prior to the determination of the surplus, some funds would be retained in the Fund to subsidise costs for a period of five years.

(c) Trust Deed

The current Trust Deed is dated 5 April 2018. This Deed clarified earlier policy decisions and amendments relating to the wind up, replacing a Trust Deed dated 30 June 2017. The Trust Deed dated 30 June 2017 provided for the wind up of the Old DB Sections and the creation of the New Benefits Section, replacing an earlier Trust Deed dated 27 November 2008.

The Trust Deed sets out the basis on which the Fund can be terminated.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Fund have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"), the requirements of the FMCA and the Trust Deed governing the Fund. 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").

Statement of Compliance

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of certain financial assets which are measured at fair value through profit or loss at each reporting date. The going concern assumption has been adopted.

Functional and Presentational currency

The financial statements are presented in New Zealand dollars which is the Fund's functional and presentation currency. All values are rounded to the nearest dollar (\$).

Classification of assets and liabilities

Assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity and are not distinguished between current and non-current.

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2. Summary of Significant Accounting Policies (Cont'd)

New accounting standards and interpretations

- (i) Changes in accounting policy and disclosures

There have been no changes to accounting policies during the year.

- (ii) Accounting standards issued but not yet effective

No standards and interpretations have been issued with an effective date after the Fund's balance date which would have a material impact on the financial statements of the Fund.

Income

Interest income is recognised using the effective interest rate method. Gains/losses on financial assets at fair value through profit or loss includes realised gains/losses on the disposal of financial assets and unrealised gains/losses arising from changes in the fair value of financial assets.

Expenses

Expenses are recognised on an accruals basis.

Goods and Services Tax (GST)

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

Taxation

The Fund is a registered charitable entity which means that Income earned by the Fund is exempt from income tax in New Zealand.

Financial Instruments

- (i) Classification

The Fund classifies its financial assets and financial liabilities as:

- (1) Financial assets at fair value through profit or loss
The Fund includes in this category investments in managed investment funds. They are mandatorily measured at fair value through profit or loss because they are retirement benefit plan investments.
- (2) Financial assets at amortised cost
The Fund includes in this category cash and cash equivalents, and deposits in the Presbyterian Investment Fund. These assets are classified as financial assets at amortised cost because the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding and are managed to collect the contractual cash flows.
- (3) Financial liabilities at amortised cost
The Fund includes in this category payables which may include benefits payable, other payables and sundry creditors owing by the Fund which are unpaid at balance date. All financial liabilities are included in this category.

- (ii) Recognition/Derecognition

The Fund recognises financial assets and liabilities on the date they become party to the contractual agreement (trade date).

Financial assets are derecognised when the right to receive cash flows from the asset has expired or the Fund has transferred substantially all risks and rewards of ownership.

- (iii) Measurement

- (1) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are measured initially at fair value. After initial recognition, financial assets at fair value through profit or loss are revalued to fair value with changes in their fair value recognised in the profit or loss.
- (2) Financial assets at amortised cost
Financial assets measured at amortised cost are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less expected credit losses (if any).
- (3) Financial liabilities at amortised cost
Financial liabilities measured at amortised cost are measured using the effective interest method.

Statement of Cash Flows

The cash flows of the Scheme do not include those of the investment manager(s). The following are definitions of the terms used in the Statement of Cash Flows:

Cash and cash equivalents - includes cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Operating activities - include all transactions and other events that are not investing activities.

Investing activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

Member contributions and benefits paid

Contributions and benefits are accounted for on an accruals basis. Contributions are recognised in the Statement of Changes in Net Assets when they become receivable or are received. Benefits are recognised in the Statement of Changes in Net Assets when they become payable resulting in financial liability.

Members' funds

Each unit issued confers an equal interest in the investment option of the Fund to which the unit relates. A unit does not confer any rights or interest in the individual investment options of the Fund to the member.

Net assets available for benefits

Net assets available for benefits is the Fund's present obligation to pay benefits to members and is the difference between the carrying amount of the assets and the carrying amount of the liabilities.

Capital risk management

The Fund's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Fund. The Fund is not subject to any externally imposed capital requirements.

The Fund achieves this through obtaining contributions from members and the Church and investing these into appropriate investments in accordance with its Statement of Investment Policies and Objectives (SIPO).

