

Ranfurly Superannuation Scheme

Financial Statements

For the year ended 31 March 2020

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Directory

Manager	Ranfurlly Strategic Limited Level 1 , North Lobby Awly Building, 293 Durham Street, Christchurch 8013, New Zealand	Supervisor	Public Trust Level 8, Public Trust Building 22 Willeston Street Private Bag 5902 Wellington 6140, New Zealand
Directors of the Manager	Christopher Wells Kenji Steven	Legal Advisors	DLA Piper New Zealand Chartered Accountants House 50-64 Customhouse Quay PO Box 2791 Wellington 6140, New Zealand
Established by Deed dated	14 March 2014 As amended by Deed dated: 5 August 2015 23 November 2016 16 December 2016 26 May 2017	Auditor	BDO Christchurch Level 4 287-293 Durham Street North Christchurch, New Zealand
Registered as a Superannuation Scheme	SCH11231 24 November 2016		

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RANFURLY SUPERANNUATION SCHEME**

Opinion

We have audited the financial statements of Ranfurly Superannuation Scheme ("the Scheme"), which comprise the statements of net assets as at 31 March 2020, and the statements of changes in net assets and statements 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 present fairly, in all material respects, the financial position of the Scheme as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with 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 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests 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 report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and existence of financial assets held at fair value through profit of loss (FVTPL)

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Financial Assets and Liabilities at Fair Value through Profit or Loss are included in note 5 of the financial statements.</p> <p>The Scheme recognises their investments as financial assets and liabilities at fair value through profit or loss. The fair value of the financial assets is considered to be their redeemable value according to published prices at reporting date and they are therefore included in Level 2 of the fair value hierarchy.</p> <p>In assessing the fair value, the Manager uses information provided by the investment fund administrators including the financial statements of the underlying funds and recent transaction prices. When the market prices are quoted in foreign currencies, these are translated to New Zealand dollars using the applicable exchange rate at balance date.</p> <p>Investments held by the Scheme as of 31 March 2020 total \$27,903,232. Due to the significance of the balance, this was considered to be a key audit matter.</p>	<p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtaining confirmations from the Custodian and financial institutions of the holdings of all the financial instruments held by the Scheme and the Funds as at balance date; • Reviewing prices of units to externally reported prices; • Considering whether there were any indicators of impairment; • Obtaining the Custodians, Supervisors, and Investment Management Firm’s internal control reports for services provided and any accompanying bridging letters for the year ended 31 March 2020; • Assessing the adequacy of the disclosures made in respect of the investments in the financial statements.

Directors’ of the Licensed Managers Responsibilities for the Financial Statements

The directors are responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as the directors 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 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 (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 decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

Who we Report to

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state those matters which 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 and the Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Michael Rondel.

A handwritten signature in blue ink that reads 'BDO Christchurch'.

BDO Christchurch
Christchurch
New Zealand
22 July 2020

Statements of changes in net assets

for the year ended 31 March 2020
in New Zealand Dollars

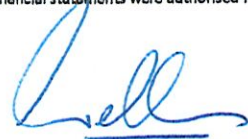
	Note	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
		2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	1 month 2019 \$	2020 \$	8 months 2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Investment Income															
Interest income - amortised cost		-	-	-	-	-	-	-	-	197	-	11	-	208	-
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	4	312,712	805,299	102,157	96,755	(551)	7,690	-	-	399,782	367,609	(1,684)	-	812,416	1,277,353
Other foreign currency gains/(losses), net		632	(225)	(202)	8	-	-	-	-	80,897	(11,835)	714	-	82,041	(12,052)
Total income/(loss)		313,344	805,074	101,955	96,763	(551)	7,690	-	-	480,876	355,774	(959)	-	894,665	1,265,301
Expenses															
Management fees	9	135,869	105,471	23,987	21,005	13,267	415	-	1,142	78,240	58,109	899	-	252,262	186,142
Bank fees and commissions		322	480	168	47	227	52	-	-	7,809	6,204	96	-	8,622	6,783
Establishment costs		23,087	14,492	3,960	1,620	1,350	-	-	-	11,601	1,627	-	-	39,998	17,739
Interest expense - amortised cost		-	-	-	-	-	-	-	-	3,609	3,647	-	-	3,609	3,647
Total operating expenses		159,278	120,443	28,115	22,672	14,844	467	-	1,142	101,259	69,587	995	-	304,491	214,311
Net profit/(loss) before taxation and membership activities		154,066	684,631	73,840	74,091	(15,395)	7,223	-	(1,142)	379,617	286,187	(1,954)	-	590,174	1,050,990
Membership activities															
Contributions	8	4,103,579	5,840,783	1,545,753	-	1,500,628	655,761	-	1,109,391	1,375,530	1,511,027	-	-	8,525,490	9,116,962
Fund switches in	8	131,347	-	-	625,182	53,721	-	-	-	3,282,784	3,781,423	201,045	-	-	-
Fund switches out	8	(3,294,982)	(3,481,456)	(388,549)	(299,967)	-	-	-	(625,182)	-	-	-	-	-	-
Withdrawals	8	(498,982)	(457,261)	(157,897)	(14,191)	(9,625)	-	-	(490,779)	(4,020,580)	(448,406)	(724)	-	(4,687,808)	(1,410,637)
PIE tax attributable to Members	8	(103,678)	(80,510)	(5,790)	(8,035)	(3,132)	(32)	-	-	46,120	(83,961)	754	-	(65,726)	(172,538)
Net membership activities		337,284	1,821,556	993,517	302,989	1,541,592	655,729	-	(6,570)	683,854	4,760,083	201,075	-	3,757,322	7,533,787
Foreign currency translation reserve		1,200,941	(82,195)	224,490	(20,323)	150,013	(6,159)	-	7,712	-	-	-	-	1,575,444	(100,965)
Movements in members' funds for the period		1,692,291	2,423,992	1,291,847	356,757	1,676,210	656,793	-	-	1,063,471	5,046,270	199,121	-	5,922,940	8,483,812
Net assets available for benefits at the beginning of the year		12,187,961	9,763,969	2,234,368	1,877,611	656,793	-	-	-	7,821,163	2,774,893	-	-	22,900,285	14,416,473
Net assets available for benefits at the end of the period		13,880,252	12,187,961	3,526,215	2,234,368	2,333,003	656,793	-	-	8,884,634	7,821,163	199,121	-	28,823,225	22,900,285
		2020 Units	2019 Units	2020 Units	2019 Units	2020 Units	2019 Units	2020 Units	2019 Units	2020 Units	2019 Units	2020 Units	2019 Units		
Units on issue at the start of the year		5,852,962	4,942,327	1,133,471	980,659	337,426	-	-	-	7,542,244	2,857,926	-	-		
Units issued		1,816,555	2,824,132	723,584	313,359	740,737	337,443	-	577,327	4,321,071	5,201,892	201,810	-		
Units redeemed		(1,709,429)	(1,913,497)	(259,312)	(160,547)	(5,910)	(17)	-	(577,327)	(3,621,390)	(517,574)	(708)	-		
Units on issue at the end of the year		5,960,088	5,852,962	1,597,743	1,133,471	1,072,253	337,426	-	-	8,241,925	7,542,244	201,102	-		

