

KOINONIA KIWISAVER SCHEME

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

KOINONIA KIWISAVER SCHEME

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FOR THE YEAR ENDED 31 MARCH 2016

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KOINONIA KIWISAVER SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	FOR THE YEAR ENDED 31 MARCH 2016				FOR THE YEAR ENDED 31 MARCH 2015			
		Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
		\$	\$	\$	\$	\$	\$	\$	\$
INCOME									
Net gains on financial assets at fair value through profit or loss		166,924	957,397	349,129	1,473,450	244,971	1,729,678	646,089	2,620,738
Net (losses)/gains on forestry and land assets at fair value through profit or loss	4a	-	4,600	3,317	7,917	-	(18,739)	(12,291)	(31,030)
Net (losses)/gains on forestry and land assets held for sale	4b	-	(22,900)	(15,269)	(38,169)	-	51,625	44,327	95,952
Other income		-	-	-	-	-	30	-	30
TOTAL INCOME		166,924	939,097	337,177	1,443,198	244,971	1,762,594	678,125	2,685,690
EXPENSES									
Investment expenses	9	13,019	100,968	41,341	155,328	11,772	84,749	32,274	128,795
Administration expenses	9	28,653	140,381	47,794	216,828	30,461	141,505	45,792	217,758
Legal expenses		6,028	29,672	10,035	45,735	4,897	23,010	7,469	35,376
Audit fees	3	-	-	-	-	-	-	-	-
Other assurance services received from Auditor	3	-	-	-	-	260	1,796	569	2,625
Statutory fees		1,939	8,689	2,999	13,627	2,344	10,701	3,462	16,507
Other expenses		7,382	35,884	12,210	55,476	1,685	7,778	2,686	12,149
TOTAL EXPENSES		57,021	315,594	114,379	486,994	51,419	269,539	92,252	413,210
NET PROFIT BEFORE TAX		109,903	623,503	222,798	956,204	193,552	1,493,055	585,873	2,272,480
Tax expense		-	-	-	-	-	-	-	-
NET PROFIT AFTER TAX		109,903	623,503	222,798	956,204	193,552	1,493,055	585,873	2,272,480
SURPLUS BEFORE MEMBERSHIP ACTIVITIES		109,903	623,503	222,798	956,204	193,552	1,493,055	585,873	2,272,480
ALLOCATED AS:									
(From)/to General Reserve	7	(1,668)	(32,329)	(22,364)	(56,361)	1,076	31,716	19,882	52,674
To Member accounts		111,571	655,832	245,162	1,012,565	192,476	1,461,339	565,991	2,219,806
TOTAL ALLOCATED		109,903	623,503	222,798	956,204	193,552	1,493,055	585,873	2,272,480

These financial statements should be read in conjunction with the accompanying notes.

KOINONIA KIWISAVER SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

	Notes	FOR THE YEAR ENDED 31 MARCH 2016				FOR THE YEAR ENDED 31 MARCH 2015			
		Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
		\$	\$	\$	\$	\$	\$	\$	\$
NET ASSETS AVAILABLE AT THE BEGINNING OF THE YEAR		3,593,045	17,512,095	5,779,034	26,884,174	3,256,125	14,268,533	4,517,132	22,041,790
<i>Comprising:</i>									
Net assets attributable to Members		3,591,222	17,478,324	5,756,273	26,825,819	3,255,378	14,266,478	4,514,253	22,036,109
Net assets attributable to General Reserve	7	1,823	33,771	22,761	58,355	747	2,055	2,879	5,681
MOVEMENTS DURING THE YEAR									
<i>Contributions</i>									
Members		333,845	1,492,772	536,168	2,362,785	337,929	1,706,868	496,079	2,540,876
Employers		119,327	690,247	179,314	988,888	126,889	688,083	173,655	988,627
Crown contributions and interest		67,797	322,876	100,906	491,579	80,811	351,490	101,865	534,166
Transfers in from other KiwiSaver providers		37,893	143,090	46,364	227,347	17,766	147,033	47,808	212,607
Transfers in from other complying schemes		1,162	49,824	36,733	87,719	-	-	-	-
Refunds to Inland Revenue		(558)	(10,721)	(1,775)	(13,054)	(475)	(4,400)	(536)	(5,411)
<i>Withdrawals</i>									
Retirement		(183,430)	(643,450)	(81,846)	(908,726)	(206,945)	(521,271)	(112,565)	(840,781)
Death		(6,160)	(47,386)	(3,338)	(56,884)	(10,126)	(17,701)	(18,563)	(46,390)
Financial hardship benefits		(10,829)	(9,105)	-	(19,934)	(276)	(26,100)	(1,386)	(27,762)
First home benefits		(12,768)	(168,088)	(9,341)	(190,197)	(5,285)	(95,014)	(15,982)	(116,281)
Mortgage diversion benefits		-	(952)	-	(952)	-	(678)	-	(678)
Permanent emigration benefits		-	(6,273)	-	(6,273)	-	-	-	-
Transfers out to other KiwiSaver providers		(23,743)	(320,521)	(15,557)	(359,821)	(57,880)	(356,599)	(60,646)	(475,125)
Transfers between investment pools		5,178	98,132	(103,310)	-	(98,513)	11,101	87,412	-
Net allocation (from)/to general reserve		(1,668)	(32,329)	(22,364)	(56,361)	1,076	31,716	19,882	52,674
Members PIE tax		(22,660)	(53,486)	580	(75,566)	(40,527)	(132,305)	(21,112)	(193,944)
Surplus before membership activities		111,571	655,832	245,162	1,012,565	192,476	1,461,339	565,991	2,219,806
NET ASSETS AVAILABLE FOR BENEFITS AT THE END OF THE YEAR		4,008,002	19,672,557	6,686,730	30,367,289	3,593,045	17,512,095	5,779,034	26,884,174
<i>Comprising:</i>									
Net assets attributable to Members		4,007,847	19,671,115	6,686,333	30,365,295	3,591,222	17,478,324	5,756,273	26,825,819
Net assets attributable to General Reserve	7	155	1,442	397	1,994	1,823	33,771	22,761	58,355
		4,008,002	19,672,557	6,686,730	30,367,289	3,593,045	17,512,095	5,779,034	26,884,174


