Vision Income Fund (formerly UBT Invest NZ Retail Fund)

Financial Statements
For the year ended 31 March 2023

Report contents

Directory

The Manager	FundRock NZ Limited (previously known as Implemented Investment Solutions Limited) Level 2, Woodward House 1 Woodward Street PO Box 25003 Wellington, New Zealand 6140
Investment Manager	Aura Funds Management Pty Limited Level 24, 52 Martin Place Sydney, NSW Australia, 2000
Directors of the Manager	Anthony Edmonds Ian Russon Jeremy Valentine Gareth Fleming
The Supervisor	Public Trust Level 8, 22 Willeston Street Private Bag 5902 Wellington, New Zealand 6140
Administration Manager	Adminis NZ Limited Level 1 125 Featherston Street PO Box 25555 Wellington, New Zealand 6140
Auditor	KPMG 10 Customhouse Quay PO Box 996 Wellington, New Zealand 6140
Correspondence	All correspondence and enquiries to the Supervisor about the Fund should be addressed to the Supervisor, Public Trust, at the above address.

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Independent Auditor's Report

To the unitholders of Vision Income Fund (formerly UBT Invest NZ Retail Fund)

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Vision Income Fund (formerly UBT Invest NZ Retail Fund) (the 'fund') on pages 6 to 24:

i. present fairly, in all material respects the fund's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2023;
- the statements of comprehensive income, changes in funds attributable to unit holders and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the fund in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the fund. Subject to certain restrictions, partners and employees of our firm may also deal with the fund on normal terms within the ordinary course of trading activities of the business of the fund. These matters have not impaired our independence as auditor of the fund. The firm has no other relationship with, or interest in, the fund.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1% of total assets for the fund. We chose the benchmark because, in our view, this is a key measure of the fund's performance.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the members as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

The key audit matter	How the matter was addressed in our audit
Carrying value of Loans Receivable	
Refer to Note 2 Summary of significant accounting policies and Note 6 Loans receivable of the financial statements. The fund portfolio of loans is the most significant asset making up in excess of 72% of total assets. Loans receivables are held by the Custodian on behalf of the fund. The fund recognises an impairment allowance for expected credit losses (ECL) on loans receivable. Judgement is required to incorporate a forward-looking economic view in the estimation of the ECL. Valuation and existence of loans receivable is a key audit matter due to the significance of the loans receivable balance to the fund financial statements and the high degree of judgement and complexity involved in estimating the expected credit loss provision.	Our audit procedures over the valuation of loans receivable included; • Developing an understanding of the internal processes and relevant controls over loan origination and loan monitoring process; • Considering the reasonableness of the key judgements and inputs included in the ECL model and where relevant agreeing these inputs to external data; • Testing the mathematical accuracy of the ECL calculation; and • Performing sensitivity analysis, considering a range of likely outcomes for various scenarios, and comparing the fund ECL coverage ratio to market benchmarks. Our audit procedures over the existence of loans receivable included: • Documenting and understanding the processes in place to record loans receivable transactions. This included evaluating the control environment in place at the Custodian by obtaining and reviewing the control report issued by an independent auditor on the design and operation of those controls; • Obtaining confirmation from the Custodian for all loans receivable balances as at 31 March 2023.
Valuation and existence of financial assets at fair value	
Refer to Note 2 Summary of significant accounting policies and Note 4 Financial assets and liabilities at fair value through profit and loss (for existence and valuation) of the financial statements. The Fund portfolio of investments is the most significant asset making up in excess of 18% of total assets. These comprise of investments in unlisted unit trusts. The investment portfolio in total, due to its materiality in the context of the financial	Our audit procedures included: • documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the administration manager by obtaining and reading a report issued by an independent auditor on the design and operation of those controls; • agreeing the valuation of unlisted unit trusts to confirmations received from the investment manager; • agreeing investment holdings to confirmations received from the custodian; and

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The key audit matter	How the matter was addressed in our audit
statements as a whole, is a significant area of audit focus.	• checking the accuracy of fair value hierarchy disclosure as disclosed in the financial statements.

Other information

The Manager, on behalf of the fund, are responsible for the other information included in the entity's financial statements. Other information includes the Directory. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the unitholders as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent 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 members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Manager for the financial statements

The Manager, on behalf of the fund, are responsible for:

— the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;

— implementing necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/

This description forms part of our independent auditor's report.