Statements of net assets


as at 31 March 2020
In New Zealand Dollars

	Note	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfury Superannuation Scheme	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets															
Cash and cash equivalents	3	66,390	43,046	42,028	5,235	56,095	1,790	-	-	857,070	598,707	49,608	-	1,071,191	648,778
Financial assets at fair value through profit or loss	5	13,841,887	12,083,018	3,477,396	2,222,395	2,275,582	655,448	-	-	8,153,245	7,689,975	155,122	-	27,903,232	22,650,836
Other receivables	6	74,206	141,355	13,569	15,604	6,271	-	-	-	265,011	73,795	-	-	359,057	230,754
PIE tax receivable on behalf of members		-	-	-	-	-	-	-	-	49,590	-	757	-	50,347	-
Total current assets		13,982,483	12,267,419	3,532,993	2,243,234	2,337,948	657,238	-	-	9,324,916	8,362,477	205,487	-	29,383,827	23,530,368
Current liabilities															
Related party payables	9	12,577	9,839	2,607	1,789	1,821	413	-	-	7,281	6,599	176	-	24,442	18,640
Other payables	7	-	-	-	-	-	-	-	-	-	356	-	-	-	356
Financial liabilities at fair value through profit or loss	5	-	-	-	-	-	-	-	-	433,021	232,134	6,190	-	439,211	232,134
PIE tax payable on behalf of members		89,654	69,619	4,171	7,077	3,124	32	-	-	-	82,225	-	-	96,949	158,953
Loans payable	10	-	-	-	-	-	-	-	-	-	220,000	-	-	-	220,000
Total current liabilities		102,231	79,458	6,778	8,866	4,945	445	-	-	440,282	541,314	6,366	-	560,602	630,083
Net assets available for benefits		13,880,252	12,187,961	3,526,215	2,234,368	2,333,003	656,793	-	-	8,884,634	7,821,163	199,121	-	28,823,225	22,900,285
Represented by:															
Liability for promised benefits		13,880,252	12,187,961	3,526,215	2,234,368	2,333,003	656,793	-	-	8,884,634	7,821,163	199,121	-	28,823,225	22,900,285

These financial statements were authorised for issue by the Manager, Ranfury Strategic Limited:



Director



Director

22 July 2020

Date

22 July 2020

Date

This statement is to be read in conjunction with the notes to the financial statements.

Statements of cash flows

for the year ended 31 March 2020

in New Zealand Dollars

	Note	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
		2020	2019	2020	2019	2020	1 month 2019	2020	8 months 2019	2020	2019	2020	5 months 2019	2020	2019
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities															
Sale of investments		4,050,935	3,609,608	505,546	332,669	9,320	-	-	-	4,336,954	1,052,831	50,430	-	8,953,185	4,995,108
Interest income		-	-	-	-	-	-	-	-	197	-	11	-	208	-
Loans received		-	-	-	-	-	-	-	-	281,000	840,000	-	-	281,000	840,000
Purchase of investments		(4,276,049)	(5,379,023)	(1,444,027)	(623,301)	(1,491,633)	(651,465)	-	-	(4,393,970)	(5,500,431)	(201,045)	-	(11,806,724)	(12,154,220)
Loan repayments		-	-	-	-	-	-	-	-	(501,000)	(702,000)	-	-	(501,000)	(702,000)
Operating expenses		(131,605)	(104,295)	(22,953)	(20,531)	(13,660)	(52)	-	(1,142)	(90,867)	(63,411)	(820)	-	(259,905)	(189,431)
Net cash outflow from operating activities	11	(356,719)	(1,873,710)	(961,434)	(311,163)	(1,495,973)	(651,517)	-	(1,142)	(367,686)	(4,373,011)	(151,424)	-	(3,333,236)	(7,210,543)
Cash flows from financing activities															
Contributions		4,234,792	5,840,783	1,545,753	625,182	1,554,654	655,761	-	1,109,391	4,658,619	5,292,450	201,045	-	12,194,863	13,523,567
Withdrawals		(3,781,260)	(3,938,429)	(543,630)	(314,158)	(9,625)	-	-	(1,114,746)	(4,020,580)	(448,406)	(724)	-	(8,355,819)	(5,815,739)
PIE tax paid		(83,643)	(34,098)	(8,696)	(5,791)	(40)	-	-	-	(85,695)	(3,826)	(3)	-	(178,077)	(43,715)
Net cash inflow/(outflow) from financing activities	12	369,889	1,868,256	993,427	305,233	1,544,989	655,761	-	(5,355)	552,344	4,840,218	200,318	-	3,660,967	7,664,113
Net increase in cash and cash equivalents		13,170	(5,454)	31,993	(5,930)	49,016	4,244	-	(6,497)	184,658	467,207	48,894	-	327,731	453,570
Cash and cash equivalents brought forward at the beginning of the year		43,046	55,409	5,235	10,483	1,790	-	-	-	598,707	142,579	-	-	648,778	208,471
Foreign exchange gains/(losses) on cash and cash equivalents		10,174	(6,909)	4,800	682	5,289	(2,454)	-	6,497	73,705	(11,079)	714	-	94,682	(13,263)
Cash and cash equivalents at the end of the period	3	66,390	43,046	42,028	5,235	56,095	1,790	-	-	857,070	598,707	49,608	-	1,071,191	648,778