These financial statements should be read in conjunction with the accompanying notes.

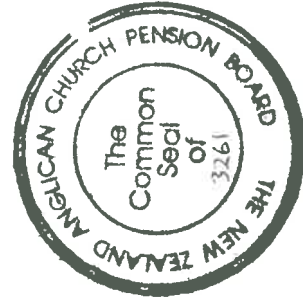
KOINONIA KIWISAVER SCHEME

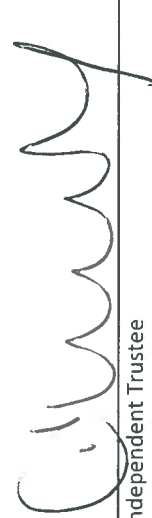
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	AS AT 31 MARCH 2016				AS AT 31 MARCH 2015			
		Income \$	Balanced \$	Growth \$	SCHEME \$	Income \$	Balanced \$	Growth \$	SCHEME \$
ASSETS									
<i>Investments at fair value through profit or loss</i>									
Investment in the Investment Trust	5	4,027,594	19,348,777	6,333,681	29,710,052	3,618,938	17,000,118	5,408,357	26,027,413
Investment in forestry and land assets	5	-	31,911	25,196	57,107	-	-	-	-
Assets held for sale	5	-	345,350	321,937	667,287	-	557,218	372,805	930,023
TOTAL ASSETS		4,027,594	19,726,038	6,680,814	30,434,446	3,618,938	17,557,336	5,781,162	26,957,436
LIABILITIES									
Payables	6	1,568	7,377	2,567	11,512	1,136	5,541	1,826	8,503
PIE tax payable		18,024	46,104	(8,483)	55,645	24,757	39,700	302	64,759
TOTAL LIABILITIES		19,592	53,481	(5,916)	67,157	25,893	45,241	2,128	73,262
AMOUNTS AVAILABLE FOR BENEFITS		4,008,002	19,672,557	6,686,730	30,367,289	3,593,045	17,512,095	5,779,034	26,884,174
Represented by:									
Members net assets		4,007,847	19,671,115	6,686,333	30,365,295	3,591,222	17,478,324	5,756,273	26,825,819
General Reserve net assets	7	155	1,442	397	1,994	1,823	33,771	22,761	58,355
NET ASSETS AVAILABLE FOR BENEFITS		4,008,002	19,672,557	6,686,730	30,367,289	3,593,045	17,512,095	5,779,034	26,884,174

For and on behalf of The New Zealand Anglican Church Pension Board, who has duly affixed its COMMON SEAL, and the Independent Trustee who have authorised the issue of these financial statements as at the date below:


 Authorised Signatory
 The New Zealand Anglican Church Pension Board




 Independent Trustee

23 June 2016

KOINONIA KIWISAVER SCHEME

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	FOR THE YEAR ENDED 31 MARCH 2016				FOR THE YEAR ENDED 31 MARCH 2015			
		Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
		\$	\$	\$	\$	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES									
Sundry income		-	-	-	-	30	-	-	30
Expenses paid		(43,570)	(212,790)	(72,297)	(328,657)	(182,673)	(59,284)	(281,314)	(281,314)
PIE tax paid		(29,393)	(47,082)	(8,205)	(84,680)	(147,300)	(24,331)	(187,630)	(187,630)
Purchase of investments		(560,024)	(3,009,998)	(993,924)	(4,563,946)	(2,893,504)	(819,408)	(4,276,308)	(4,276,308)
Sale of investments		305,273	1,679,425	390,108	2,374,806	1,340,635	205,882	1,981,375	1,981,375
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	8	(327,714)	(1,590,445)	(684,318)	(2,602,477)	(1,882,812)	(697,141)	(2,763,847)	
CASH FLOWS FROM FINANCING ACTIVITIES									
Contributions		520,969	2,505,895	816,388	3,843,252	2,746,441	771,600	4,063,671	
Transfers in from other providers		39,055	192,914	83,097	315,066	147,033	47,808	212,607	
Benefits paid		(213,187)	(875,254)	(94,525)	(1,182,966)	(660,764)	(148,498)	(1,031,895)	
Transfers out to other providers		(23,743)	(320,521)	(15,557)	(359,821)	(356,599)	(60,646)	(475,125)	
Contribution refunds to Inland Revenue		(558)	(10,721)	(1,775)	(13,054)	(4,400)	(536)	(5,411)	
Transfers between investment pools		5,178	98,132	(103,310)	-	11,101	87,413	-	
NET CASH INFLOW FROM FINANCING ACTIVITIES		327,714	1,590,445	684,318	2,602,477	1,882,812	697,141	2,763,847	
Net increase in cash and cash equivalents		-	-	-	-	-	-	-	
Cash and cash equivalents at the beginning of the year		-	-	-	-	-	-	-	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		-	-	-	-	-	-	-	

These financial statements should be read in conjunction with the accompanying notes.

**KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1 GENERAL INFORMATION

These financial statements are for the Koinonia KiwiSaver Scheme (the "Scheme") for the year ended 31 March 2016 (the "reporting date").

The Scheme is established and domiciled in New Zealand. The main purpose of the Scheme is to provide retirement benefits to beneficiaries who are natural persons. The Scheme is a KiwiSaver scheme registered under the KiwiSaver Act 2006. The Scheme is a defined contribution scheme and a profit oriented reporting entity under the External Reporting Board Standard A1.

The Scheme was established under a Trust Deed dated 29 June 2007. The Scheme is currently governed by an amended and consolidated Trust Deed dated 16 July 2012.

The Manager of the Scheme is the New Zealand Anglican Church Pension Board (the "Manager") and the Trustees are the New Zealand Anglican Church Pension Board and an Independent Trustee (the "Trustees").

Prior to 1 December 2016 the Scheme is to be registered under the Financial Markets Conduct Act 2013 as a restricted KiwiSaver scheme.

These financial statements were adopted by the Manager on 23 June 2016.

The Scheme is comprised of various underlying Investment Funds (the "Funds"). Notwithstanding the division of the Scheme into Funds, the Scheme comprises a single trust fund with the value of the Members' interests in the Scheme determined by reference to values held in the underlying Funds.

The Funds as at 31 March 2016 were as follows:

Income Fund	Balanced Fund	Growth Fund
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements of the Scheme have been prepared in accordance with the Trust Deed governing the Scheme, the KiwiSaver Act 2006, the Financial Reporting Act 1993 and Generally Accepted Accounting Practice ("GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards ("IFRS"), and other applicable financial reporting standards as appropriate for profit oriented entities. The Scheme is a KiwiSaver scheme and is deemed to be a publicly accountable Tier 1 entity for the purposes of the External Reporting Board Standard A1 "Application of the Accounting Standards Framework".

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to Members.

(b) Going concern

The Trustees are not aware of any material uncertainties that may cast significant doubt on the Scheme's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for investments in financial assets, land and forests, which have been measured at fair value. All figures presented have been rounded to the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Income**

Income is recognised to the extent that it is probable that economic benefits will flow to the Scheme and the income can be readily measured.

Net realised and unrealised gains or losses on investments at fair value through profit or loss

Gains or losses on financial assets held for trading are calculated as the difference between the fair value at sale, or at reporting date, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

Net realised and unrealised gains or losses on investments held for sale

Gains or losses on financial assets held for sale are calculated as the difference between the fair value at sale, or at reporting date, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

(e) Investments**Investments at fair value through profit or loss - designated upon initial recognition**

The Scheme holds interests in sectors of the New Zealand Anglican Church Pension Board Investment Trust (the "Investment Trust"). The Trustee of the Investment Trust is the Board. The Investment Trust is a registered Portfolio Investment Entity ("PIE"). The Investment Trust holds investments in the following sectors - cash and short term deposits, fixed interest, mortgages, shares and private equity on behalf of the Scheme and other parties listed in Note 9, Related Parties. The interests in each sector held by each of the Income Fund, Balanced Fund and Growth Fund is based on their tactical asset allocation ("TAA") which is set by the Board's Investment Committee, taking into account ranges and limits defined in the Statement of Investment Policy and Objectives ("SIPO"). All interests are stated by reference to the dollar values held.

The daily weighted average holding of each sector by each Fund is used to calculate the Fund's share of each sector's income, expenses, gains and losses which are distributed monthly.

The Scheme also has interests in forestry and land assets. These assets are held by the Scheme and other parties listed in Note 9, Related Parties. The value of forestry assets and land held takes into account ranges and limits defined in the SIPO.

The daily weighted average holding of forestry assets and land by each Fund is accumulated and used to calculate the appropriate share of income, expenses, gains and losses which are allocated monthly.

(f) Assets held for sale

Assets held for sale represent interests in forestry assets that are currently being offered for sale. These assets are held by the Scheme and other parties listed in Note 9, Related Parties. Note 5 provides additional details on these assets.

Forestry held for sale is measured at fair value less costs to sell.

**KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Forestry

Forestry is recognised at fair value less estimated point of sale costs. Forest establishment and maintenance expenses are capitalised, and changes in fair value are recognised in profit and loss.

(h) Land

Land is recognised at fair value with changes in fair value recognised in profit and loss.

(i) Cash and cash equivalents

The Scheme has no cash or bank accounts in its own name.

(j) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

An estimate for doubtful debts is made when collection of an amount is no longer probable. Amounts are generally received within 90 days of being recorded as receivable.

(k) Other financial liabilities at amortised cost

Other financial liabilities at amortised cost includes liabilities, payables and accrued expenses owing by the Scheme which are unpaid at the reporting date. Purchases of financial assets are recorded on trade date, and normally settled within three business days. Purchases of financial assets that are unsettled at reporting date are included in payables. Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

(l) Taxation

Portfolio Investment Entity ("PIE") Tax

The Scheme qualifies as, and has elected to be a PIE under the Income Tax Act 2007. The Scheme has further elected to be a provisional tax payer under the PIE rules.

Under the PIE regime income is effectively taxed in the hands of the Members. Any provisional tax paid is available as a credit against the entity's portfolio entity tax liability calculated at the end of the year.