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

For and on behalf of

KPMG

KPMG
Wellington

21 July 2023

Statement of comprehensive income

for the year ended 31 March 2023

in New Zealand Dollars

	Note	Vision Income Fund 2023 $	2022 $
Income			
Interest income - amortised cost		**4,789,134**	2,918,156
Distribution income		**269,180**	-
Net gains on financial assets at fair value through profit or loss	4	**140,545**	-
Fee rebates		**5,981**	-
Drawdown/early withdrawal fees		**6,434**	4,227
Total income		**5,211,274**	2,922,383
Expenses			
Auditor's fees - financial statements audit		**36,972**	28,750
Custody fees		**10,054**	7,713
Impairment allowance	6	**31,331**	(49,447)
Investment accounting fees		**90,134**	84,977
Management fees	9	**1,537,032**	1,173,403
Other expenses		**5,434**	22,754
Supervisor fees	9	**23,000**	23,000
Total expenses		**1,733,957**	1,291,150
Net profit attributable to unit holders		**3,477,317**	1,631,233
Other comprehensive income		**-**	-
Total comprehensive income for the year attributable to unit holders		**3,477,317**	1,631,233

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

Statement of financial position

as at 31 March 2023

in New Zealand Dollars

	Note	Vision Income Fund 2023 $	Vision Income Fund 2022 $
Current assets			
Cash and cash equivalents	3	**9,069,399**	40,444,859
Financial assets at fair value through profit or loss	4	**18,540,545**	-
Loans receivables	6	**30,627,187**	21,476,773
Other receivables	7	**141,484**	35,212
Non-current assets			
Loans receivables	6	**42,263,351**	20,860,545
Total assets		**100,641,966**	82,817,389
Liabilities			
Other payables	8	**1,299,876**	3,974,982
Related party payables	9	**421,643**	112,493
PIE tax payable		**528,361**	195,422
Total liabilities		**2,249,880**	4,282,897
Net assets		**98,392,086**	78,534,492
Represented by:			
Net assets attributable to unit holders		**98,392,086**	78,534,492

These financial statements were authorised for issue by the Manager, FundRock NZ Limited:

Director Anthony Edmonds

Director Jeremy Valentine

21 / 07 / 2023
Date

21 / 07 / 2023
Date

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

Statement of changes in funds attributable to unit holders

for the year ended 31 March 2023

in New Zealand Dollars

	Vision Income Fund	
	2023	2022
	$	$
Net assets attributable to unit holders at the start of the year	**78,534,492**	65,851,650
Applications	**45,745,066**	58,282,749
Redemptions	**(25,240,560)**	(45,432,950)
Distributions	**(3,501,216)**	(1,562,828)
Unit holders tax	**(623,013)**	(235,362)
Net increase from unit holder transactions	**16,380,277**	11,051,609
Total comprehensive income for the year	**3,477,317**	1,631,233
Net assets attributable to unit holders at the end of the year	**98,392,086**	78,534,492

	2023	2022
	Units	Units
Units on issue at the start of the year	**78,618,319**	66,003,883
Units issued	**47,985,706**	59,282,748
Units redeemed	**(28,104,213)**	(46,668,312)
Units on issue at the end of the year	**98,499,812**	78,618,319

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

Statement of cash flows

for the year ended 31 March 2023

in New Zealand Dollars

	Note	Vision Income Fund	
		2023	2022
		$	$
Cash flows from operating activities			
Cash was provided from			
Loan principal repayments		**27,299,262**	32,603,448
Sale of investments		**18,750,000**	-
Distribution income		**269,180**	-
Fee rebate income		**5,981**	-
Interest income		**4,484,624**	2,987,723
Drawdown/early withdrawal income		**6,434**	4,227
Cash was provided to			
Loan drawdowns		**(57,878,812)**	(25,007,117)
Purchase of investments		**(37,150,000)**	-
Operating expenses		**(1,391,233)**	(1,379,387)
Net cash (outflow)/inflow from operating activities	10	**(45,604,564)**	9,208,894
Cash flows from financing activities			
Proceeds from units issued		**43,820,512**	57,524,449
Redemptions		**(27,875,436)**	(41,765,429)
Distributions		**(1,425,898)**	(819,814)
PIE tax paid		**(290,074)**	(150,489)
Net cash inflow from financing activities		**14,229,104**	14,788,717
Net cash (outflow)/inflow		**(31,375,460)**	23,997,611
Net cash and cash equivalents at the beginning of the year		**40,444,859**	16,447,248
Net cash and cash equivalents at the end of the year		**9,069,399**	40,444,859

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

Notes to the financial statements

1. GENERAL INFORMATION

Reporting entity	The Vision Income Fund (the "Fund"), is a unit trust registered in New Zealand that commenced on 5 June 2020. Up to 30 January 2023 the Fund was call the UBT Invest NZ Retail Fund. The Fund is governed by a Master Trust Deed dated 1 December 2016 between FundRock NZ Limited (the "Manager") and Public Trust (the "Supervisor") and an Establishment Deed dated 16 December 2019 (together, the "Trust Deed"). The Fund is a for-profit entity. The purpose of the Fund is to provide members of the Brethren community ('Community') with an investment product that suitably satisfies the Community's ethical requirements, as an alternative to other fixed income investments in the market. The Fund will make loans to businesses in the Community and make investments in other fixed income investments and cash and cash-like investments. The Fund may also invest in other credit funds or collective investment vehicles whose investments include loans made to the Community. The investment objective is to generate returns that are above the median 1-year term deposit rate paid by the registered New Zealand banks. The financial statements are for year ended 31 March 2023, with comparatives for the year ended 31 March 2022.
Statutory Base	The financial statements for the Fund have been prepared in accordance with the Trust Deed and the Financial Markets Conduct Act 2013 ("FMCA").
Basis of preparation	The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and other legislative requirements as appropriate for for-profit entities. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on the historical cost basis, unless stated otherwise in specific accounting policies. The accrual basis of accounting has been applied, as has the going concern assumption. The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities that have a maturity of less than a year or have no fixed maturity are considered current assets/liabilities.
New standards and amendments to existing standards effective in the current year	There are no new or amended standards for the year ended 31 March 2023 that have had a material impact on the financial statements.
New accounting standards and interpretations not 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 Fund.
Significant accounting 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 Fund's accounting policies. The significant accounting estimates impacted by forecasts and associated uncertainties are predominantly related to expected credit losses and recoverable amount assessments of financial assets. The Manager has developed various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2022 about future events that are reasonable in the circumstances. The underlying assumptions are subject to uncertainties which are often outside the control of the Fund. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the Fund's functional currency. All amounts have been rounded to the nearest dollar.

