

Milford KiwiSaver Plan
Financial Statements
For the year ended 31 March 2017

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Milford KiwiSaver Plan as at 31 March 2017 and the results for the year ended on that date in accordance with the requirements of the Milford KiwiSaver Plan Trust Deed dated 1 August 2016 which replaced the original Milford KiwiSaver Plan Master Trust Deed dated 19 September 2012.

The Directors are of the opinion that the Milford KiwiSaver Plan will be able to pay its debts as and when they fall due.

Director



Milford Funds Limited

Date

21/7/17

Additional Member Information

Notice of Trust Deed Amendment

Under clause 32.1 of the Trust Deed governing the Milford KiwiSaver Plan and the Kiwsaver Act 2006, the Manager, Milford Funds Limited, is required to advise members in summary form of any amendments to the Trust Deed.

The Trust Deed was amended on the 15th July 2015. Amendments in relation to fees were communicated to investors in a memorandum dated 13th July 2015 and effective from 1st September 2015.

With effect from 1 August 2016, the original Trust Deed and each of the existing Conditions of Establishment were amended to comply with the Financial Markets Conduct Act 2013.

Statements of Changes in Net Assets

\$ thousands For the year ended 31 March	Note	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
		2017	2016	2017	2016	2017	2016	2017	2016
Income									
Interest income		11	28	74	49	41	93	126	170
Dividend and distribution income		753	136	712	622	-	-	1,465	758
Foreign exchange gains/(losses)		-	-	2	46	-	-	2	46
Net changes in fair value of financial instruments	6,3	1,162	683	10,233	3,900	49,677	35,501	60,355	39,624
Total income		1,926	847	11,021	4,617	49,718	35,594	61,948	40,598
Expenses									
Manager's fee	8	5	73	666	515	5,707	4,134	6,378	4,722
Transaction costs		-	-	39	47	-	-	39	47
Total expenses		5	73	705	562	5,707	4,134	6,417	4,769
Net profit before membership activities		1,921	774	10,316	4,055	44,011	31,460	55,531	35,829
Contributions									
Member contributions		1,646	1,120	6,795	5,354	33,551	26,866	41,992	33,340
Employer contributions		915	637	3,823	2,973	18,158	14,884	22,896	18,494
Crown contributions		228	210	921	854	4,659	4,435	5,808	5,499
Transfers from other Funds in the Plan		9,574	6,990	5,306	5,598	6,599	3,838	-	-
Transfers from other KiwiSaver schemes		5,596	1,440	29,257	5,958	85,681	22,125	117,420	28,023
Transfers from other superannuation schemes		59	17	758	119	1,446	204	2,263	340
Lump sum contributions		2,045	717	5,321	2,670	27,316	11,755	34,682	15,142
Other voluntary contributions		132	98	728	595	3,700	3,365	4,560	4,058
Other income		7	4	28	21	135	104	170	129
		20,202	11,233	52,937	24,142	181,245	87,576	229,791	105,025
Withdrawals									
Transfers to other Funds in the Plan		4,700	2,499	4,652	4,133	12,127	9,794	-	-
Transfers to other KiwiSaver schemes		883	503	1,136	1,313	4,876	7,667	6,895	9,483
Member attributed taxation		370	159	1,138	558	315	1,445	1,823	2,162
Registry fees	8	25	17	87	69	457	388	569	474
Withdrawals on death		37	37	138	160	526	313	701	510
Withdrawals or transfers on permanent emigration		7	-	91	70	117	186	215	256
Invalid enrolment withdrawals		-	7	-	-	-	-	-	7
Member eligible withdrawals		1,888	714	2,370	2,168	7,670	3,712	11,928	6,594
Serious illness withdrawals		-	-	132	10	85	46	217	56
First home purchase withdrawals		815	251	453	266	3,745	2,130	5,013	2,647
Significant financial hardship withdrawals		11	13	44	17	249	160	304	190
Paid under other enactments		-	-	-	-	-	25	-	25
		8,736	4,200	10,241	8,764	30,167	25,866	27,665	22,404
Net membership activities		11,466	7,033	42,696	15,378	151,078	61,710	202,126	82,621
Members' accounts at the start of the year		21,111	13,304	86,708	67,275	446,606	353,436	547,162	428,712
Movements in members' accounts for the year		13,387	7,807	53,012	19,433	195,089	93,170	257,657	118,450
Members' accounts at the end of the year		34,498	21,111	139,720	86,708	641,695	446,606	804,819	547,162