The Scheme, as a PIE, pays no income tax on the taxable income of the Scheme and all taxable income and tax credits are attributable to Members in proportion to their holdings when taxable income and credits arise.

The Scheme deducts tax from each Members allocation using each Members' Notified Prescribed Investor Rate, or if a rate has not been notified, at the default Prescribed Investor Rate ("PIR") of 28%. The Scheme then pays the tax to Inland Revenue on behalf of each Member.

PIE tax liabilities are due for payment on the last day of the month following the end of each tax year or following the withdrawal of Member's interests in the Scheme.

Goods and Services Tax ("GST")

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

**KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Currency

Functional and presentation currency

The Scheme's Members are primarily located within New Zealand, with all transactions with Members and the Scheme denominated in New Zealand Dollars ("NZD"). The financial statements of the Scheme are measured and reported to Members in NZD. The NZD is considered as the currency that most faithfully represents the activities of the Scheme. The financial statements are presented in NZD which is the Scheme's functional and presentation currency.

(n) Member Activity

Subject to the terms of the Trust Deed and applicable legislation, monies held in the Funds of the Scheme are redeemable at the Member's option, meet the definition of a puttable instrument, and are therefore classified as equity.

(o) Accrued benefits

Amounts available for benefits is the Scheme's present obligation to pay benefits to Members and has been calculated as the difference between the carrying value of the assets and the carrying value of the liabilities in the Scheme.

(p) Contributions and withdrawals

Subject to the terms of the Trust Deed and applicable legislation, contributions and withdrawals are recognised when the Manager has confirmed the validity of a Members application or withdrawal request.

(q) Significant estimates and judgements

The preparation of financial statements necessarily requires estimation and judgements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined in the relevant notes. Judgement has been applied in selecting the accounting policy to designate financial assets at fair value through profit or loss upon initial recognition. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets, except unquoted assets, as market prices are readily available. Forestry and land assets are valued by independent qualified valuers. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets at year end. However as with all investments their value is subject to variation due to market and exchange rate fluctuations. Judgement has also been applied in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13. Details of significant estimates and related assumptions are provided in the relevant notes to the financial statements.

(r) Comparative information

For the year ended 31 March 2016 the Board revised its presentation of its PIE tax balances. The deferred tax liability has been reclassified to forestry assets in the Statement of Financial Position and income tax expense has been reclassified to member withdrawals in the Statement of Changes in Net Assets Available for Benefits. These changes better reflect the income tax obligations to be settled by the Scheme on behalf of members. This had no impact on net assets available for benefits as at 31 March 2016. The prior year comparatives have been adjusted to align with current year disclosure.

(s) New accounting standards and interpretations

In the current year, the Scheme has adopted all the new and revised Standards and Interpretations issued by the XRB that are relevant to its operation and effective for the current reporting period. Adoption of these new and revised Standards has not resulted in any material changes to the Scheme's financial statements.

**KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New accounting standards and interpretations (continued)

(i) Changes in accounting policy and disclosure

The following new standards have been applied in these financial statements.

Amendments to NZ IFRS arising from the Annual Improvements Project (2011 - 2013)

The following standards are amended by this standard:

NZ IFRS 13. Clarifies that the scope of the portfolio exception defined in paragraph 52 of NZ IFRS 13 includes all contracts accounted for within the scope of NZ IAS 39 or NZ IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in NZ IAS 32.

2014 Omnibus Amendments to NZ IFRS

The following standards are amended by this standard:

NZ IFRS 1. Clarifies the application of paragraph 4A of NZ IFRS 1.

FRS-44. Requires an entity to disclose the statutory basis or other reporting framework, if any, under which the financial statements have been prepared.

NZ IFRS 7. Replaces the term 'deposit takers' with the term 'NBDTs' and replaces the term 'financial institution' with 'NBDT'.

Fair Value Disclosures by Retirement Benefit Plans - Amendments to NZ IAS 26

The amendments require additional New Zealand specific disclosures about applying the fair value hierarchy to retirement benefit plan investments measured at fair value in accordance with NZ IAS 26. The entities are required to disclose information that helps users of its financial statements assess both of the following:

- (a) for retirement benefit plan investments measured at fair value in the statement of net assets after initial recognition, the valuation techniques and inputs used to develop those measurements; and
- (b) for fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on the statement of changes of net assets available for benefits for the period.

The adoption of these Standards did not have a material impact on the Scheme's financial statements.

(ii) New NZ IFRS standards and interpretations issued but not yet adopted

The following new standards are considered relevant to the financial statements, have been issued but are not yet effective, and which the Scheme has not early adopted. These are not expected to have a material impact on the Scheme's financial statements.

NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is not expected to have significant impact on the recognition of revenue or cash flows of the Scheme.

NZ IFRS 9 (2014) Financial Instruments

Changes to IFRS 9 (2014) include International Accounting Standards Board editorial amendments. The standard is not expected to have significant impact on any disclosure of the Scheme.

NZ IFRS 16 Leases

NZ IFRS 16 is the new standard on the recognition, measurement, presentation and disclosure of leases. The standard is not expected to have significant impact on the disclosure of the Scheme.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

3 AUDITORS REMUNERATION

Audit fees are paid by the Board and included in the administration fee charged by the Board to the Scheme. (refer note 9c). During the year, and following a tender process, the auditor was changed from Deloitte to EY.

The following fees (plus GST if any) were indirectly paid by the Scheme for audit services and directly paid by the Scheme for other assurance services provided by the Auditor of the Scheme.