Financial instruments

(a) Classification

Financial assets at fair value through profit or loss

The Fund classifies its investments in unlisted unit trusts as financial assets at fair value through profit or loss. The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund'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 Fund's investment strategies.

The Manager and investment manager are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Fund 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 Fund's loans receivables, cash and cash equivalents and other receivables are classified as financial assets at amortised cost based on the Fund's business model for managing those financial assets and the contractual cash flow characteristics. The contractual cash flows of the Fund's loans are solely principal and interest, and the securities are held for the purpose of collecting contractual cash flows.

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

(b) Recognition

Purchases and sales of investments are recognised on the trade date, the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value and, subsequent to initial recognition, measured at fair value. Gains and losses arising from changes in fair value are recognised in the Statement of Comprehensive Income when they arise. Interest, dividend and distribution income are separately recognised in the Statement of Comprehensive Income. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Loans are recognised on drawdown date. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

(c) 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 the measurement date in the principal or, in its absence, the most advantageous market to which the Funds had access at that date. The fair value also includes non-performance risk.

Fair value of unlisted unit trusts

The fair value of investments in unlisted unit trusts is determined using the last available redemption unit prices for those funds at reporting date. The Manager of the Fund may make adjustments based on considerations such as the liquidity of the underlying investments and any restrictions on redemptions.

Fair value in an inactive market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Financial assets at amortised cost are measured using the effective interest method less any impairment.

(d) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or those rights are transferred in a transaction in which the Fund does not retain control of the financial asset. Any gain or loss arising on derecognition of the asset is recognised in the Statement of Comprehensive Income in the year the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment

(a) Financial Instruments

The Fund recognises loss allowances for expected credit losses (ECLs) on loans receivables. The Fund measures ECLs under a three-stage model for its financial assets as follows:

Stage	Criteria	Measurement of ECLs
Stage 1	Applies to all financial assets that are considered to be ‘performing’. Financial assets fall within this stage when there has not been a significant increase in credit risk since the initial recognition of the financial asset.	ECLs are measured at 12-month expected credit losses. This measurement is based on possible default events occurring within 12 months after reporting date.
Stage 2	Applies to all financial assets that are considered to be ‘under-performing’. Financial assets fall within this stage when there has been a significant increase in credit risk since the initial recognition of the financial asset, but is not yet considered to be ‘credit impaired’. Further criteria are set out in (b) below.	ECLs are measured at lifetime expected credit losses. This measurement is based on possible default events occurring over the expected life of the financial asset.
Stage 3	Applies to all financial assets that are considered to be ‘credit impaired’. Financial assets fall within this stage when objective evidence of credit-impairment emerges with one or more events that have a detrimental impact on the estimated future cash flows of the financial assets. In any event, where the borrower is in arrears by 90 days, the Fund considers there to be a significant increase in credit risk warranting the loan to be classified as ‘credit-impaired’ and included in Stage 3. Detailed criteria used by the Fund is set out in both (b) and (c) below.	ECLs are measured at lifetime expected credit losses. This measurement is based on possible default events occurring over the expected life of the financial asset.
Write off	Loans are written off when there is no reasonable expectation of recovery (refer (e) below).	The loan less any related provision is written off (refer (e) below).

At each reporting date, the Fund assesses whether there has been a significant increase in credit risk for financial assets and whether a financial asset is ‘credit impaired’ to then classify the financial asset as either Stage 1, 2 or 3.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund’s historical experience and informed credit assessment and including forward-looking information.

(b) Determining significant increase in credit risk ("SICR") for loans

A SICR is assessed by comparing the risk of default at the reporting date to the corresponding risk of default at origination. In determining what constitute a SICR risk, the Fund has considered reasonable and supportable qualitative and quantitative information. The primary indicator of a SICR is a significant deterioration in the internal credit rating grade (explained below) of the lending between origination and reporting date. The Fund assigns credit risk ratings internally for all loans based on information during the loan application and origination process and reviews these ratings as part of the Fund’s ongoing monitoring of loans. All loans and respective ratings are reviewed at least annually.