The Notes form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Net Assets

\$ thousands		Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
As at 31 March	Note	2017	2016	2017	2016	2017	2016	2017	2016
Members' Funds	5.2	34,498	21,111	139,720	86,708	641,695	446,606	804,819	547,162
<i>Represented by:</i>									
Assets									
Cash and cash equivalents		472	542	5,834	1,515	1,181	2,051	7,487	4,108
Trade and other receivables	9	221	163	1,274	285	985	561	2,480	1,009
Financial assets at fair value through profit or loss	6.1	34,144	20,555	133,957	85,598	640,952	445,872	797,959	544,762
Member attributed taxation		-	-	-	1	249	66	249	67
Total assets		34,837	21,260	141,065	87,399	643,367	448,550	808,175	549,946
Liabilities									
Trade and other payables	10	10	2	21	141	563	84	594	227
Trade and other payables to related parties	11	1	1	67	46	564	390	632	437
Financial liabilities at fair value through profit or loss	6.2	-	-	159	-	-	-	159	-
Member attributed taxation		328	146	1,098	504	545	1,470	1,971	2,120
Total liabilities		339	149	1,345	691	1,672	1,944	3,356	2,784
Net assets available for benefits		34,498	21,111	139,720	86,708	641,695	446,606	804,819	547,162

These Financial Statements were authorised for issue by the Manager, Milford Funds Limited.

Director  _____

Date 21/7/17

Director  _____

Date 21/7/17

The Notes form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Cash Flows

\$ thousands For the year ended 31 March	Note	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
		2017	2016	2017	2016	2017	2016	2017	2016
Cash flows from operating activities									
Cash was provided from:									
Sale of investments		1,426	5,946	98,364	90,639	1,000	22,502	100,790	119,087
Interest received		11	29	66	52	43	97	120	178
Dividend and distribution income		-	-	509	573	-	-	509	573
Other Income		-	-	-	-	-	-	-	-
Cash was applied to:									
Purchase of investments		(13,100)	(13,023)	(136,380)	(105,834)	(146,403)	(80,002)	(292,769)	(197,359)
Payment to suppliers		(5)	(85)	(682)	(555)	(5,533)	(5,299)	(6,220)	(5,939)
Net cash outflow from operating activities	12	(11,668)	(7,133)	(38,123)	(15,125)	(150,893)	(62,702)	(197,570)	(83,460)
Cash flows from financing activities									
Cash was provided from:									
Contributions		20,144	11,082	52,211	24,054	180,819	87,293	228,581	104,503
Cash was applied to:									
Withdrawals		(8,546)	(4,168)	(9,766)	(8,732)	(30,796)	(25,691)	(27,629)	(22,165)
Net cash inflow from financing activities		11,598	6,914	42,445	15,322	150,023	61,602	200,952	82,338
Net (decrease)/increase in cash		(70)	(219)	4,322	197	(870)	(1,100)	3,382	(1,122)
Cash at the beginning of the year		542	761	1,515	1,348	2,051	3,151	4,108	5,260
Effect of exchange rate fluctuations		-	-	(3)	(30)	-	-	(3)	(30)
Cash at the end of the year		472	542	5,834	1,515	1,181	2,051	7,487	4,108

The Notes form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. General information

Reporting entity

The reporting entity is the Milford KiwiSaver Plan ("the Plan"). The Plan is made up of three funds ("the Funds"):

- Milford KiwiSaver Conservative Fund ("Conservative Fund")
- Milford KiwiSaver Balanced Fund ("Balanced Fund")
- Milford KiwiSaver Active Growth Fund ("Active Growth Fund").

The Manager of the Plan is Milford Funds Limited ("the Manager") and the Supervisor of the Plan is Trustees Executors Limited ("the Supervisor"). The Plan is registered and domiciled in New Zealand. The registered office of the Plan is Level 17, 41 Shortland Street, PO Box 960, Auckland.

The Plan is a defined contribution scheme under the KiwiSaver Act 2006, which means that members contribute to the Plan over time and benefits payable depend on the amount of contributions made and any returns on contributions received. The Plan is also registered as a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013.

The Plan commenced on 1 April 2010 under the Trust Deed dated 19 March 2010.

The financial statements cover the year ended 31 March 2017 and the comparatives cover the year ended 31 March 2016. The Trust Deed of the Plan and the Establishment Deeds for each of the Funds have been amended and restated effective 1 August 2016 to be in compliance with the Financial Markets Conduct Act 2013.