	2016				2015			
	Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Audit Services</i>								
Audit of financial statements - EY	1,600	8,000	2,800	12,400	-	-	-	-
Audit of financial statements - Deloitte	-	-	-	-	1,351	6,279	2,030	9,660
Audit pursuant to Anti Money Laundering Regulations - Deloitte	700	3,300	1,000	5,000	-	-	-	-
Total assurance services received from auditor	2,300	11,300	3,800	17,400	1,351	6,279	2,030	9,660
<i>Other assurance services received from auditors - Deloitte</i>								
Prospectus review (Note)	-	-	-	-	260	1,796	569	2,625
Total other assurance services received from auditor	-	-	-	-	260	1,796	569	2,625

Note : Prospectus review included the review of the Prospectus and Summary Financial Statements contained therein, including an audit report thereto.

4 NET (LOSSES)/GAINS ON FORESTRY AND LAND ASSETS

	2016				2015			
	Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
	\$	\$	\$	\$	\$	\$	\$	\$
<i>4a Net gains/(losses) on forestry and land assets held at fair value through profit or loss:</i>								
Forests	-	(54)	(34)	(88)	-	(14,419)	(9,145)	(23,564)
Land	-	4,654	3,351	8,005	-	(4,320)	(3,146)	(7,466)
Total net (losses)/gains	-	4,600	3,317	7,917	-	(18,739)	(12,291)	(31,030)
<i>4b Net (losses)/gains on forestry and land assets held for sale:</i>								
Forests	-	(31,140)	(20,824)	(51,964)	-	47,409	40,575	87,984
Land	-	8,240	5,555	13,795	-	4,216	3,752	7,968
Total net (losses)/gains	-	(22,900)	(15,269)	(38,169)	-	51,625	44,327	95,952

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

5 INVESTMENTS

	2016			2015		
	Income	Balanced	Growth	Income	Balanced	Growth
<i>At fair value through profit or loss:</i>						
Investment trust	\$ 4,027,594	\$ 19,348,777	\$ 6,333,681	\$ 3,618,938	\$ 17,000,118	\$ 5,408,357
Forestry	-	772	720	-	-	-
Forest land	-	31,139	24,476	-	-	-
Total investments held at fair value through profit or loss	4,027,594	19,380,688	6,358,877	3,618,938	17,000,118	5,408,357
<i>Assets held for sale:</i>						
Forestry	-	345,350	321,937	-	477,977	315,291
Forest land	-	-	-	-	79,241	57,514
Total investments held for sale	-	345,350	321,937	-	557,218	372,805

Forestry assets

The Forestry Pool currently holds one forest in Hawkes Bay. The cutting rights in relation to the forestry crop are currently subject to a sale and purchase agreement. This right does not include a small area of immature trees that the forestry pool will continue to hold. The Forestry Pool will also continue to hold the land. Consequently the trees subject to the cutting rights have been classified as "held for sale" in the Statement of Financial Position with the remainder of the trees and the land classified as Investments at fair value through profit or loss. The forest itself and land under the forest are separately valued.

During the year the Forestry Pool sold its holding in a forest in Waikanae. The forest comprised land as well as a forestry right over trees on this land and was sold on 4 November 2015.

The Hawkes Bay Forest is predominantly a post-1989 forest. The forest itself, and land under the forest, are separately valued. The Trustee has opted in to the Emissions Trading Scheme ("ETS") for this forest. The forest and any net carbon asset or liability are treated as one asset. As a cutting right over the forest has been sold the value of the forest is the agreed sale price less a provision for reasonable sale costs.

The Hawkes Bay Forest land fair value has been stated at the current market value of the land. The unencumbered current market value of the land has been determined by reference to recent sales evidence of similar properties. The land has been valued at 31 March 2016 by an independent qualified valuer, M H Morrice B.Com.Ag (VFM), Dip.Fore., MPINZ, ANZIV, MNZIF.

6 PAYABLES

	2016			2015		
	Income	Balanced	Growth	Income	Balanced	Growth
Fees payable	\$ 1,568	\$ 7,377	\$ 2,567	\$ 1,136	\$ 5,541	\$ 1,826
Total	1,568	7,377	2,567	1,136	5,541	1,826

KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

9 RELATED PARTIES

(a) Responsible Entities

The Board is the Manager of the Scheme.

The Board and a Licenced Independent Trustee are the Trustees of the Scheme.

The New Zealand Anglican Church Pension Fund, the Widows and Orphans Endowment, the Widows and Orphans Income Distribution Account and the Welfare Fund, The Retire Fund, the Board and the Supplementary Support Fund are all related parties of the Scheme.

The Board is trustee of these entities under the relevant acts of Parliament, Canons and Rules. Each of these entities has a defined interest in the Investment Trust of the Board, or in other investments held by the Board as Trustee.

The Board carries out all administration for these entities and charges the Scheme for investment and Scheme administration to recover the Board's applicable costs.

(b) Details of Key Management Personnel

Board Members

The Board Members of the Board are considered to be Key Management Personnel.

In addition to the Board Members, the Board is considered to be Key Management Personnel with the authority for the strategic direction and governance of the Scheme.

Key management personnel transactions

No amounts have been paid by the Scheme to the Board Members in their capacity as Board Members.

Board Members may hold units in the Scheme in their capacity as Members of the Scheme. All transactions between these parties is pursuant to, and governed by, the terms of the Trust Deed of the Scheme.