The Fund uses a range of metrics to determine a risk rating for each loan in the portfolio, and for the portfolio of loans in aggregate. Internal rating grade range from 1 to 4 (1 being low expected credit loss). The internal ratings are assigned using a range of metrics, to assess the borrower's financial condition and capacity to repay.

At balance date all loans in the portfolio have a risk rating between 1 and 1.5 (2022: 1).

A change in the credit risk rating approximates a change in the risk of a default occurring over the expected life of the loan. Where the credit risk rating increases for a loan compared to what was assigned during the loan application and origination process, the Fund considers that a significant increase in credit risk has occurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment - continued

(b) Determining significant increase in credit risk ("SICR") for loans - continued

A significant increase in credit risk may also occur without a change in the credit risk rating assigned. The Fund considers other factors when determining a significant increase in credit risk that includes:
- Actual or expected significant adverse changes in business, financial or economic conditions relative to the borrower's ability meet their obligations;
- Actual or expected significant adverse changes in the operating results of the borrower;
- Significant increases in credit risk on other loans made to the borrower;
- Significant changes in the value of collateral supporting the loan;
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status and behaviour of the borrower.

In any event, where the borrower is in arrears by 30 days, the Fund considers there to be a significant increase in credit risk warranting the loan to be classified as 'under-performing' and included in Stage 2.

There have been no loan movements between stages during the period.

The Fund uses forward-looking information that is available without undue cost or effort in its assessment of SICR as well as in its measurement of ECL. The Fund uses external and internal information to generate a possible forecast scenarios. The external information used includes registered New Zealand banks historic data published by Reserve Bank of New Zealand.

(c) Credit-impaired financial assets

A financial asset is 'credit impaired' when objective evidence of credit-impairment emerges with one or more events that have a detrimental impact on the estimated future cash flows of the financial assets. The Fund determines that a loan is 'credit-impaired' when it is assigned the maximum credit risk rating. The Fund also considers a loan to be 'credit-impaired' when:
- There is significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan by the Fund on terms that the Fund would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

(d) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls based on the probability of cash shortfalls occurring. Cash shortfalls are the difference between the cash flows due to the Fund in accordance with the contractual cash flows and the cash flows that the Fund expects to receive. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over with the Fund is exposed to credit risk.

The Fund determines the cash shortfalls based on the loss-given default ("LGD"), which is the level of loss expected should a default event occur. This is based on information that can be obtained without undue cost or effort. As the Fund has no history of cash shortfalls, comparable banking industry data published by the Reserve Bank of New Zealand ("RBNZ") is used as a LGD rate proxy.

The Fund determines the probability of cash shortfalls occurring based on the probability of default events occurring ("PD"). The period of the PD (i.e. 12-month or lifetime) is based on whether financial asset is in Stage 1, 2 or 3 (refer (a) above). The PD is based on information that can be obtained without undue cost or effort. As the Fund has no history of cash shortfalls, comparable banking industry data published by the RBNZ is used as a PD rate proxy.

Since inception of the Fund, there have been no cash shortfalls, losses or defaults relating to any of the loans within its loan portfolio.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(e) Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Fund individually assesses the financial assets, with respect to the timing and amount of write-off, based on whether there is a reasonable expectation of recovery. The Fund expects no significant recovery from the amount written off, however, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income recognition	Interest income is recognised in the Statement of Comprehensive Income as the interest accrues using the effective interest rate method. Interest income is earned on loans and bank balances. For Stage 1 and 2 financial assets, interest revenue is recognised using the effective interest rate on the gross carrying amount. For Stage 3 financial assets, interest revenue is recognised using the effective interest rate on the net carrying amount (gross carrying amount less provision). Interest income is disclosed net of any foreign tax credits and resident withholding taxes deducted at source, as these tax credits are allocated to unit holders under the PIE regime. Loan establishment fee income is recognised in the Statement of Comprehensive Income using the effective interest method. Loan establishment fees are amortised over the life of the asset on which it is derived. Any unrealised gains or losses arising from the revaluation of investments and any realised gains or losses from the sale of investments during the year are included in the Statement of Comprehensive Income.
Expenses	Expenses include management fees, investment accounting fees, custody fees, supervisor fees, audit fees, bank fees and other fees. Management fees, investment accounting fees, custody fees, supervisor fees audit fees and other fees are accrued for monthly, based on the Fund's net asset value ("NAV") or a fixed annual rate. All other expenses are recognised when incurred.
Cash and cash equivalents	Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity of three months or less and are initially measured at fair value. Subsequent to initial recognition, all cash and cash equivalents are measured at amortised cost.
Other payables	Other payables include liabilities and accrued expenses owed by the Fund that are unpaid at balance date. Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.
Related party payables	Payables to related parties include accrued expenses owed to related parties which are unpaid at balance date. Related party payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.
Taxation	The Fund is a Portfolio Investment Entity (“PIE”). Under the PIE regime income is effectively taxed in the hands of the unit holders and therefore the Fund has no tax expense. Accordingly, no income tax expense is recognised in the Statement of Comprehensive Income. Under the PIE regime, the Manager attributes the taxable income of the Fund to unit holders in accordance with the proportion of their interest in the overall Fund. The income attributed to each unit holder is taxed at the unit holder's prescribed investor rate ("PIR") which is currently capped at 28%. Any PIE tax payable/refundable on full withdrawals is paid/received by the Manager on behalf of unit holders 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 unit holders' annual PIE tax liabilities/assets at 31 March each year. At 31 March each year, the unit holders' net tax position is accrued and the value of unit holders' funds is adjusted to reflect the impact of tax payable/receivable on the value of the unit holders' interest in the Fund. Unit holders' PIE tax amounts disclosed in the Statement of Changes in Funds Attributable to Unit Holders include withdrawals to meet unit holder tax liabilities and application representing unit holder tax refunds under the PIE regime. The PIE tax attributable to unit holders at balance date is calculated on the basis of the tax laws enacted or substantively enacted at balance date.
Goods and Services tax	The Fund is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Statement of cash flows