Notes to the financial statements

1. GENERAL INFORMATION

Reporting entity	<p>These financial statements are for the Ranfurly Superannuation Scheme ("the Scheme") which was registered as a Superannuation Managed Investment Scheme under the Financial Markets Conduct Act 2013 ("FMCA") on 24 November 2016. The Scheme is domiciled in New Zealand.</p> <p>The Scheme was established by a Trust Deed dated 14 March 2014. The Trust Deed was entered into by Public Trust ("the Supervisor") and Ranfurly Strategic Limited ("the Manager"). The Trust Deed was amended on 23 November 2016, 16 December 2016 and 26 May 2017. The amendments of the Trust Deed and their impact are fully set out in the Annual Report to members for the year ended 31 March 2018. The Scheme is registered on Disclose SCH11231.</p> <p>The Scheme is a defined contribution scheme which means that the benefits payable depend on the accumulation of contributions by members, returns on those contributions and tax and fees deducted. Under the Trust Deed, member contributions are made in the manner specified in the member application. Members can choose to make additional contributions on a basis prescribed by the Manager (there is no minimum contribution amount).</p> <p>The Scheme qualified as a Recognised Overseas Pension Scheme (QROPS) under HMRC regulation (QROPS number 900055) on the 1 July 2014. This means the Scheme is able to accept members qualifying UK pension transfers.</p> <p>The Scheme comprises a portfolio of investment funds ("the Funds"). Notwithstanding the division of the Scheme into Funds, the Scheme is a single trust with the value of each member's interests in the Scheme, being an individual member's account value, is determined by reference to the value of units they hold in the Funds. The Scheme Funds with funds under management as at 31 March 2020 were as follows:</p> <ul style="list-style-type: none">- Ranfurly Sterling Balanced Fund - denominated in pounds sterling- Ranfurly Sterling Conservative Fund - denominated in pounds sterling- Ranfurly Sterling Growth Fund - denominated in pounds sterling- Ranfurly New Zealand Dollar Balanced Fund - denominated in New Zealand dollars- Ranfurly New Zealand Dollar Conservative Fund - denominated in New Zealand dollars
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation	<p>The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the period presented, unless otherwise stated.</p> <p>The financial statements have been prepared in accordance with the Trust Deed, the FMCA and the Financial Reporting Act 2013. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost method as modified by the fair value of financial assets and liabilities at fair value through profit or loss.</p> <p>The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate to Tier 1 for-profit entities and the requirements of the Trust Deed.</p> <p>The financial statements have been prepared for the year ended 31 March 2020 with comparatives for the year ending 31 March 2019.</p> <p>The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities either have a maturity of less than a year or have no fixed maturity are are therefore considered current assets/liabilities (2019: same).</p>
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Significant accounting policies, estimates and judgements	The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Scheme's accounting policies.
	The Manager has not made any material accounting estimates or judgements in these financial statements.
Functional and presentation currency	These financial statements are presented in New Zealand dollars. The functional currency of the Scheme is New Zealand Dollars. The currency of the Funds is Great British pounds or New Zealand dollars. All amounts have been rounded to the nearest dollar.
Foreign currency translation	<p>Transactions denominated in foreign currencies are recognised at the exchange rates at the date of the transactions. Assets and liabilities denominated in foreign currencies as at reporting date are translated at the exchange rates at that date.</p> <p>Foreign exchange gains and losses resulting from translation are included in the Statements of Changes in Net Assets. Foreign exchange gains and losses relating to cash and cash equivalents are included in the Statements of Changes in Net Assets within 'Net foreign currency gains/(losses) on cash and cash equivalents' and foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are included in the Statements of Changes in Net Assets within 'Net gains/(losses) on financial assets and liabilities at fair value through profit or loss'.</p> <p>All resulting exchange differences from translating member contributions and withdrawals into the presentation currency are recognised in the Statements of Changes in Net Assets in the 'Foreign currency translation reserve'.</p>
Standards and amendments to existing standards effective in the current year	<p>The following new standards relevant to the Scheme has been applied to these financial statements. There are no other new or amended standards for the year ended 31 March 2020 that have had a material impact on the financial statements.</p> <p>NZ IFRS 16 Leases ("NZ IFRS 16") is effective for annual periods beginning on or after 1 January 2019. NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Scheme does not have any leases and so the adoption of this standard does not have any impact on the Scheme's financial position or performance, or the presentation and disclosures in the financial statements.</p>
New accounting standards and interpretations not yet adopted	No standards and amendments to existing standards and interpretations that are not yet in effect are expected to have a material impact on the financial statements of the Scheme.
Financial instruments	<p>(a) Classification</p> <p><i>Financial assets and liabilities at fair value through profit or loss</i></p> <p>The Scheme classifies its investments in unlisted trusts as financial assets at fair value through profit or loss. The Scheme classifies its investment securities based on both the Scheme's business model for managing those financial assets and the contractual cashflow characteristics of the financial assets. The Scheme's investment strategies, policies and guidelines are established by the Manager. The portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Scheme's investment strategies.</p> <p>Derivative instruments, which are predominantly Over The Counter ("OTC") forward foreign exchange contracts, are classified as financial assets or liabilities at fair value through profit or loss. The use of derivatives is governed by investment guidelines which are set by the Manager with the approval of the Trustee. Where derivative instruments are used to economically hedge currency risk, hedge accounting is not applied and derivatives are accounted for on the same basis as those investments being hedged, and are recognised at their fair value.</p>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial instruments - continued

(a) Classification - continued

The Manager is primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

Financial assets and liabilities at amortised cost

The Scheme's cash at bank and receivables are classified as financial assets at amortised cost based on the Scheme's business models for managing those financial assets and the contractual cash flow characteristics.