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The Presbyterian Church Of Aotearoa New Zealand Beneficiary Fund
Notes to the Financial Statements
For the year ended 30 June 2020

3. Liability for Promised Retirement Benefits:

Changes in promised retirement benefits as at 30 June 2020:	Member Account	Employer Account	Voluntary Account	Reserve Account	Total 2020
	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,650,545	1,431,164	48,751,889	508,660	53,342,258
Contributions	555,254	393,618	67,439	-	1,016,311
Withdrawals	(61,415)	(46,132)	(4,428,036)	-	(4,535,583)
Fee Subsidy	-	-	133,462	(133,462)	-
Net Investment movement	159,590	102,317	1,651,082	67,417	1,980,406
Balance at 30 June 2020	3,303,974	1,880,967	46,175,836	442,615	51,803,393

Changes in promised retirement benefits as at 30 June 2019:	Member Account	Employer Account	Voluntary Account	Reserve Account	Total 2019
	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,803,181	1,000,043	50,605,514	650,000	54,058,737
Investment of DB Wind Up entitlement	-	-	491,863	-	491,863
Contributions	557,939	398,464	32,256	-	988,659
Withdrawals	(7,689)	(5,547)	(4,841,717)	-	(4,854,952)
Net Investment movement	-	-	-	(141,340)	(141,340)
	297,114	38,204	2,463,973	-	2,799,291
Balance at 30 June 2019	2,650,545	1,431,164	48,751,889	508,660	53,342,258

The Voluntary Account represents Members' wind up entitlements reinvested in the Fund. These balances, known as the Continuing Value balance, are available for withdrawal at any time.

The Reserve Account represents the balance of funds from the wind up surplus retained in the Fund to help offset the costs of running the Fund. It was determined that \$800,000 would be retained, with approximately \$150,000 used each year to subsidise administration costs. The balance is held in the Presbyterian Investment Fund, with any interest earned added to the Account.

4. Investments in Presbyterian Investment Fund Deposits and Investments at Fair Value Through Profit or Loss

The Fund utilises 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.

The Trustee has approved a Statement of Investment Policy and Objectives (SIPO) which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustee and asset reallocations undertaken as required.

Investments as at 30 June consist of the following:

	2020	2019
	\$	\$
Domestic Fixed Interest	521,740	1,255,613
Mercer - Cash Fund	925,809	1,228,603
Mercer - Conservative Fund	14,321,150	14,881,360
Mercer - Balance Fund	29,765,888	30,950,327
Mercer - Growth Fund	6,400,641	5,773,310
	51,935,228	54,089,213

Investment classes > 5% of Net Assets

	2020	2019
Mercer - Conservative Fund	28%	28%
Mercer - Balance Fund	57%	57%
Mercer - Growth Fund	12%	11%

5. (i) Benefits Payable

	2020	2019
	\$	\$
Payable to Members of the Defined Benefit Sections	-	3,138
	-	3,138

(ii) Other Payables

Provision for wind-up cost	79,125	723,464
	79,125	723,464

(iii) Sundry Creditors

Other Expenses	65,517	33,843
	65,517	33,843

In November 2016, the General Assembly, the governing body of the Church, approved the wind up of the Old DB Sections of the Fund. The Benefit Payable balance 5(i) represents the final entitlement payable under the wind up of the Old DB Sections. As at 30 June 2020 the Fund has paid all the entitlement under the Old DB Sections. The provision for wind up cost 5(ii) represents a provision set aside to meet costs associated with removing references to the Old DB Sections from the Trust Deed. Any surplus not consumed by way of wind-up costs will be transferred to the Presbyterian Benevolent Fund. On 26 June 2020 the Fund has transferred \$636,542 to the Presbyterian Benevolent Fund.

6. Gain on Financial Assets Held at Fair Value Through Profit or Loss

	2020	2019
	\$	\$
Mercer Investments	2,300,498	3,157,459
	2,300,498	3,157,459

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The Presbyterian Church Of Aotearoa New Zealand Beneficiary Fund
Notes to the Financial Statements
For the year ended 30 June 2020

7 Related Party Transactions

During the year no payments were made by the Fund to the General Assembly for management services provided (2019: Nil).