Definitions of the terms used in the Statements of Cash Flows are:

(a) Operating activities comprise all transactions and other events that are not financing activities and includes purchases and sales of investments.

(b) Financing activities are those activities that result in changes in the size and composition of unit holders' funds. This includes elements of unit holders' funds not falling within the definition of cash. Distributions paid in relation to unit holders' funds are included in financing activities.

Distributions

The income of the Fund is distributed proportionately to unit holders in each Fund according to number of units held, subject to and in accordance with the Trust Deed.

Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at the unit price for that day. The unit price for each Fund is determined as the net asset value ("NAV") divided by the number of units on issue.

Unit holders' funds

The units issued by the Fund are puttable instruments and meet the definition of an equity instrument, defined as:

(a) unit holders are entitled to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
(b) it is in the class of instruments that is subordinate to all other classes of instruments;
(c) all units have identical rights and are puttable;
(d) apart from the contractual obligation of the issuer to redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability;
(e) the total expected cash flows attributable to the instrument over its life is based substantially on the profit or loss, the change in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund issues redeemable units which are redeemable at the holder's option and are classified as equity and reported as unit holders' funds.

Related parties

A party is related to the Fund if:

(a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Fund;
(b) it is a parent, subsidiary or fellow subsidiary of a party defined in (a) above;
(c) it has an interest in or relationship with the Funds that gives it significant influence or control over the Fund;
(d) it is controlled by or may be significantly influenced by another party which also has control or significant influence over the Fund;
(e) the Fund has an interest in or relationship with the party that gives significant influence over the party; or
(f) it is an entity or member of a group which provides key management personnel services to the Fund.

3. CASH AND CASH EQUIVALENTS

	Vision Income Fund	
	2023 $	2022 $
Cash at bank - New Zealand dollars	**9,069,399**	40,444,859
Total cash and cash equivalents	**9,069,399**	40,444,859

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

	Vision Income Fund	
	2023 $	2022 $
Financial assets and liabilities at fair value through profit or loss		
Unlisted unit trusts	**140,545**	-
Total net gains on financial assets and liabilities at fair value through profit or loss	**140,545**	-

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

	Vision Income Fund	
	2023 $	2022 $
Financial assets at fair value through profit or loss		
Unlisted unit trusts	**18,540,545**	-
Total financial assets at fair value through profit or loss	**18,540,545**	-

6. LOANS RECEIVABLES

	Vision Income Fund	
	2023 $	2022 $
Loans receivables		
Gross loans	**72,997,351**	42,412,800
Impairment allowance	**(106,813)**	(75,482)
Total loans receivables	**72,890,538**	42,337,318
Current loans	**30,627,187**	21,476,773
Non-current loans	**42,263,351**	20,860,545
Total loans receivables	**72,890,538**	42,337,318

	2023 $	2022 $
Opening balance	**42,337,318**	49,883,952
New loans advanced	**57,878,813**	25,007,117
Repayment of existing loans	**(27,299,262)**	(32,603,448)
Change in unsettled drawdown	**5,000**	250
Change in impairment allowance	**(31,331)**	49,447
Total loans receivables	**72,890,538**	42,337,318

6. LOANS RECEIVABLES - CONTINUED

The Fund has provided for credit losses against financial assets as follows:

31 March 2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loans receivables				
Gross loans	**72,997,351**	**-**	**-**	**72,997,351**
Expected credit losses	**(106,813)**	**-**	**-**	**(106,813)**
	72,890,538	**-**	**-**	**72,890,538**
Expected credit loss rate	**0.15%**	**0.00%**	**0.00%**	**0.15%**
Other financial assets				
Cash and cash equivalents	**9,069,399**	**-**	**-**	**9,069,399**
Expected credit losses	**-**	**-**	**-**	**-**
	9,069,399	**-**	**-**	**9,069,399**
Expected credit loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**

31 March 2022	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loans receivables				
Gross loans	42,412,800	-	-	42,412,800
Expected credit losses	(75,482)	-	-	(75,482)
	42,337,318	-	-	42,337,318
Expected credit loss rate	0.18%	0.00%	0.00%	0.18%
Other financial assets				
Cash and cash equivalents	40,444,859	-	-	40,444,859
Expected credit losses	-	-	-	-
	40,444,859	-	-	40,444,859
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%

There have been no transfers/movements between the Stages during the year.