The principal activities of the Funds are described below:

- The Conservative Fund holds a diversified mix of income oriented investments which may be augmented with growth assets, and takes an active approach to sector and security selection. The Conservative Fund may gain this exposure by investing directly or into Milford Unit Trust PIE Funds, other funds, or the Milford Wholesale Funds. As at 31 March 2017 the Conservative Fund invests primarily into the Milford Conservative Fund. The Conservative Fund may use derivative products, short-sell securities and utilise leverage and active currency management.
- The Balanced Fund actively invests in a diversified mix of investments including New Zealand equities and fixed interest securities and global equities and global fixed interest securities, potentially unlisted equities, unit trusts and global underlying managed funds. These investments may be held directly or indirectly through pooled funds. The Fund is actively managed in terms of sector weightings. The Fund may gain this exposure through investing directly or into Milford Unit Trust PIE Funds, the Milford KiwiSaver Active Growth Fund, other Funds or one or more of the Milford Wholesale Funds. The Fund may use derivative products, short-sell securities and utilise leverage and active currency management.
- The Active Growth Fund is actively managed and invests in New Zealand, Australian and global listed and unlisted entities and unit trusts, cash and fixed interest securities. The Fund may gain this exposure through investing directly or into the Milford Wholesale Funds. The Fund invests primarily into the Milford Active Growth Wholesale Fund. The Fund may borrow up to 25% of the value of the Fund, use derivative products, short-sell securities and utilise leverage and active currency management.

Statutory base

The Milford KiwiSaver Plan is registered under the Financial Markets Conduct Act 2013 (FMC Act) as a KiwiSaver Scheme. The Plan is a trust vehicle governed by a Trust Deed dated 1 August 2016.

2. Summary of accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss. The methods used to measure fair values are discussed in Note 2.2 (c). The accrual basis of accounting has been applied, as has the going concern assumption.

The results, positions and cash flows reported for the Plan are prepared on a consolidated basis, with the elimination of interfund transactions and balances.

The Plan has adopted the following amended standards in preparing the financial statements for the year ended 31 March 2017:

Amendments to NZ IAS 1 'Presentation of financial statements' (effective for periods commencing on or after 1 January 2016). The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosures of accounting policies. The amendments form part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. Upon adopting the new amendment for the year commencing 1 April 2016, the Manager reviewed the Plan's financial statements and made some changes to the notes to improve the disclosures.

Notes to the Financial Statements

The following new standards and amendments to existing standards are not a comprehensive list of standards and amendments not yet effective but are only those that are considered relevant to the Plan:

NZ IFRS 9 'Financial Instruments' is applicable to annual reporting periods beginning on or after 1 January 2018. This standard will replace the existing standard NZ IAS 39 'Financial Instruments Recognition and Measurement'. The requirements regarding the classification and measurement of financial liabilities have been retained, as well as the requirements for determining when financial liabilities are derecognised. Under the new standard, changes in fair value of financial liabilities at fair value through profit or loss due to changes in own credit risk will be recognised directly in the statement of changes in net assets. The standard also establishes two primary measurement categories for financial assets: amortised cost and fair value, with classification depending on an entity's business model and the contractual cash flow characteristics of the financial asset. The adoption of this standard may result in additional or amended disclosures and is not expected to have an effect on the Plan's reported result or financial position. The Plan intends to adopt this standard for the financial year commencing 1 April 2018.

There are no other standards, amendments or interpretations that have been issued but are not yet effective that are expected to materially impact the Plan's financial statements.

2.2 Financial instruments

(a) Classification

Designated financial assets and liabilities at fair value through profit or loss

The Plan classifies its investment in equities, Portfolio Investment Entities ("PIEs") and international managed funds as designated financial assets at fair value through profit or loss at initial recognition. Transaction costs are recognised and charged to the Statement of Changes in Net Assets. The financial assets can be classified as such, as the Plan manages its investments and make purchase and sale decisions based on their fair value and in accordance with their investment strategy.

Held for trading financial assets and liabilities at fair value through profit or loss

Held for trading financial assets and liabilities at fair value through profit or loss comprise of derivative instruments which are primarily forward foreign exchange contracts and equity index options. The use of these contracts by the Plan is primarily for the risk management of their investments.

(b) Recognition

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets when they arise. Interest and dividend income are separately recognised in the Statement of Changes in Net Assets. Purchases and sales of investments are recognised on the trade date, the date on which the Plan commits to purchase or sell the investment.

(c) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date in the principal or, in its absence, the most advantageous market to which the Plan had access at that date. The fair value of a liability reflects its non-performance risk.

Financial assets and liabilities held at fair value through profit or loss

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

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last sale prices. Where the last sale price falls outside of the bid-ask spread for a particular stock, bid price will be used to value the investment.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models 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.

Fair value classifications of the Fund's financial assets and liabilities are detailed in Notes 6 and 7.

Notes to the Financial Statements

(d) Derecognition

Financial assets are derecognised upon maturity or disposal of the asset. Any gain or loss arising on derecognition of the asset is included in the Statement of Changes in Net Assets 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.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits and are measured initially at fair value. Subsequent to initial recognition, all cash and cash equivalents are measured at amortised cost.