The Fund has a Presbyterian Investment Fund ("PIF") account, a consolidated short duration fund offering deposits available on call. The Trustee of the PIF is The Presbyterian Church Property Trustees, which is the sole shareholder of Presbyterian Beneficiary Fund Trustee Limited, the Fund's Trustee. During the year there were no additional deposits by the Fund in the Presbyterian Investment Fund (2019: Nil). \$636,542 was transferred from the Fund's PIF account to the Presbyterian Benevolent Fund on 26 June 2020. Other withdrawals relating to redemptions amounted to \$128,498 (2019: \$849,199). The Investment generated an interest income for \$31,167 (2019: \$103,559). The closing balance as at 30 June 2020 was \$521,740 (2019: 1,255,613).

The Fund paid \$106,422 to the Trustee for trustee services provided (2019: \$78,337).

No debts were forgiven during the year (2019: nil). At balance date there were no amounts owing from the Fund to the General Assembly (2019: Nil).

8 Reconciliation of Net Cash Flows from Operating Activities to Decrease in Net Assets

	2020	2019
	\$	\$
Increase in Net Profit after Taxation and before membership activities	1,980,406	2,657,951
Non-cash items		
Gains on financial assets at fair value through profit or loss	(2,300,498)	(3,157,459)
Distribution income received as units	(12,845)	(491,863)
Management fee	96,743	223,136
Movement in working capital items		
(Decrease) in Benefit payables	(29,257)	(233,229)
Increase/(Decrease) in Sundry Creditors	31,674	(22,696)
Membership Activities		
Contribution received	1,016,311	1,480,522
Benefit paid	(4,535,583)	(4,854,952)
Net Cash Out Flows from Operating Activities	(3,753,049)	(4,398,590)

9 Financial Instruments

Financial Instruments by Category

As at 30 June 2020

Assets as per the Statement of Net Assets

Financial assets at Fair Value Through Profit or Loss	-	51,413,488
Presbyterian Investment Fund deposits	521,740	-
Cash and Cash Equivalents	12,806	-
Total	534,546	51,413,488

Financial assets at Amortised cost	Financial assets at fair value through profit and loss
\$	\$
-	51,413,488
521,740	-
12,806	-
534,546	51,413,488

Financial liabilities at Amortised cost	Financial liabilities at fair value through profit and loss
\$	\$
65,517	-
79,125	-
144,642	-

As at 30 June 2020

Liabilities as per the Statement of Net Assets

Sundry Creditors	-
Other Payables	-
Total	-

Financial Instruments by Category

As at 30 June 2019

Assets as per the Statement of Net Assets

Financial assets at Fair Value Through Profit or Loss	-	52,833,600
Presbyterian Investment Fund deposits	1,255,613	-
Cash and Cash Equivalents	13,490	-
Total	1,269,103	52,833,600

Financial assets at Amortised cost	Financial assets at fair value through profit and loss
\$	\$
-	52,833,600
1,255,613	-
13,490	-
1,269,103	52,833,600

Financial liabilities at Amortised cost	Financial liabilities at fair value through profit and loss
\$	\$
33,843	-
3,138	-
723,464	-
760,445	-

As at 30 June 2019

Liabilities as per the Statement of Net Assets

Sundry Creditors	-
Benefits Payable	-
Other Payables	-
Total	-

10 Financial Risk Management

The Trustees have determined, in consultation with professional investment advisors, an investment strategy for the Fund. This strategy is contained in the Statement of Investment Policies and Objectives (SIPO). This document is regularly reviewed by the Trustees to ensure it remains appropriate for prevailing market conditions and the liability profile of the Fund.

The SIPO includes an investment target (i.e. to achieve a rate of return that exceeds an investment Index) for each manager in each asset class that they manage for the Fund. Failure by an Investment manager to achieve the benchmark rate of return can result in its mandate being terminated.

The asset classes can be divided into growth and income assets. Growth assets offer significant long-term growth prospects but at the expense of potentially large variations in the short-term asset valuation, whereas income assets are not expected to vary as greatly in their capital value, and provide a regular income stream.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Currency risk, interest rate risk and Other price risk.

The Investments at fair value through profit & loss are managed by Mercer. The Fund has no influence over how the underlying risks relating to these investments are controlled or mitigated, but considers the underlying investments to be of such a diverse nature so as to reduce significant exposure to the impact of market movements.

The Trustees have considered risk management for the Fund and have set objectives (detailed in the SIPO) including the target risk profile and asset allocation for the investment fund as well as defining performance target objectives within each asset class. The Trustee utilises the services of Mercer Investment Trusts New Zealand to design and implement investment strategies for the Fund.