The movement in expected credit losses as reflected within the different stages in the model can be illustrated as follows:

For the year ending 31 March 2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Opening ECLs	**(75,482)**	**-**	**-**	**(75,482)**
Movement in ECLs for the year	**(31,331)**	**-**	**-**	**(31,331)**
Closing ECLs	**(106,813)**	**-**	**-**	**(106,813)**

For the period ending 31 March 2022	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Opening ECLs	(124,929)	-	-	(124,929)
Movement in ECLs for the year	49,447	-	-	49,447
Closing ECLs	(75,482)	-	-	(75,482)

6. LOANS RECEIVABLES - CONTINUED

Movement in balances of expected credit losses:	Vision Income Fund	
	2023 $	2022 $
Opening balance	**(75,482)**	(124,929)
Current period amounts written off	**-**	-
(Increase)/decrease in ECLs	**(31,331)**	49,447
Balance at end of the period	**(106,813)**	(75,482)

Impairment losses recognised in profit or loss:	Vision Income Fund	
	2023 $	2022 $
Individual impairment expenses	**-**	-
Movement in ECL provision on financial assets	**(31,331)**	49,447
Total impairment expense	**(31,331)**	49,447

7. OTHER RECEIVABLES

	Vision Income Fund	
	2023 $	2022 $
Interest receivable	**141,484**	35,212
Total other receivables	**141,484**	35,212

All other receivable balances are current assets. Other receivables are classified as financial assets at amortised cost under NZ IFRS 9 - Financial instruments ("NZ IFRS 9").

8. OTHER PAYABLES

	Vision Income Fund	
	2023 $	2022 $
Prepaid interest	**-**	198,238
Distributions payable	**206,399**	55,635
Audit fees payable	**33,810**	28,750
Investment accounting fees payable	**20,374**	20,017
Custody fees payable	**938**	680
Other fees payable	**459**	3,891
Unsettled drawdowns	**5,250**	250
Redemptions payable	**1,032,646**	3,667,521
Total other payables	**1,299,876**	3,974,982

All other payable balances are current liabilities. Other payables are classified as financial liabilities at amortised cost under NZ IFRS 9.

9. RELATED PARTIES

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

Management fees

The Manager is entitled to a fee, payable out of the Fund, in relation to the services it provides as the Manager of the Fund. The Manager fee is $98,405 (31 March 2022: $86,250) per annum, accrued monthly and paid in arrears.

The Investment Manager is entitled to a fee, payable out of the Fund, in relation to the services they provide as Investment Manager of the Fund. The Investment Manager's fee is calculated as 0.42% of NAV per annum, calculated and accrued monthly and paid in arrears.

Vision Invest Pty Limited ("Vision"), formerly UBT Marketing Pty Limited, are the Investment Advisor and are entitled to a fee, payable out of the Fund, in relation to the services they provide as Investment Advisors of the Fund. Fees paid to Vision for the year were $884,577 (31 March 2022: $620,621).

Total Management fees for the year are disclosed in the Statement of Comprehensive Income.

Supervisor fees

Public Trust is entitled to a fee, payable out of the Fund, for the services it provides as Supervisor of the Fund. The supervisor fee is $23,000 (31 March 2022: $23,000) per annum, accrued monthly and paid in arrears.

Total Supervisor fees for the year are disclosed in the Statement of Comprehensive Income.

Related party payables	Vision Income Fund	
	2023 **$**	2022 $
Management fees payable	**419,726**	110,576
Supervisor fees payable	**1,917**	1,917
Total related party payables	**421,643**	112,493

All related party payable balances are current liabilities. Related party payables are classified as financial liabilities at amortised cost under NZ IFRS 9.

Related party holdings in the Fund

Directors and key management personnel of the Manager, Investment Manager, Investment Advisor and their immediate family members do not have holdings in the Fund.

Loans to related parties

The Fund has made loans to UBT Holdings Limited during the reporting period. The Investment Advisor appoints the Investment Manager of the Fund and has significant influence over the borrower. Loans to related parties were made using the same specific policy guidelines, benchmark asset allocations and lending limits that were applied to non-related party loans. These guidelines, allocations and limits can be found in the Fund's Statement of Investment Policy and Objectives ("SIPO").