2.5 Revenue recognition

- (a) Dividend and distribution income is recognised in the Statement of Changes in Net Assets when the Plan's right to receive payment is established.
- (b) Interest income is recognised in the Statement of Changes in Net Assets as the interest accrues using the effective interest rate method. Interest income is earned on cash and cash equivalents.
- (c) Gains or losses of financial assets at fair value through profit or loss are recognised in the Statement of Changes in Net Assets as disclosed in Note 2.2.
- (d) Foreign exchange gains and losses on cash and financial instruments at fair value through profit or loss are recognised in the Statement of Changes in Net Assets as disclosed in note 2.12.
- (e) Underwriting and brokerage income is recognised in the Statement of Changes in Net Assets when the Plan's right to receive payment is established.
- (f) Dividend and interest income is disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the PIE regime.

2.6 Expenses

The Manager pays audit, supervisory, custody and administration expenses from the management fee. The management fee is calculated on a daily basis based on the gross asset value of the Plan and paid monthly. Performance fees are calculated and accrued daily if applicable and paid annually. Administration and registry fees are charged monthly per member via a unit deduction payment when they arise.

2.7 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets if maturities are greater than 12 months. The Plan's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Net Assets. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Sales of securities and investments which are unsettled at balance date are included in receivables.

2.8 Trade and other payables

Trade and other payables include liabilities, purchases of securities and investments that are unsettled at balance date and accrued expenses owing by the Plan which are unpaid at balance date and are initially measured at fair value and subsequently at amortised cost using the effective interest method. Trades are recorded on trade date, and normally settled within three business days.

2.9 Taxation

The Funds are Portfolio Investment Entities ("PIEs"). Under the PIE regime income is effectively taxed in the hands of the members and therefore the Funds have no tax expense. Accordingly, no income tax expense is recognised in the Statement of Changes in Net Assets.

Under the PIE regime, the Manager attributes the taxable income of the Funds to members in accordance with the proportion of their overall interest in the Funds. The income attributed to each member is taxed at the member's "Prescribed Investor Rate" which is capped at 28%. The Manager accounts for tax on behalf of members and undertakes any necessary adjustments to the members' interests in the Funds to reflect that the Plan pays tax at varying rates on behalf of members.

Members' funds have been adjusted to reflect the impact of tax on the value of unit holdings.

The tax attributable to members is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Positions taken in attributing taxable income to members, with respect to situations in which applicable tax regulations are subject to interpretation, are evaluated by the Manager as required.

2.10 Goods and Services Tax (GST)

The Plan is not registered for GST. All items in the Statement of Changes in Net Assets and the Statement of Net Assets are stated inclusive of GST.

Notes to the Financial Statements

2.11 Statement of Cash Flows

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

- (a) Operating activities include all transactions and other events that are not financing activities; and
- (b) Financing activities are those activities that result in changes in the size and composition of members' funds.

2.12 Foreign currencies

(a) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Plan's functional currency, on the basis that the Plan's investors are mainly based in New Zealand, with the contributions and withdrawals denominated in New Zealand dollars. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

(b) Transactions and balances

Transactions denominated in foreign currencies are recognised at the exchange rates on the date of the transactions. Assets and liabilities as at balance date denominated in foreign currencies are translated at the foreign currency exchange rates on that date. Realised and unrealised exchange gains and losses during the financial period are recognised in the Statement of Changes in Net Assets.

2.13 Impairment of assets

The carrying amounts of the Plan's assets other than fair value through profit or loss are reviewed at each balance date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Changes in Net Assets. Assets that are considered for impairment are cash and cash equivalents, and trade and other receivables.

2.14 Net assets attributable to members

The net assets attributable to members represents the liability for promised retirement benefits and are measured at amortised cost. The Funds issue units that are redeemable at the Members' option and do not have identical features and are therefore classified as financial liabilities. Units are redeemed for the purpose of permitted withdrawals (such as reaching the retirement age of 65 or enduring significant hardship), transferred to another Fund within the Plan or a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable at the period end date if Members exercise their right to redeem units back to the Funds.

As stipulated in the Trust Deed, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund. The Funds' net asset value is calculated by dividing the net assets attributable to all holders of units in the Fund by the total number of units on issue of each Fund.

2.15 Related parties

A party is related to the Plan if:

- (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Plan;
- (b) it is a parent, subsidiary or fellow subsidiary of a party defined in Note 1; or
- (c) it has an interest in or relationship with the Plan that gives it significant influence over the Plan; or
- (d) the Plan has an interest in or relationship with the party that gives it significant influence over the party; or
- (e) they are a member of the Manager's key management personnel.

2.16 Changes in accounting policies

The Plan has consistently applied the accounting policies to all periods presented in these Financial Statements.

2.17 Restatement of comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements.

Notes to the Financial Statements

3. 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 judgement in the process of applying the Plan's accounting policies. The Manager has applied its judgement in selecting the accounting policy to designate financial assets at fair value through profit or loss at initial recognition. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair value of all financial assets as quoted market prices are readily available and in the case of derivatives observable market inputs are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at year end. However as with all investments, their value is subject to variation due to market fluctuations.