(c) Managers fees

The Board's administration charges to the Scheme were:

	2016			2015		
	Income \$	Balanced \$	Growth \$	Income \$	Balanced \$	Growth \$
Investment administration	12,792	71,946	24,959	11,825	68,387	18,079
Scheme administration	28,653	140,381	47,794	30,461	141,505	45,792
	41,445	212,327	72,753	42,286	209,892	63,871
			SCHEME			SCHEME
			\$			\$
			109,697			98,291
			216,828			217,758
			326,525			316,049

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016****10 FINANCIAL RISK MANAGEMENT**

The Scheme holds interests in sectors of the New Zealand Anglican Church Pension Board Investment Trust (the "Investment Trust") and in pooled forestry assets (the "Forestry Pool"). Both of these are related parties of the Scheme and share the same Manager.

Whilst the Scheme does not directly bear these, risks arising from holding investments through the Investment Trust and Forestry Pool are inherent in the Scheme's activities, and are managed through a process of ongoing identification, measurement and monitoring. Through these holdings the Scheme is exposed to credit risk, market price risk and liquidity and cash flow risk arising from the investments held.

Investments indirectly held by the Scheme comprise investments in financial assets for the purpose of generating a return on the investment made by Members, in addition to forestry and land, net assets attributable to Members, and other financial instruments such as receivables and payables, which arise directly from its operations.

The Scheme may be exposed to credit risk, market risk (including unit price risk, foreign exchange risk and interest rate risk), and liquidity and cash flow risk arising from the investments held.

The Manager, as Responsible Entity, is responsible for identifying and controlling the risks that arise from these investments.

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

The Scheme's policies set out in the SIPO and in the Policy Authorities and Limits ("PALS") specify risk management strategies for each asset class and for each type of risk including liquidity, credit, market, currency and interest rate risks, and the SIPO and PALS also specify how derivatives may be used to manage risk.

The risks are measured using a method that reflects the expected impact on the results and net assets from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of investments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Scheme, as well as the level of risk that the Scheme is willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

Concentrations of risk arise when a number of investments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

(a) Credit risk

Credit risk represents the risk that the counterparty will fail to discharge an obligation and cause the Scheme to incur a financial loss. The Scheme holds no cash and cash equivalents directly. Receivables are not past due and are not considered impaired. The carrying amount of these assets best represents their maximum credit risk exposure at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

10 FINANCIAL RISK MANAGEMENT (continued)

(b) Market price risk

Market price risk is the risk that the value of the Scheme's holdings in the Investment Trust will fluctuate as a result of changes in market prices. This risk is managed within the underlying investments by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

Market risk comprises three types of risk; foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of an investment will fluctuate because of changes in foreign exchange rates. The Scheme has indirect foreign exchange risk as it invests, through the Investment Trust, in cash, international fixed interest stock and shares which exposes the Scheme to currency risks. Currency risk strategies have been adopted by the Investment Trust within the guidelines provided by the Trustees. Derivatives are principally used as a means to economically hedge against currency risks and the most commonly used derivatives are foreign exchange contracts entered into by the Investment Trust.

(ii) Interest rate risk

Interest rate risk represents the risk that the value of an investment will fluctuate because of changes in market interest rates. The Scheme has indirect exposure to market risk for changes in the underlying interest rates relate primarily to investments in fixed interest bonds and debentures held by the Investment Trust.

The Manager actively monitors interest rate risk exposure and takes actions as necessary. This includes regular review of interest rates applicable to underlying cash balances. The Scheme has no significant direct investments subject to interest rate risk.

(iii) Other price risk

Other price risk represents the risk that the value of an investment will fluctuate because of changes in market prices other than interest rates and foreign currency rates. The Scheme is exposed to other price risk from its investment in the Investment Trust.

Other price risk sensitivity analysis

The analysis below shows the effect on net assets available for benefits that would result in reasonable changes in market fluctuations.

Increase/(decrease) in profit and loss and net assets available for benefits

	2016			2015		
	Income	Balanced	Growth	Income	Balanced	Growth
	\$	\$	\$	\$	\$	\$
Financial assets at fair value through profit or loss			SCHEME			SCHEME
Amount exposed to market risk	4,027,594	19,348,777	6,333,681	3,618,938	17,000,118	5,408,357
Market -10%	(402,759)	(1,934,878)	(633,368)	(361,894)	(1,700,012)	(540,836)
Market +10%	402,759	1,934,878	633,368	361,894	1,700,012	540,836
			2,971,005			2,602,742
			29,710,052			26,027,413
			(2,971,005)			(2,602,742)
			2,971,005			2,602,742

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

10 FINANCIAL RISK MANAGEMENT (continued)

(c) Estimation of fair values

NZ IFRS 13 *Fair Value Measurement*, requires the Scheme to measure and disclose fair values using a three level fair value hierarchy.

The following table provides an analysis of the underlying investments of units in the Investment Trust and forestry and land assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

The fair value of the Scheme's investments at fair value through profit or loss are classified as follows:

	Notes	2016			2015		
		Income \$	Balanced \$	Growth \$	Income \$	Balanced \$	Growth \$
Level 2							
Investment Trust	2e	4,027,594	19,348,777	6,333,681	3,618,938	17,000,118	5,408,357
Level 3							
Forests		-	772	719	-	-	-
Forest land		-	31,139	24,477	-	-	-
Forests and forest land held for sale		-	345,350	321,937	-	557,218	372,805
Total		4,027,594	19,726,038	6,680,814	3,618,938	17,557,336	5,781,162
							26,027,413
							930,023
							26,957,436

There were no transfers between Levels in 2016 or 2015.