Related party loans	Vision Income Fund	
	2023 **$**	2022 $
Opening balance	**2,335,371**	9,656,233
New loans advanced	**4,731,031**	2,340,081
Repayment of existing loans	**(810,888)**	(9,680,569)
Change in impairment allowance	**(6,116)**	19,626
Closing balance of related party loans	**6,249,398**	2,335,371

10. RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO UNIT HOLDERS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Vision Income Fund	
	2023	2022
	$	$
Net profit attributable to unit holders	**3,477,317**	1,631,233
Adjustments for:		
Loan drawdowns	**(57,878,812)**	(25,007,117)
Principal repayments	**27,299,262**	32,603,448
Purchase of investments	**(37,150,000)**	-
Sale of investments	**18,750,000**	-
Net gains on financial assets at fair value through profit or loss	**(140,545)**	-
Change in impairment allowance	**31,331**	(49,447)
Changes in payables and receivables:		
Change in interest receivable	**(106,272)**	9,783
Change in prepaid interest	**(198,238)**	59,784
Accounts payable	**311,393**	(38,790)
Net cash (outflow)/inflow from operating activities	**(45,604,564)**	9,208,894

11. NON-CASH FINANCING ACTIVITIES

	Vision Income Fund	
	2023	2022
	$	$
Distributions paid in cash	**1,370,263**	748,893
Distributions payable in cash	**206,399**	55,635
Distributions satisfied by issue of units	**1,924,554**	758,300
Total distributions	**3,501,216**	1,562,828

12. FINANCIAL RISKS

Financial risk factors

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

The Fund's investment objectives, strategies and guidelines are outlined in the Establishment Deed and Product Disclosure Statement. The Manager sets the investment policy and investment guidelines for the Fund and obtains the Supervisor's approval for any material change to these guidelines. The overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative instruments to moderate certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on loans is limited to the outstanding principal of those positions.

12(A). MARKET RISK

Price risk

Market 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.

Price risk - sensitivity analysis

At 31 March, the net fair value of financial instruments is exposed to price risk. The Manager considers the volatility of the fair value of investments in the portfolio to be in the 10% range. If the price of the Fund's investments increased or decreased by 10%, the Fund's net assets attributable to unit holders and net profit/(loss) would increase or decrease as follows:

	Vision Income Fund	
	2023 $	2022 $
Financial assets at fair value through profit or loss		
Unlisted unit trusts	**18,540,545**	-
Total	**18,540,545**	-
Sensitivity analysis		
10% increase in prices	**1,854,055**	-
10% decrease in prices	**(1,854,055)**	-

Currency risk

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

The Fund does not hold cash and cash equivalents or financial assets at amortised cost denominated in currencies other than New Zealand dollar, the functional currency. The Fund is therefore not exposed to currency risk.

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 Fund holds loans and cash in accordance with agreed limits specified in the Investment Mandate. The Fund is 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 rate risk - sensitivity analysis

The following table details the interest rate re-pricing profiles of the financial assets held by the Funds. The table also details, based on exposures at 31 March, the effect of an interest rate increase or decrease by 5.00% (31 March 2022: 1.00%) (which is the Manager's assessment of a reasonable movement with regard to the New Zealand Official Cash Rate which has moved 4.50% over the last twelve months) with all other variables held constant, on the cash flows of cash and cash equivalents, and the related change in net assets attributable to unit holders and net profit/(loss):

	Vision Income Fund	
	2023 $	2022 $
Re-pricing profiles		
Loans receivables		
30 days notice	**72,890,538**	42,337,318
Cash and cash equivalents		
Up to 90 days	**9,069,399**	40,444,859
Total	**81,959,937**	82,782,177
Sensitivity analysis		
Impact on cash flow to changes in interest rates		
Interest rates increase by 5.00% (1.00%)	**4,097,997**	827,822
Interest rates decrease by 5.00% (1.00%)	**(4,097,997)**	(827,822)

12(B). LIQUIDITY RISK

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The Fund invests a significant portion of its assets in relatively illiquid loans and hence the Manager has established monthly applications and redemptions. The Manager may need to delay or suspend withdrawals if there are insufficient liquid assets to meet withdrawal requests. To mitigate this risk the Manager maintains at least 10% of the assets in liquid investments (such as on call and short term bank deposits).

The Fund's financial liabilities consist of related party payables and other payables which are payable within 30 days and classified as current liabilities at balance date.

The following table sets out the contractual cash flows for all financial assets and liabilities:

31 March 2023	Carrying value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$	**$**	**$**	**$**	**$**	**$**	**$**
Assets							
Cash and cash equivalents	**9,069,399**	**9,069,399**	**9,069,399**	**-**	**-**	**-**	**-**
Loans receivables	**72,890,538**	**97,856,484**	**13,626,699**	**22,815,687**	**16,073,946**	**16,310,149**	**29,030,003**
Interest receivable	**141,484**	**141,484**	**141,484**	**-**	**-**	**-**	**-**
Liabilities							
Accounts payable	**1,721,519**	**1,721,519**	**1,721,519**	**-**	**-**	**-**	**-**
PIE tax payable	**528,361**	**528,361**	**528,361**	**-**	**-**	**-**	**-**
Net financial assets	**79,851,541**	**104,817,487**	**20,587,702**	**22,815,687**	**16,073,946**	**16,310,149**	**29,030,003**