The Manager has used judgement 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. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability (refer to Note 5.3 for further details).

4. Derivatives

4.1 Forward foreign currency contracts

Forward foreign currency contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Plan's open positions in forward contracts at balance date are outlined below:

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Forward exchange contracts (notional value in NZ\$)								
Sell EUR/Buy NZD	-	-	-	856	-	-	-	856
Sell USD/Buy NZD	-	-	3,129	1,301	-	-	3,129	1,301
Sell NZD/Buy USD	-	-	2,570	-	-	-	2,570	-
Sell NZD/Buy AUD	-	-	2,544	-	-	-	2,544	-
Sell AUD/Buy NZD	-	-	2,511	-	-	-	2,511	-
Sell AUD/Buy USD	-	-	566	-	-	-	566	-
Sell JPY/Buy NZD	-	-	-	405	-	-	-	405
Forward exchange contracts (fair value in NZ\$)								
Sell EUR/Buy NZD	-	-	-	32	-	-	-	32
Sell USD/Buy NZD	-	-	10	74	-	-	10	74
Sell NZD/Buy USD	-	-	73	-	-	-	73	-
Sell NZD/Buy AUD	-	-	44	-	-	-	44	-
Sell AUD/Buy NZD	-	-	(110)	-	-	-	(110)	-
Sell AUD/Buy USD	-	-	(23)	-	-	-	(23)	-
Sell JPY/Buy NZD	-	-	-	19	-	-	-	19

4.2 Futures

Futures are contractual obligations to buy or sell an asset, such as a physical commodity, equity index or a financial instrument, at a predetermined future date and price. Futures contracts have standardised contract terms to facilitate trading on a futures exchange. The Balanced Fund held futures during the period, but these positions had been closed out by balance date.

Notes to the Financial Statements

4.3 Options

Exchange traded options are contracts that give the purchaser the right (but not the obligation) to buy (a call option) or sell (a put option) an underlying asset or instrument at a specified strike price on or before a specified date, depending on the details of the option. Exchange traded options have standardised contract terms that facilitate trading on an options exchange.

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Options (notional value in NZD)								
Equity index options	-	-	-	-	-	-	-	-
Options (fair value in NZD)								
Equity index options	-	-	119	-	-	-	119	-

5. Financial Risk Management

5.1 Financial risk factors

The Trust Deed for the Plan requires the Manager to invest the assets of the Plan in accordance with the Statement of Investment Policy and Objectives. The Plan is subject to a number of financial risks which arise as a result of its activities, including: market risk, liquidity risk and credit risk. The Plan's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Plan's financial performance.

The Plan is exposed directly, and indirectly to price risks through its holdings of equity and unit trust investments. The unitholders' investments have underlying securities comprising domestic, international equity instruments and fixed interest securities.

5.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market. All investments in unit trusts present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The Manager of the underlying unit trusts advised that this risk is moderated through careful stock selection and diversification of unit trust investments, daily monitoring of the unit trusts' market position and adherence to the unit trusts' investment policy.

The maximum market risk resulting from financial instruments is determined by their fair value.

Where non-monetary financial instruments, for example, unit trust securities are denominated in currencies other than NZD, the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of changes in foreign exchange rates. In addition, where the Plan holds unit trusts which in turn invest in securities denominated in foreign currencies, the value of the unit trust will be indirectly affected by fluctuations in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' sets out how this component of price risk is managed and measured.

Sensitivity Analysis

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in unit prices. If investments in financial instruments subject to unit price risk at that date increased or decreased by 10% with all other variables held constant, this would have had the following impact on the Statement of Changes in Net Assets:

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Equities, unit trusts and unlisted securities								
Carrying amount	34,144	20,555	133,685	85,473	640,952	445,872	797,687	544,637
Impact of a -10% change in prices	(3,414)	(2,056)	(13,369)	(8,547)	(64,095)	(44,587)	(79,769)	(54,464)
Impact of a +10% change in prices	3,414	2,056	13,369	8,547	64,095	44,587	79,769	54,464
Options								
Notional exposure	-	-	-	-	-	-	-	-
Impact of a -10% change in prices	-	-	23	-	-	-	23	-
Impact of a +10% change in prices	-	-	75	-	-	-	75	-

Members' Funds would be impacted by the same amount less the PIE tax adjustment that would be attributed to members.

Notes to the Financial Statements

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan is exposed to currency risk primarily through holding foreign currency denominated cash and cash equivalents, trade and other receivables, trade and other payables and forward foreign exchange contracts. The Manager may hedge the exposure to currency fluctuations. The Plan is also exposed indirectly to currency risk through its holdings in the Milford Active Growth Wholesale Fund, the Milford Income Wholesale Fund, the Milford Trans-Tasman Fund, the Milford Global Fund, the Milford Dynamic Fund, the Milford Conservative Fund and the Vanguard International Shares Select Exclusions Index Fund (Unhedged).