The fair value of the Scheme's investment in the Investment Trust is based on underlying observable market prices and discounted cash flow models.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

10 FINANCIAL RISK MANAGEMENT (continued)

(c) Estimation of fair values (continued)

Forestry and land assets

The forestry and land assets comprise the Hawkes Bay forest, the Hawkes Bay forest land and carbon credit units. The Waikanae forest and Waikanae forest land were sold on 4 November 2015. The TAA for each pool in the Fund sets out the percentage of its total investments to be held in the forestry and land assets.

Notes	2016				2015			
	Income \$	Balanced \$	Growth \$	SCHEME \$	Income \$	Balanced \$	Growth \$	SCHEME \$
Forests held for sale								
Opening balance	-	477,977	315,291	793,268	-	435,563	276,210	711,773
Net losses at fair value through profit or loss	-	(31,140)	(20,824)	(51,964)	-	47,409	40,575	87,984
Net sales	-	(100,661)	28,224	(72,437)	-	(14,637)	(8,017)	(22,654)
Decrease due to harvesting	-	-	-	-	-	-	-	-
Transfer from (to) Forest Assets	-	(826)	(754)	(1,580)	-	9,642	6,523	16,165
Closing balance	-	345,350	321,937	667,287	-	477,977	315,291	793,268
Forest land held for sale								
Opening balance	-	79,241	57,514	136,755	-	33,488	18,236	51,724
Net losses at fair value through profit or loss	-	8,240	5,555	13,795	-	4,216	3,752	7,968
Net sales	-	(60,996)	(41,945)	(102,941)	-	6,991	12,110	19,101
Transfer from (to) Forest Land	-	(26,485)	(21,124)	(47,609)	-	34,546	23,416	57,962
Closing balance	-	-	-	(47,609)	-	79,241	57,514	136,755
Forests								
Opening balance	-	-	-	-	-	9,906	6,209	16,115
Net losses at fair value through profit or loss	-	(54)	(34)	(88)	-	(1,037)	(758)	(1,795)
Net sales	-	-	-	-	-	773	1,072	1,845
Decrease due to harvesting	-	-	-	-	-	-	-	-
Transfer from (to) Held for sale	-	826	754	1,580	-	(9,642)	(6,523)	(16,165)
Closing balance	-	772	720	1,492	-	-	-	-
Forest land								
Opening balance	-	-	-	-	-	38,745	24,283	63,028
Net losses at fair value through profit or loss	-	4,654	3,352	8,006	-	(4,320)	(3,146)	(7,466)
Net sales	-	-	-	-	-	121	2,279	2,400
Transfer from (to) Held for sale	-	26,485	21,124	47,609	-	(34,546)	(23,416)	(57,962)
Closing balance	-	31,139	24,476	55,615	-	-	-	-
Carbon credits								
Opening balance	-	-	-	-	-	13,382	8,387	21,769
Net losses at fair value through profit or loss	-	-	-	-	-	(13,382)	(8,387)	(21,769)
Net sales	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Total	-	377,261	347,133	724,394	-	557,218	372,805	930,023

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

10 FINANCIAL RISK MANAGEMENT (continued)**(c) Estimation of fair values (continued)**

At the reporting date the holdings in land assets, as well as a small number of immature trees, were transferred from held for sale to held at fair value through profit or loss. This reclassification reflected an offer received over the cutting rights of the forestry received just prior to the reporting date.

Valuation processes for the forestry and land assets

On a quarterly basis the Scheme engages an external, independent and qualified valuer to determine the fair value of the Scheme's interests. Prior to the signing of these financial statements the Board had entered into an agreement for the sale of cutting rights in the Hawkes Bay forest. The land under the forest is being retained in the Forestry Pool and has been valued by an independent valuer with reference to the sale of the cutting rights.

On an annual basis the Board engages external, independent and qualified valuers to determine the fair value of the Scheme's interest in the Hawkes Bay forest land. As at 31 March 2016 the fair values of the forest land have been determined by M H Morice B.Com.Ag (VFM), Dip.Fore., MPINZ, ANZIV, MNZIF.

The cutting right in relation to the Hawkes Bay Forest are currently progressing through a sale process which is expected to be settled during the 2017 financial year. This right covers an 8 year period. The value of the asset classified as "Held for sale" reflects the value of the contract for sale. The Scheme will continue to hold a small interest in immature trees in the Hawkes Bay Forest. These trees have been classified as investments at fair value through profit or loss. Additionally the Hawkes Bay Forest Land continues to be held and has been transferred to investments at fair value through profit or loss.

The external valuations of the level 3 forest and land have been performed using a variety of methods as described above. These methods have been determined to be appropriate for the characteristics of each component of the forestry interests. The discounted cash flow method has been used for most of the valuations given the small number of forest sites for sale in New Zealand and the limited number of similar sales in the local area and the valuations have been performed using unobservable inputs.