31 March 2022	Carrying value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$	$
Assets							
Cash and cash equivalents	40,444,859	40,444,859	40,444,859	-	-	-	-
Loans receivables	42,337,318	49,245,148	7,280,293	16,014,830	2,694,524	10,931,084	12,324,417
Interest receivable	35,212	35,212	35,212	-	-	-	-
Liabilities							
Accounts payable	4,087,475	4,087,475	4,087,475	-	-	-	-
PIE tax payable	195,422	195,422	195,422	-	-	-	-
Net financial assets	78,534,492	85,442,322	43,477,467	16,014,830	2,694,524	10,931,084	12,324,417

The actual repayment of loans may not occur at the contractual maturity date. In the normal course of business, loans are advanced for a further period of time, borrowers repay loans early, or borrowers are unable to repay the loan when it falls due. The Fund is managed based on contractual maturity of loans and liquidity risk is managed primarily by holding a portion of the Fund in cash.

The Manager takes into account the current and expected liquidity requirements of the Fund at the time decisions are made to renew a loan. At reporting date, no loans have a contractual repayment date that is past due.

12(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 Funds to incur a financial loss. Financial instruments that subject the Fund to credit risk are loans, cash and cash equivalents and other receivables.

Changes in economic conditions, changes in law, political events, natural disasters and other external factors may result in an increased number of defaults by borrowers. The Manager mitigates this risk by assessing borrowers against lending criteria, operating within approved loan-to-value ratios and employing experienced loan managers and credit analysts.

There is no material risk of default relating to applications receivable by the Fund (if any) as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed.

The Fund does not use credit derivatives to mitigate credit risk.

The Fund's cash and cash equivalents are held with Bank of New Zealand (S&P Global credit rating: AA-) (31 March 2022: AA-).

12(C). CREDIT RISK - CONTINUED

At 31 March 2023, 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 expected credit losses as any such impairment would be wholly insignificant to the Fund (31 March 2022: same).

The Fund establishes an impairment allowance (Note 3) that represents its estimate of losses likely to be incurred in its loan portfolio. The Manager's assessment of the impairment allowance is described in the Summary of Accounting Policies above. The impairment allowance is subject to estimation and uncertainty in relation to the future recoverable amount and the expected repayment date.

As at 31 March 2023 there were no financial assets past due (31 March 2022: none).

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Fund's maximum exposure to credit risk on these assets.

31 March 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$	**$**	**$**	**$**	**$**
Loans receivables					
Credit grade					
Risk rating 1	**72,997,351**	**-**	**-**	**-**	**72,997,351**
Risk rating 2	**-**	**-**	**-**	**-**	**-**
Gross carrying amount	**72,997,351**	**-**	**-**	**-**	**72,997,351**
Loss allowance	**(106,813)**	**-**	**-**	**-**	**(106,813)**
Carrying amount	**72,890,538**	**-**	**-**	**-**	**72,890,538**

31 March 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$	$	$	$	$
Loans receivables					
Credit grade					
Risk rating 1	42,412,800	-	-	-	42,412,800
Gross carrying amount	42,412,800	-	-	-	42,412,800
Loss allowance	(75,482)	-	-	-	(75,482)
Carrying amount	42,337,318	-	-	-	42,337,318

The maximum exposure to credit risk for each class of other financial asset at the end of the reporting period is the carrying amount in the Statement of Financial Position. As at the end of the reporting period, all loans receivables are not secured by collateral assets but unlimited guarantees by guarantors.

12(D). CAPITAL RISK MANAGEMENT

The Fund'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. The Fund does this by investing in diversified asset classes and liquid market instruments.

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

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

13. FAIR VALUES

The carrying value of all financial assets and liabilities approximates fair value, due to the short term nature of the financial instrument, or the fact that interest rates can be changed with 30 days notice and the fact that they are assessed for impairment.

(a) Loans receivables and other receivables
The fair value of loans receivables and other receivables determined for disclosure purposes is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.
Any differences between the carrying value and fair value of loans receivables is immaterial as the interest rate can be changed with 30 days notice and impairment charges moderate the value of loans to estimated recoverable value.

(b) Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.
Non-derivative financial liabilities are short term in nature, therefore carrying value approximates fair value.

The carrying value of loans is deemed to be equal to their fair value in accordance with (a). All loans have fixed interest rates (7.05% to 10.00%) (31 March 2022: 3.20% to 6.00%) which are able to be changed with 30 days notice to the borrower. Due to the short term nature of the fixed interest period the carrying value of these loans is materially equal to the fair value.

14. CONTINGENT LIABILITIES & COMMITMENTS

The Fund has no material commitments or material contingencies at 31 March 2023 (31 March 2022: nil).

15. AUDIT FEE

KPMG are entitled to a fee for the services it provides as auditor of these financial statements. Total fees paid to the auditor for the period ending 31 March 2023 were $33,810 (31 March 2022: $28,750).

16. EVENTS SUBSEQUENT TO BALANCE DATE

On 13 April 2023, the Manager, Implemented Investment Solutions Limited, changed its name to FundRock NZ Limited.
There are no other significant subsequent events that require adjustment to or disclosure in these financial statements.