At the balance date the Plan had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Monetary assets/(liabilities)								
Australian Dollar (AUD)	-	-	(565)	77	-	-	(565)	77
Euro (EUR)	-	-	143	(856)	-	-	143	(856)
United States Dollar (USD)	-	-	1,054	(266)	-	-	1,054	(266)
Japanese Yen (JPY)	-	-	257	(405)	-	-	257	(405)
Great British Pound (GBP)	-	-	1	-	-	-	1	-

The table below summarises the impact on the Statement of Changes in Net Assets on monetary assets and liabilities at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Monetary assets/(liabilities)								
Increase of 10%	-	-	(81)	132	-	-	(81)	132
Decrease of 10%	-	-	99	(161)	-	-	99	(161)

At the balance date the Plan had the following foreign currency exposures due to holdings of non-monetary assets and liabilities (expressed in NZD equivalents):

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Non-monetary assets/(liabilities)								
Australian Dollar (AUD)	-	-	6,081	2,231	-	-	6,081	2,231
United States Dollar (USD)	-	-	1,299	3,335	-	-	1,299	3,335

The table below summarises the impact on the Statement of Changes in Net Assets on non-monetary assets at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Non-monetary assets/(liabilities)								
Increase of 10%	-	-	(671)	(506)	-	-	(671)	(506)
Decrease of 10%	-	-	820	618	-	-	820	618

Notes to the Financial Statements

(c) 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. Financial instruments which potentially subject the Plan to interest rate risk are short term cash deposits. The Funds can invest cash in New Zealand and Internationally (short term investments only) and interest income and investment valuations are therefore subject to changes in New Zealand and International interest rates. The Manager may hedge the exposure to interest fluctuations.

Cash flow sensitivity analysis

A change in interest rates impacts the cash flow of the Plan's cash and cash equivalents by increasing or decreasing the amount of interest received. A variable of 100 basis points (1%) was selected as this is a reasonably expected movement based on past overnight cash rate movements. The one year cash flow sensitivity to a 100 basis point movement in interest rates (based on assets held at reporting date), with all other variables held constant, is shown in the following table:

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Increase of 1%	5	5	58	15	12	21	75	41
Decrease of 1%	(5)	(5)	(58)	(15)	(12)	(21)	(75)	(41)

5.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Plan. Financial instruments that subject the Plan to credit risk consist primarily of cash and cash equivalents and trade and other receivables.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. There is risk of non recovery relating to contributions receivable by the Plan 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 maximum credit risk of financial instruments is considered to be the carrying amount on the Statement of Net Assets. There is risk of non-recovery of monetary assets. The Plan does not require collateral or other security to support financial instruments with credit risk. The Plan invests cash with banks registered in New Zealand and Internationally.

As at 31 March 2017 there were no financial assets past due or impaired (2016: Nil).

(a) Credit exposure

The Plan's maximum exposure to credit risk at balance date in relation to each class of recognised asset is the carrying amount of those assets as indicated in the Statement of Net Assets. Exposure to any holding which is greater than 5% of a Fund's net assets are detailed in Note 8.3.

Notes to the Financial Statements

5.1.3 Liquidity risk

Liquidity risk is the risk that the Plan will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Liquidity risk is managed by holding liquid investments to enable the Plan to meet liabilities as they fall due and withdrawals when requested. The Plan invests in various funds represented by Milford Funds Limited, which in turn, maintain sufficient liquidity in their portfolios to cover reasonably foreseeable redemptions under normal market conditions. The Plan also holds securities that are listed on the NZX, ASX or other internationally recognised exchanges and are saleable. Monies received from member contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals from the Plan and or various funds represented by Milford Funds Limited in which the Plan invests.

The Plan's investment policies do not state a minimum required level of investment in liquid investments however do state minimum level of income assets required. The Plan's financial liabilities consist of trade and other payables and derivatives (forward foreign exchange contracts) which are short term in nature and classified as a current liability at reporting date. Current liabilities of financial derivative instruments consist of the fair value of forward foreign exchange contracts at year end. The current fair value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Plan and realised liabilities may differ from current liabilities based on future changes in market conditions.