Financial liabilities at amortised cost comprise related party payables and other payables.

(b) Recognition

The Scheme recognises financial assets and liabilities on the date they become parties to the contractual agreement (trade date). Financial assets and liabilities are initially recognised at fair value.

Gains and losses arising from changes in fair value are recognised in the statements of changes in net assets when they arise. Transaction costs relating to financial assets at fair value through profit or loss are expensed separately in the Statements of Changes in Net Assets as they are incurred.

Interest income is separately recognised in the Statements of Changes in Net Assets.

(c) Fair value measurement

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 measurement date in the principal or, in its absence, the most advantageous market to which the Scheme had access to at that date. The fair value of a liability reflects its non-performance risk.

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs relating to financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Changes in Net Assets.

Fair value of unlisted trusts

The Scheme's investments in unlisted trusts is determined using the last available redemption unit prices for those trusts at reporting date, as determined by the unlisted trust's administrators. The Scheme reviews the details of the reported information obtained from unlisted trusts and consider: the liquidity of the unlisted trust or its underlying investments; the value date of the net asset value provided; restrictions on redemptions; and the basis of accounting and, in instances where the basis of accounting is other than fair value, fair value information is obtained from the unlisted trust's administrators.

The rights of the Scheme to request redemption of their investments in unlisted trusts may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the unlisted trusts may not be indicative of the values ultimately realised on redemption. In addition, the Scheme may be materially affected by the actions of other investors who have invested in unlisted trusts in which the Scheme has invested.

(d) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair value hierarchy	<p>Investment assets and liabilities are required to be classified 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:</p> <p><i>Level one - fair value in an active market</i> The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs.</p> <p><i>Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data</i> The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data, either directly (that is, as prices) or indirectly (that is, derived from prices).</p> <p><i>Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data</i> The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.</p>
Offsetting	Financial assets and liabilities are offset and the net amount reported in the Statements of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.
Income recognition	<p>(a) Interest income is recognised in the Statements of Changes in Net Assets for all debt instruments using the effective interest rate method. Interest income is earned on short term deposits held at the bank.</p> <p>(b) Any unrealised gains or losses arising from the revaluation of investments at fair value through profit or loss at reporting date, and realised gains or losses on the sale of investments at fair value through profit or loss during the year are recognised in the Statements of Changes in Net Assets.</p>
Expenses	Expenses comprise management fees, commissions, bank fees, establishment costs and interest expenses. All expenses are recognised in the Statements of Changes in Net Assets on an accruals basis. All other expenses of the Scheme are paid by the Manager and not passed through the Scheme.
Cash and cash equivalents	Cash and cash equivalents comprise cash balances with original maturity of 90 days or less and are measured initially at fair value. All cash and cash equivalents are measured at amortised cost.
Other payables	Other payables include liabilities and accrued expenses owing by the Scheme which are unpaid at reporting date and are initially measured at fair value and subsequently at amortised cost. Trades are recorded on trade date, and normally settled within three business days.
Related party payables	Payables to related parties are accrued expenses owed to related parties which are unpaid at reporting date. Related party payables are initially measured at fair value and subsequently at amortised cost.
Loans payable	Loans payable comprises the balance of the revolving credit facility which remains unpaid at reporting date. Loans payable are initially measured at fair value and subsequently at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Taxation	<p>The Scheme qualifies as, and has elected to be, a Portfolio Investment Entity ("PIE") for the purposes of the Income Tax Act 2007. Under the PIE regime, income is effectively taxed in the hands of the unit holders and therefore the Scheme has no tax expense.</p> <p>Under the PIE regime, the Manager attributes the taxable income of the Scheme to Members in accordance with the proportion of their interest in the respective Fund. The income attributed to each Member is taxed at the Member's "prescribed investor rate" which is capped at 28%. Notified foreign investors pay a zero rate of tax if all income of the Scheme is derived outside of New Zealand. Any PIE tax payable/refundable on full withdrawals is paid/received by the Manager on behalf of unitholders and deducted from or added to the withdrawal proceeds paid. Units are cancelled/issued to the value of the tax paid/refunded upon determination of the Members' annual PIE tax liabilities/assets at 31 March each year.</p> <p>The PIE tax attributable to unit holders at reporting date is calculated on the basis of the tax laws enacted or substantively enacted at reporting date.</p>
Statements of cash flows	<p>Definitions of the terms used in the Statements of Cash Flows are:</p> <ul style="list-style-type: none"> (a) 'Operating activities' include all transactions and other events that are not financing activities. (b) 'Financing activities' are those activities that result in changes in the size and composition of Members' funds. This includes elements of Members' funds not falling within the definition of cash. (c) 'Cash' is considered to be cash on hand, current accounts in banks and short term deposits with an original maturity of 90 days or less, net of any bank overdrafts.
Goods and services tax ("GST")	The Scheme is not registered for GST. All components of the financial statements are stated inclusive of GST where appropriate.
Contributions and withdrawals	<p>Contributions received for units in the Scheme are recorded net of any establishment or initial service fees payable (if applicable) prior to the issue of units. Withdrawals from the Scheme are recorded gross of any exit fees payable (if applicable) after the cancellation of units. Units confer an equal interest in the Scheme and are of equal value. The unit price of each of the Funds is determined as the net asset value ("NAV") of the Fund divided by the number of units on issue for the respective Fund.</p> <p>Contributions and withdrawals are accounted for on a cash basis and recognised in the Statements of Changes in Net Assets when they are received/paid.</p>
Net assets available for benefits	All available funds are allocated to members accounts. The Scheme does not have separate employer accounts and does not have any reserve funds.
Liability for promised benefits	<p>The liability for promised benefits is the Scheme's present obligation to pay benefits to Members and has been calculated as the difference between the fair value of the assets and the fair value of the liabilities as at reporting date. All accrued benefits have been allocated or were available for allocation to Members' accounts.</p> <p>No guarantees have been made in respect of any part of the liability for promised benefits.</p>
Related parties	<p>A party is related to the Scheme if:</p> <ul style="list-style-type: none"> (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme; (b) it is a parent, subsidiary or fellow subsidiary or a party defined in (a) above; (c) it has an interest in or relationship with the Scheme that gives it significant influence over the Scheme; or (d) it is controlled by or may be significantly influenced by another party which also has control or significant influence over the Scheme; or (e) the Scheme has an interest in or relationship with the party that gives it significant influence over the party; or (f) they are a member of the Scheme's key management personnel
Changes in accounting policies	The Scheme has consistently applied the accounting policies to all periods presented in these financial statements.