Currency risk

The Fund is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments which invest in foreign currency denominated investments. During the year the Fund did not directly hold investments denominated in foreign currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to cash and cash equivalents and Presbyterian Investment Fund deposits. The Fund is indirectly exposed to interest rate risk in that future interest rate movements will affect the valuation of investments which invest in cash and fixed interest investments. Interest rate risk management activities are undertaken by the Trustees in accordance with the investment mandate. The Fund's exposure to interest rate risk is not deemed significant.

Other Price Risk

Other price risk is the risk that the fair value of the Fund's Investments will fluctuate as a result of changes in the price of the Fund's Investments. Price risk exposure arises from the Fund's Investment portfolios. Other price risk management activities are undertaken by the investment manager in accordance with the Investment mandates set by the Trustee.

The outbreak of the novel coronavirus (COVID-19) in early 2020 has affected business and economic activity around the world, including New Zealand. The range of potential outcomes for the global economy are difficult to predict at this point in time. However the impact is reasonably factored in the sensitivity analysis of investments. The table below shows the impact on the statement of changes in net assets available for benefits and the statement of net assets due to a reasonably possible change in the price of the Fund's Investments with all other variables held constant:

30 June 2020			30 June 2019		
Change in the price	Increase/ (Decrease) in Profit before tax	Increase/ (Decrease) in amount available for benefits	Change in the price	Increase/ (Decrease) in Profit before tax	Increase/ (Decrease) in amount available for benefits
	\$	\$		\$	\$
+15%	7,712,023	7,712,023	+10%	5,283,360	5,283,360
-15%	(7,712,023)	(7,712,023)	-10%	(5,283,360)	(5,283,360)

Credit Risk

Credit Risk is the risk a counterparty to a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. Concentrations of credit risk are determined on a direct holdings level and are minimised primarily by ensuring counterparties together with their respective limits are approved and ensuring that transactions are undertaken with a number of counterparties.

Cash and cash equivalents and Presbyterian Investment Fund deposits are not past due or Impaired. Cash and cash equivalents are held with banks registered in New Zealand.

Liquidity Risk

Liquidity risk is the risk the Fund will encounter difficulty in raising funds to meet its obligation to pay members. Due to the nature of the Fund it is unlikely a significant number of members would withdraw at the same time. However, to control liquidity risk, the Fund invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund invests within established limits to ensure no concentration of credit risk. Sundry creditors and other payables are typically settled within 30 days.

10 Financial Risk Management (Cont'd)

Market Risk (Cont'd)

Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Fund's accounting policies.

The Fund classifies fair value measurements of financial instruments at fair value through profit or loss 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 or liabilities;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or;

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of the input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires judgement by the Trustees. The Trustees consider "observable" to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses the fair value hierarchy of the Fund's financial assets (by class) measured at fair value:

30 June 2020	Level 1	Level 2	Level 3	Total
Assets	\$	\$	\$	\$
Mercer Investments	-	51,413,488	-	51,413,488
	-	51,413,488	-	51,413,488

30 June 2019	Level 1	Level 2	Level 3	Total
Assets	\$	\$	\$	\$
Mercer Investments	-	52,833,600	-	52,833,600
	-	52,833,600	-	52,833,600

The fair value of the units held in the Mercer investment funds is determined by reference to published exit prices, being the redemption price established by Mercer.

11 Vested Benefits

Vested benefits are benefits payable to members under conditions of the Fund, on the basis of all members ceasing to be members of the Fund at balance date. The vested benefits at 30 June 2020 is \$51,360,777 (2019: \$52,833,598).

12 Commitments and Contingent Liabilities

There were no commitments outstanding as at 30 June 2020. (2019: Nil).

13 Events After Balance Date

There have been no other material events after balance date that require adjustment to or disclosure in the financial statements.

14 The effects of COVID-19 on the Fund

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. Since 26 March 2020 the country has been through various alert levels and a complete lockdown period at alert level 4 from 26 March and 27 April 2020. The Fund's operations have been uninterrupted since 26 March 2020.

At this time, it is difficult to determine the full on-going effect of COVID-19 and therefore some uncertainties remain. There could also be other matters that affect the Fund in future, of which we are not yet aware. To the extent possible we have considered the impact of COVID-19 on areas such as investment valuation and incorporated these considerations in the price sensitivity analysis in Note 10. To date there hasn't been a significant impact on the Fund's financial performance or position. Going forward further impacts may include continued uncertainty and volatility in investment markets.