The table below shows the undiscounted contracted cash outflows, excluding gross settled derivatives, for the Funds' financial liabilities:

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial liabilities held at fair value through profit or loss								
7 days to 2 months	-	-	(159)	-	-	-	(159)	-
Trade and other payables								
Less than 7 days	(10)	(2)	(21)	(141)	(563)	(84)	(594)	(227)
Related party payables								
Less than 2 months	(1)	(1)	(67)	(46)	(564)	(390)	(632)	(437)

5.2 Capital risk management

Net assets available to pay benefits are considered to be the Plan's capital for the purposes of capital management not withstanding net assets available to pay benefits is classified as a liability for accounting. The Plan does not have to comply with externally imposed capital requirements. The Plan's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its members and maximise the Plan's members' values as well as ensuring its net assets available to pay benefits are sufficient to meet all present and future obligations. In order to meet its objectives for capital management the Plan's management monitors the Plan's performance on a regular basis.

5.2.1 Units on Issue

Units thousands For the year ended	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Units on issue at the start of the year	14,458	9,489	48,300	39,416	161,411	138,125	221,544	184,958
Total contributions for the year	13,492	8,056	28,291	13,961	62,760	33,508	103,479	54,972
Total withdrawals for the year	(5,910)	(3,087)	(5,575)	(5,077)	(10,782)	(10,222)	(22,267)	(18,386)
Units on issue at the end of the year	<u>22,040</u>	<u>14,458</u>	<u>71,016</u>	<u>48,300</u>	<u>213,389</u>	<u>161,411</u>	<u>302,756</u>	<u>221,544</u>

5.3 Fair value estimation

The carrying amounts of the Plan's assets and liabilities at the balance date are their fair values. Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. The Plan recognises transfers between levels of the fair value hierarchy as at the end of the financial reporting period during which the change has occurred.

Level 1 - fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last sale prices.

Level 2 - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

Level 3 - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

Notes to the Financial Statements

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 based on the degree to which the fair value is observable. There are no level 3 financial instruments. There have been no transfers between levels.

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Level 1 Assets								
<i>Held for trading</i>								
Equity index options	-	-	119	-	-	-	119	-
<i>Designated at fair value through profit or loss at inception</i>								
Listed equities	-	-	348	4,062	-	-	348	4,062
Listed funds/trusts	-	-	1,180	3,335	-	-	1,180	3,335
Total Level 1 Assets			1,647	7,397			1,647	7,397
Level 2 Assets								
<i>Held for trading</i>								
Forward foreign exchange contracts	-	-	153	125	-	-	153	125
<i>Designated at fair value through profit or loss at inception</i>								
Unlisted equities	-	-	2	-	-	-	2	-
Unlisted funds/trusts	34,144	20,555	132,155	78,076	640,952	445,872	796,157	537,240
Total Level 2 Assets	34,144	20,555	132,310	78,201	640,952	445,872	796,312	537,365
Level 2 Liabilities								
<i>Held for trading</i>								
Forward foreign exchange contracts	-	-	(159)	-	-	-	(159)	-
Total Level 2 Liabilities			(159)				(159)	

The fair value of equities and equity index options is determined using quoted market prices in an active market. This measurement basis falls within Level 1 of the fair value hierarchy.

The fair value of forward foreign exchange contracts is calculated from spot exchange rates and forward points supplied by WM/Reuters. This measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The Funds' investments in each of the Milford Funds are valued at fair value which are based on the latest available redemption prices of the units in the Milford Wholesale Funds, the Milford Unit Trust Funds and the Milford KiwiSaver Active Growth Fund. The Manager reviews the details of the reported information obtained from the Milford Funds and considers:

- the liquidity of the Fund's holding in the Milford funds or their underlying investments;
- the value date of the Net Asset Values ("NAVs") provided; and
- any restrictions on redemptions

The fair value of international managed funds is determined using the redemption price, based on the valuation of its underlying investments, as supplied by the Manager on a daily basis. This measurement basis falls within Level 2 of the fair value hierarchy as all significant inputs used to calculate the fair value are based on observable market data.

Refer to note 2.2(c) of the accounting policies for further details on the fair value hierarchy.

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6. Financial instruments at fair value through profit or loss

6.1 Financial assets at fair value through profit or loss

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial assets held for trading								
Equity index options	-	-	119	-	-	-	119	-
Forward foreign exchange contracts	-	-	153	125	-	-	153	125
Total financial assets held for trading	-	-	272	125	-	-	272	125
Designated at fair value through profit or loss at inception								
Listed equities	-	-	348	4,062	-	-	348	4,062
Listed funds/trusts	-	-	1,180	3,335	-	-	1,180	3,335
Unlisted equities	-	-	2	-	-	-	2	-
Unlisted funds/trusts	34,144	20,555	132,155	78,076	640,952	445,872	796,157	537,240
Total designated at fair value through profit or loss at inception	34,144	20,555	133,685	85,473	640,952	445,872	797,687	544,637
Total financial assets at fair value through profit or loss	34,144	20,555	133,957	85,598	640,952	445,872	797,959	544,762