3. CASH AND CASH EQUIVALENTS

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Cash - pounds sterling	66,390	43,046	42,028	5,235	56,095	1,790	-	-	353,600	209,527	28,378	-	546,491	259,598
Cash - New Zealand dollar	-	-	-	-	-	-	-	-	503,470	389,180	21,230	-	524,700	389,180
Total cash and cash equivalents	66,390	43,046	42,028	5,235	56,095	1,790	-	-	857,070	598,707	49,608	-	1,071,191	648,778

4. NET GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	1 month 2019 \$	2020 \$	8 months 2019 \$	2020 \$	2019 \$	5 months 2020 \$	2019 \$	2020 \$	2019 \$
Fair value through profit or loss														
Unitised funds	312,712	805,299	102,157	96,755	(551)	7,690	-	-	975,954	217,459	4,506	-	1,394,778	1,127,203
Forward foreign exchange contracts	-	-	-	-	-	-	-	-	(576,172)	150,150	(6,190)	-	(582,362)	150,150
Total net gains/(losses) on financial assets and liabilities at fair value through profit or loss	312,712	805,299	102,157	96,755	(551)	7,690	-	-	399,782	367,609	(1,684)	-	812,416	1,277,353

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Financial assets at fair value through profit or loss														
Unitised funds	13,841,887	12,083,018	3,477,396	2,222,395	2,275,582	655,448	-	-	8,153,245	7,685,913	155,122	-	27,903,232	22,646,774
Forward foreign exchange contracts	-	-	-	-	-	-	-	-	-	4,062	-	-	-	4,062
Total financial assets at fair value through profit or loss	13,841,887	12,083,018	3,477,396	2,222,395	2,275,582	655,448	-	-	8,153,245	7,689,975	155,122	-	27,903,232	22,650,836
Financial liabilities at fair value through profit or loss														
Forward foreign exchange contracts	-	-	-	-	-	-	-	-	433,021	232,134	6,190	-	439,211	232,134
Total financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	433,021	232,134	6,190	-	439,211	232,134

Fair value hierarchy

Unitised funds are valued using published prices established by the underlying trust's manager which are based on the net asset value ("NAV") of the underlying trust. The Manager believes the Funds could have redeemed their investments at the published prices at reporting date and they are therefore included in Level 2 of the fair value hierarchy.

Forward foreign exchange contract values are determined using valuation techniques which include market observable inputs and are therefore included in Level 2 of the fair value hierarchy. The fair values have been calculated from spot exchange rates and forward points supplied by WM/Reuters.

Financial assets at fair value through profit or loss exceeding 5% of the net assets available for benefits of each Fund is as follows:

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Baillie Gifford Long Term Global Fund	1,419,732	1,191,619	-	-	237,777	64,248	-	-	832,026	767,344	-	-	2,489,535	2,023,211
Baillie Gifford Managed Fund	8,245,083	7,245,119	1,576,295	972,261	2,037,805	591,200	-	-	4,941,964	4,600,650	66,095	-	16,867,242	13,409,230
Baillie Gifford Sterling Aggregate Bond	4,177,072	3,646,280	1,901,101	1,250,134	-	-	-	-	2,379,255	2,317,919	89,027	-	8,546,455	7,214,333
Total	13,841,887	12,083,018	3,477,396	2,222,395	2,275,582	655,448	-	-	8,153,245	7,685,913	155,122	-	27,903,232	22,646,774

COVID-19 Pandemic

In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic interfered with general activity levels within the community, the economy and the operations of businesses the Scheme ultimately invests in. The Scheme correspondingly suffered a significant fall in the fair value of assets in March 2020. It is not possible to estimate the impact of the outbreak's longer-term effects or Governments' varying efforts to combat the outbreak and support businesses. The financial statements have been prepared based upon conditions existing at 31 March 2020 and considering these events occurred prior to that date, no subsequent adjustments have been made to financial statements for the impacts of COVID-19.

6. OTHER RECEIVABLES

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unsettled trades	-	-	-	-	-	-	-	-	208,638	53,660	-	-	208,638	53,660
Prepaid establishment costs	74,206	141,355	13,569	15,604	6,271	-	-	-	56,373	20,135	-	-	150,419	177,094
Total other receivables	74,206	141,355	13,569	15,604	6,271	-	-	-	265,011	73,795	-	-	359,057	230,754

All other receivable balances are current assets. Other receivables are classified as financial assets at amortised cost.