The external valuers, in discussion with the Board's management team, have determined these inputs based on size, age and condition of the forest and land, the state of the local economy and comparable prices in the corresponding national economy.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

10 FINANCIAL RISK MANAGEMENT (continued)

(c) Estimation of fair values (continued)

The key assumptions used in the preparation of the forest valuations are as follows:

	2016	2015
Pre tax discount rate	7.25%	7.50%
Hawkes Bay forest optimal harvest dates	2038	2019 - 2020
Log prices (\$/m ³ , free at wharf/mill)		
Hawkes Bay pruned	\$142	\$142
Hawkes Bay S30	\$108	\$110
Waikanae pruned	n/a	\$150
Waikanae S30	n/a	\$110

i Forests held for sale

The fair value of the forest has been derived from several unobservable inputs as noted below:

Information about fair value measurements of forestry assets using significant unobservable inputs (Level 3):

Fair Value at 31 March 2016

Description:	Interests in forest held for sale
Fair value:	\$667,287
Valuation techniques:	By reference to signed contracts and expected sale price

Fair Value at 31 March 2015

Description:	Interests in forest held for sale	Relationship of unobservable inputs at fair value
Fair value:	\$793,268	The higher the projected value at harvesting, the higher the fair value. An increase in inventory, log grade yield, annual growth and log prices above current estimates will increase the projected harvest value.
Valuation technique:	Discounted Cash Flow	A decrease in estimated costs will result in an increase in the fair value.
Unobservable inputs	Range (weighted average)	The lower the carbon liability, the higher the fair value of the forest. A decrease in the market price of carbon units or a deferral of harvesting will reduce the carbon liability.
Value of crop at harvesting		
- Term until harvesting	4.25 - 5.25 years (5.02 years)	
- Tree inventory measurement		
- Expected yield by log grade		
- Annual volume growth rate	8%	
- Log Prices		
- Annual overhead cost	\$125 per net stocked hectare p.a.	
Harvesting, Roading, Transport & Harvest Management Costs	\$35.50 per m ³	
Carbon Credit Liability		
- Term until harvesting	4.25 - 5.25 years (5.02 years)	

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

10 FINANCIAL RISK MANAGEMENT (continued)

(c) Estimation of fair values (continued)

ii Forests land held for sale

Fair Value at 31 March 2015

Description: Interests in forest land held for sale

Fair Value: \$136,755

Valuation technique: Independently valued

Unobservable inputs **Relationship of unobservable inputs at fair value**

Fair value model

Valued in terms of the New Zealand International Accounting Standard 40 (NZ IAS 40) – Investment Property.

NZ IAS 40 defines investment property as a property held by the owner, or by a lessee under a financial lease, to earn rentals, or for capital appreciation or both. International Valuation Standards state that the requirements of this model are met by the valuer adopting “Market Value” approach.

Values have been compared against recent sales of properties following adjustment for size, locality, timing of sale and contour. Adjustment has also been made by taking into account values of income streams on the land.

iii Forests

Fair Value at 31 March 2016

Description: Interests in forests

Fair Value: \$1,492

Valuation technique: Independently valued

Unobservable inputs **Range** **Relationship of unobservable inputs at fair value**

Value of crop at harvesting

18 - 20 years

The higher the projected value at harvesting, the higher the fair value. An increase in inventory, log grade yield, annual growth and log prices above current estimates will increase the projected harvest value.

- Term until harvesting

- Tree inventory measurement

- Expected yield by log grade

- Annual volume growth rate

- Log Prices

- Annual overhead cost

A decrease in estimated costs will result in an increase in the fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

10 FINANCIAL RISK MANAGEMENT (continued)

(c) Estimation of fair values (continued)

iv Forest land

Fair Value at 31 March 2016

Description:

Fair Value:

Valuation technique:

Unobservable inputs

Interests in forest land

\$55,615

Independently valued

Relationship of unobservable inputs at fair value

Market approach

Land classes have been compared against recent sales of properties following adjustment for size, ETS status, productivity, altitude, locality, timing of sale and contour.

Productive land has been valued on the basis of being in a hypothetical cutover state after the harvest and removal of all plantation trees. Consideration has also been given to any higher and better use of the land other than forestry along with improvements in the form of fencing and tracking.

(d) Capital management

Net assets available to Members can be considered to be the Scheme's capital for the purposes of capital management. The Scheme does not have to comply with externally imposed capital requirements. The Scheme has established policies to manage the net assets and capital of the Scheme with the objective of providing returns and retirement benefits to members ensuring that net assets available to Members are sufficient to meet future and present obligations. The Scheme's management reviews the Scheme's performance on a regular basis.

11 SEGMENT REPORTING

The Scheme operates in three reportable segments, being the investment options available for Members. The segments are the Funds as detailed in Note 1.

12 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets or liabilities or commitments as at 31 March 2016 (2015 : Nil).

13 EVENTS OCCURRING AFTER REPORTING DATE

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

Independent Auditor's Report

To the members of the Koinonia KiwiSaver Scheme

Report on the Financial Statements

We have audited the financial statements of the Koinonia KiwiSaver Scheme (the "Scheme") on pages 1 to 21, which comprise the statement of financial position of the Scheme as at 31 March 2016, and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Scheme's members, as a body, in accordance with the KiwiSaver Act 2006 and the Financial Reporting Act 1993. Our audit has been undertaken so that we might state to the Scheme's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's members as a body, for our audit work, for this report, or for the opinions we have formed.

Trustee's Responsibility for the Financial Statements

The Trustee is responsible for the preparation of the financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Scheme.

Partners and employees of our firm may deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme.

Opinion

In our opinion, the financial statements on pages 1 to 21:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ comply with International Financial Reporting Standards; and
- ▶ give a true and fair view of the financial position of the Scheme as at 31 March 2016 and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- ▶ We have obtained all the information and explanations that we have required.
- ▶ In our opinion proper accounting records have been kept by the Scheme as far as appears from our examination of those records.



23 June 2016
Wellington