Prepaid establishment fees are amortised over a 60 month period commencing 6 months after the first unitisation of the Fund. The Scheme opened in December 2016. The costs incurred by Ranfurly Strategic Limited to establish the Scheme were reimbursed by the Funds on a cost activity basis. The Scheme has had significant member inflows, however, there is a limited risk there will be insufficient demand for the Scheme to make it economically viable and it will be wound up. If it is wound up the costs of establishing and winding up the Scheme will be expensed and deducted fully from the net funds available for member benefits. The unamortised establishment fees are 0.52% of the total Scheme net assets available for benefits at 31 March 2020 (31 March 2019: 0.77%). The establishment costs are disclosed in the Product Disclosure Statement.

7. OTHER PAYABLES

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Loan interest payable	-	-	-	-	-	-	-	-	-	356	-	-	-	356
Total other payables	-	-	-	-	-	-	-	-	-	356	-	-	-	356

All other payable balances are current liabilities. Other payables are classified as financial liabilities at amortised cost.

8. CONTRIBUTIONS AND WITHDRAWALS

Contributions are received from members directly or from other superannuation schemes. Contributions for the year were received from the following sources:

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020	2019	2020	2019	2020	1 month 2019	2020	8 months 2019	2020	2019	2020	5 months 2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund switches in	131,347	-	-	625,182	53,721	-	-	-	3,282,784	3,781,423	201,045	-	-	-
Transfers from other schemes	4,103,579	5,840,783	1,545,753	-	1,500,628	655,761	-	1,109,391	1,375,530	1,511,027	-	-	8,525,490	9,116,962
Total contributions	4,234,926	5,840,783	1,545,753	625,182	1,554,349	655,761	-	1,109,391	4,658,314	5,292,450	201,045	-	8,525,490	9,116,962

8. CONTRIBUTIONS AND WITHDRAWALS - CONTINUED

Withdrawals from the Scheme are made to pay authorised pension payments (including lump sum withdrawals) and fees. Fees associated with withdrawals from the Scheme are deducted from members accounts as a redemption of units during the period. Withdrawals for the year were as follows:

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	1 month 2019 \$	2020 \$	8 months 2019 \$	2020 \$	2019 \$	2020 \$	5 months 2019 \$	2020 \$	2019 \$
Fund switches out	3,294,982	3,481,456	388,549	299,967	-	-	-	625,182	-	-	-	-	-	-
Pension payments to members	385,294	366,779	143,904	-	-	-	-	490,779	3,952,670	400,148	-	-	4,481,868	1,257,706
Authorised financial adviser fees	113,688	87,710	13,993	14,191	9,625	-	-	-	67,910	46,267	724	-	205,940	148,168
Exit fees	-	2,772	-	-	-	-	-	-	-	1,991	-	-	-	4,763
Member attributed taxation	103,678	80,510	5,790	8,035	3,132	32	-	-	(46,120)	83,961	(754)	-	65,726	172,538
Total withdrawals	3,897,642	4,019,227	552,236	322,193	12,757	32	-	1,115,961	3,974,460	532,367	(30)	-	4,753,534	1,583,175

9. RELATED PARTIES

Related parties comprise the Manager, the Supervisor and their related entities.

Management fees The Manager is entitled to a fee, payable out of the Funds, in relation to the services it provides as the manager of the Scheme. The fee is calculated weekly and paid monthly as a percentage per annum of the NAV of the Funds. The management fee is currently 1% per annum.

Management fees paid for the year are shown in the Statements of Changes in Net Assets under "Management fees".

Exit fees The Manager is entitled to an exit fee, payable by the unit holder, when more than 25% of a unit holder's funds are withdrawn. The fee is calculated as 3% of the amount withdrawn, less 1% for every complete 12 months the unit holder has been a member of the Scheme. Exit fees are detailed in Note 8. The Manager may waive the exit fee in certain circumstances.

Administration fees Administration fees including administration, registry, custody, accounting, hedging advisory, legal and regulatory fees are currently met by the Manager from the management fee received from the Scheme.

Supervisor fees The Supervisor is entitled to a fee, for the services it provides as supervisor of the Scheme, of 0.08% of the gross asset value ("GAV") of the Scheme per annum, subject to a minimum fee of NZ\$43,000 per annum. The Manager pays the supervisor fee out of the management fee. Supervisor fees for the year ending 31 March 2020 were \$45,000 (2019: \$44,000).

Auditor's fees BDO Christchurch is entitled to a fee for the services they provide as auditor of the Scheme. Fees paid to the auditor for the audit of the financial statements were \$27,198 (2019: \$24,100). The Manager pays the auditor's fees out of the management fee.

Directors interests Directors of the Manager, key management personnel of the Manager and their close relatives did not hold any interests in the Scheme as at reporting date (2019: nil).

Related party payables Payables to related parties at reporting date were as follows:

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Management fees payable	12,577	9,839	2,607	1,789	1,821	413	-	-	7,261	6,599	176	-	24,442	18,640
Total related party payables	12,577	9,839	2,607	1,789	1,821	413	-	-	7,261	6,599	176	-	24,442	18,640

All related party payable balances are current liabilities. Related party payables are classified as financial liabilities at amortised cost.

10. LOANS PAYABLE

The Manager had appointed Penrich Capital UK Limited to manage the hedging of currency exposure. The Manager had arranged a revolving credit facility with Penrich Capital UK Limited to fund the margin requirement and any daily unrealised mark to market loss on forward currency contracts.

Loan terms:

- Interest rate - OCR per annum, payable monthly.
- Loan limit - \$500,000
- Repayment terms - agreed at each drawdown.

The agreement with Penrich Capital UK Limited was terminated effective from 20 March 2020, and this also terminated the revolving credit facility.

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Penrich Capital UK Limited	-	-	-	-	-	-	-	-	-	220,000	-	-	-	220,000
Total loans	-	-	-	-	-	-	-	-	-	220,000	-	-	-	220,000

11. Reconciliation of net profit/(loss) to net cash flows from operating activities

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020	2019	2020	2019	2020	1 month 2019	2020	8 months 2019	2020	2019	2020	5 months 2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net profit/(loss)	154,066	684,631	73,840	74,091	(15,395)	7,223	-	(1,142)	379,617	286,187	(1,954)	590,174	1,050,990	
Adjustments for non-cash items														
Net unrealised changes in the fair value of financial assets and liabilities	(6,545)	(700,366)	(62,262)	(88,334)	1,464	(7,688)	-	-	(298,031)	26,588	3,122	(362,252)	(769,800)	
Net foreign currency (losses)/gains on operating activities	5,670	(1,696)	845	(258)	449	-	-	-	(74,011)	11,079	(714)	(67,761)	9,125	
	(875)	(702,062)	(61,417)	(88,592)	1,913	(7,688)	-	-	(372,042)	37,667	2,408	(430,013)	(760,675)	
Movements in working capital items														
Decrease in other payables	-	-	-	-	-	-	-	-	(356)	(77)	-	(356)	(77)	
Increase in related party payables	2,738	1,993	818	591	1,408	413	-	-	662	4,626	176	5,802	7,623	
(Decrease)/increase in loans	-	-	-	-	-	-	-	-	(220,000)	138,000	-	(220,000)	138,000	
Decrease/(increase) in other receivables	67,149	16,076	2,035	1,795	(6,271)	-	-	-	(191,216)	(51,807)	-	(128,303)	(33,936)	
(Increase)/decrease in cost of investments	(579,797)	(1,874,348)	(976,710)	(299,048)	(1,477,628)	(651,465)	-	-	35,649	(4,787,607)	(152,054)	(3,150,540)	(7,612,468)	
	(509,910)	(1,856,279)	(973,857)	(296,662)	(1,482,491)	(651,052)	-	-	(375,261)	(4,696,865)	(151,878)	(3,493,397)	(7,500,858)	
Net cash inflow from operating activities	(356,719)	(1,873,710)	(961,434)	(311,163)	(1,495,973)	(651,517)	-	(1,142)	(367,686)	(4,373,011)	(151,424)	(3,333,236)	(7,210,543)	

12. Reconciliation of net membership activities to net cash flows from financing activities

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund	Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	1 month 2019 \$	2020 \$	8 months 2019 \$	2020 \$	2019 \$	5 months 2020 \$	2020 \$	2019 \$
Net membership activities	337,284	1,821,556	993,517	302,989	1,541,592	655,729	-	(6,570)	683,854	4,760,083	201,075	3,757,322	7,533,787
Movements in working capital items													
Increase in PIE tax payable	20,035	46,412	(2,906)	2,245	3,092	32	-	-	(131,815)	80,135	(757)	(112,351)	128,824
Net foreign exchange gains/(losses) on financing activities	12,570	288	2,816	(1)	305	-	-	1,215	305	-	-	15,996	1,502
Net cash inflow/(outflow) from financing activities	369,889	1,868,256	993,427	305,233	1,544,989	655,761	-	(5,355)	552,344	4,840,218	200,318	3,660,967	7,664,113

13. DERIVATIVES

Forward foreign exchange contracts

The Scheme maintains an active hedging policy designed to economically hedge returns of the underlying funds back to the currency in which the Fund is denominated. The Scheme uses OMF Financial Limited ("OMF") to execute margin foreign exchange contracts and deliverable foreign exchange contracts. For margin foreign exchange contracts OMF can unilaterally reduce the size of the margin foreign exchange contract if the Scheme's margin balance falls below an agreed minimum amount. To date, OMF has not established a minimum amount for the Scheme and OMF have not exercised that right. No assets of the Scheme were pledged as collateral or security against the margin account.

The Manager had appointed Penrich Capital UK Limited to manage the hedging of currency exposure. The Manager had arranged a revolving credit facility with Penrich Capital UK Limited to fund the margin requirement and any daily unrealised mark to market loss on forward currency contracts.

Cash receipts from OMF and payments to OMF were reported on a net basis in the Statement of Cash Flows because the turnover is quick, the amounts are large and the maturities are short.

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund	Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2020 \$	2019 \$
Fair Value													
GBP	-	-	-	-	-	-	-	-	(433,021)	(228,072)	(6,190)	(439,211)	(228,072)
Notional value													
GBP	-	-	-	-	-	-	-	-	7,721,129	6,832,127	193,483	7,914,612	6,832,127

14. FINANCIAL RISKS

Financial risk factors

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance. The Scheme is indirectly exposed to risk factors such as credit risk and interest rate risk via its investments in unithised funds, however the risk management notes outlined below are not prepared on a look through basis.

All securities investments present a risk of loss of capital. The maximum loss of capital on unithised funds is limited to the fair value of those positions.

14(a). MARKET RISK

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market.

All equity, unit trust, listed and unlisted investments present a risk of capital loss often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate both domestically and internationally. The Manager moderates this risk through careful stock selection and diversification, daily monitoring of the Scheme's market position and adherence to the Scheme's investment policies.

Price risk - Sensitivity analysis

The Manager considers the volatility of the fair value of investments in portfolios to be in the 7.6% (2019: 6.5%) range. This is based on the weighted average of the considered volatility on underlying funds which range from 5.78% - 17.89% (2019: 0.03% - 16.19%). At 31 March, the net fair value of financial instruments exposed to price risk and the sensitivity of the Funds' net assets attributable to unit holders and net profit/(loss) attributable to unit holders to a 6.5% increase or decrease in prices was as follows:

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Financial assets at fair value through profit or loss														
Unitised funds	13,841,887	12,083,018	3,477,396	2,222,395	2,275,582	655,448	-	-	8,153,245	7,685,913	155,122		27,903,232	22,646,774
Total	13,841,887	12,083,018	3,477,396	2,222,395	2,275,582	655,448	-	-	8,153,245	7,685,913	155,122		27,903,232	22,646,774
Sensitivity analysis	7.60%	6.50%	7.60%	6.50%	7.60%	6.50%			7.60%	6.50%	7.60%		7.60%	6.50%
% increase in prices	1,051,983	785,396	264,282	144,456	172,944	42,604	-	-	619,647	499,584	11,789		2,120,645	1,472,040
% decrease in prices	(1,051,983)	(785,396)	(264,282)	(144,456)	(172,944)	(42,604)	-	-	(619,647)	(499,584)	(11,789)		(2,120,645)	(1,472,040)

Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Scheme holds financial instruments denominated in currencies other than New Zealand dollar, the functional currency. It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to change in exchange rates. The Scheme may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency.

14(a). MARKET RISK - CONTINUED

Currency risk - sensitivity analysis

At 31 March, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% (2019: 5%) (which is the Manager's assessment of a reasonable movement with regard to historical volatility) with all other variables held constant, the impact on total comprehensive income/(loss) and net assets attributable to unit holders would have been as follows:

	Sterling Balanced Fund		Sterling Conservative Fund		Sterling Growth Fund		Sterling Cash Fund		New Zealand Dollar Balanced Fund		New Zealand Dollar Conservative Fund		Total Ranfurly Superannuation Scheme	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount of the Funds' net assets held in foreign currencies														
Cash and cash equivalents	66,390	43,046	42,028	5,235	56,095	1,790	-	-	353,600	209,527	28,378	-	546,491	259,598
Other receivables	74,206	141,355	13,569	15,604	6,271	-	-	-	265,011	73,795	-	-	359,057	230,754
Related party payables	(12,577)	(9,839)	(2,607)	(1,789)	(1,821)	413	-	-	-	-	-	-	(17,005)	(11,215)
Unitised funds	13,841,887	12,083,018	3,477,396	2,222,395	2,275,582	655,448	-	-	8,153,245	7,685,913	155,122	-	27,903,232	22,646,774
Forward foreign exchange contracts	-	-	-	-	-	-	-	-	(433,021)	(228,072)	(6,190)	-	(439,211)	(228,072)
Total	13,969,906	12,257,580	3,530,386	2,241,445	2,336,127	657,651	-	-	8,338,835	7,741,163	177,310	-	28,352,564	22,897,839
Sensitivity analysis	10%	5%	10%	5%	10%	5%			10%	5%	10%		10%	5%
GBP														
Exchange rates increase by %	(1,269,992)	(583,694)	(320,944)	(106,735)	(212,375)	(31,277)	-	-	(56,155)	(38,177)	1,470	-	(1,857,996)	(759,883)
Exchange rates decrease by %	1,552,212	645,136	392,265	117,971	259,570	34,570	-	-	68,634	42,196	(1,797)	-	2,270,884	839,873

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 Funds are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flow. Interest income benefits do not accrue to members on cash and cash equivalent balances, hence interest rate risk is not applicable to these investments.

14(b). LIQUIDITY RISK

Liquidity risk is the risk that the Scheme will not be able to meet their financial obligations as they fall due. The risk arises where there is a mismatch between the maturity profile of investments and the amounts required to pay withdrawals. The Scheme will generally retain sufficient cash and cash equivalent balances to satisfy accrued expenses that may fall due. If required withdrawals from the Scheme Funds are managed by redeeming investments in underlying funds sufficient to meet the liability of the Scheme Fund. The underlying funds invested into by the Scheme Funds are daily dealing and have 3 day settlement terms. Monies received from member applications may be used to offset member withdrawals.

14(c). CREDIT RISK

Credit risk represents the risk that counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Scheme to incur a financial loss. Financial instruments that subject the Scheme to credit risk are cash and cash equivalents and other receivables.

With respect to credit risk arising from the financial assets of the Scheme, the Scheme's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statements of Net Assets. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Settlement risk is the risk of loss due to the failure of an entity to deliver cash, securities or other assets as contractually agreed. The Scheme's activities may give rise to settlement risk at the time of transactions. The majority of transactions are carried out by a broker which mitigates settlement risk by ensuring that the transaction is settled only when both parties have fulfilled their contractual obligations.

The Scheme's cash and cash equivalents balances are held with banks registered in New Zealand which carry a minimum short term credit rating of AA- (Standard & Poor's) (2019: AA-).

The New Zealand Dollar Balanced Fund executes foreign exchange contracts with OM Financial Limited ("OMF"). There is a risk that OMF will fail to deliver when foreign exchange contracts are exercised by the Fund. Margin accounts with OMF are held by OMF on trust in one of OMF's client bank accounts where OMF acts as a bare trustee. OMF is subject to regulatory oversight from FMA. OMF has no external credit rating. The Manager does not consider this risk to be a material risk.

At 31 March 2020 and 31 March 2019, all cash and cash equivalents are held with counterparties with high credit ratings and all financial instruments measured at amortised cost are short-term in nature (i.e. no longer than 12 months) and of high credit quality. The Manager considers the probability of default to be close to zero as the counterparties have strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECLs as any such impairment would be wholly insignificant to the Scheme.

As at 31 March 2020 there were no financial assets past due or impaired (31 March 2019: nil).

14(d). CAPITAL RISK MANAGEMENT

The Scheme's capital is represented by net assets attributable to unit holders. The Manager's objectives when managing capital are to provide returns for unit holders through capital growth and to safeguard its ability to continue as a going concern in order to ensure its net assets available to pay benefits are sufficient to meet all present and future obligations. In order to meet its objectives for capital management the Manager monitors the Scheme's performance on a regular basis, with oversight from the Supervisor.

The Scheme strives to invest the subscriptions of unit holder funds in investments that meet the Scheme's objectives while maintaining sufficient liquidity to meet weekly unit holder redemptions.

The Scheme does not have any externally imposed capital requirements. Units may be redeemed on a weekly basis, or such other date as the Manager shall from time to time determine.

15. CONTINGENT LIABILITIES & COMMITMENTS

The Scheme has no material commitments or material contingencies at 31 March 2020 (31 March 2019: nil).

16. EVENTS SUBSEQUENT TO BALANCE DATE

There are no significant events that have occurred after the Statements of Net Assets date that require recognition or additional disclosure in these financial statements.