6.2. Financial liabilities at fair value through profit or loss

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial liabilities held for trading								
Forward foreign exchange contracts	-	-	(159)	-	-	-	(159)	-
Total financial liabilities at fair value through profit or loss	-	-	(159)	-	-	-	(159)	-

6.3 Net gains/(losses) on financial instruments at fair value through profit or loss

\$ thousands For the year ended 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Other net changes in fair value on financial instruments held for trading	-	-	253	(752)	-	-	253	(752)
Other net changes in fair value on financial instruments designated at fair value through profit or loss	1,162	683	9,980	4,652	49,677	35,501	60,102	40,376
Total gains on financial instruments at fair value through profit or loss	1,162	683	10,233	3,900	49,677	35,501	60,355	39,624

Notes to the Financial Statements

7. Financial instruments by category

Financial instruments currently recognised in the financial statements comprise trade and other receivables, financial assets and liabilities at fair value through profit or loss and trade and other payables. The following table details the Plan's financial assets and liabilities by category:

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets at fair value through profit and loss								
Financial assets held at fair value through profit or loss	34,144	20,555	133,957	85,598	640,952	445,872	797,959	544,762
Loans and receivables								
Cash and cash equivalents	472	542	5,834	1,515	1,181	2,051	7,487	4,108
Trade and other receivables	221	163	1,274	285	985	561	2,480	1,009
Total loans and receivables	693	705	7,108	1,800	2,166	2,612	9,967	5,117
Total financial assets	34,837	21,260	141,065	87,398	643,118	448,484	807,926	549,879
Liabilities at fair value through profit and loss								
Financial liabilities held at fair value through profit or loss	-	-	159	-	-	-	159	-
Other financial liabilities at amortised cost								
Trade and other payables	10	2	21	141	563	84	594	227
Trade and other payables to related parties	1	1	67	46	564	390	632	437
Total other financial liabilities at amortised cost	11	3	88	187	1,127	474	1,226	664
Total financial liabilities	11	3	247	187	1,127	474	1,385	664

8. Related parties

8.1 Manager and Supervisor

The Manager of the Plan is Milford Funds Limited. The Manager is entitled to the following capped management fees per annum for services as Manager:

- Milford KiwiSaver Conservative Fund	- 0.95% per annum
- Milford KiwiSaver Balanced Fund	- 1.05% per annum
- Milford KiwiSaver Active Growth Fund	- 1.05% per annum

The capped management fees are used to cover expenses for management fees, administration fees, supervisor fees, audit fees and other appropriate expenses payable by the Plan. The capped management fees are calculated daily and paid monthly directly from the Plan.

The Manager is also entitled to be paid a performance fee for the KiwiSaver Active Growth Fund in respect of the 12 month period ending 31 March in any period that the investment performance is above the benchmark and the high water mark. The performance fee is equal to 15% of the amount that the return of the Fund exceeds the benchmark for the same period. The benchmark is 10% return per annum after the capped management fee but before PIE tax and the performance fee. The payment of the performance fee is made if the net asset value per unit exceeds the net asset value per unit used in the calculation of the last performance fee paid (the high water mark). The high water mark is the Funds previous highest ever net asset value per unit achieved on 31 March. If this condition is not met, payment is deferred until it is met. Absolute performance losses are carried forward into the next performance period.

Notes to the Financial Statements

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
31 March								
Management fees	266	178	1,163	824	5,707	4,134	7,136	5,136
Management fee rebates	(261)	(105)	(497)	(309)	-	-	(758)	(414)
Management fees payable	1	1	67	46	564	390	632	437
Performance fees	-	-	-	-	-	-	-	-
Performance fees payable	-	-	-	-	-	-	-	-

The Supervisor of the Plan is Trustees Executors Limited. The Supervisor is entitled to receive a fee from the Manager for supervisory services. Trustees Executors Limited also performs registry services for the Plan and is entitled to receive a fee from the Manager for these services.

Audit fees, supervisor fees and registry fees of the Funds that were paid for by the Manager are as follows:

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
For the year ended 31 March								
Supervisor fees	5	5	22	20	106	98	133	123
Registry Fees	31	25	111	88	544	463	686	576
Audit fees	16	16	16	16	16	16	48	48

The Manager also paid administration and custody expenses on behalf of the Funds to non-related parties. A monthly \$3.00 administration and registry fee is deducted from each member by way of unit redemption and is payable to the Manager. This is accounted for as a withdrawal and does not impact net profit before membership activities. Trustees Executors Limited maintain the members' accounts and register of the Plan and receives a fee for this service, paid by the Manager.

From time to time the Manager undertakes certain trades of investments between the Funds and various funds managed by the Manager without incurring brokerage costs. In the opinion of the Manager these transactions were made at fair value. The following transactions were conducted at volume weighted average price:

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
For the year ended 31 March								
Sales of investments	-	-	344	-	-	-	344	-

Holdings in the Funds for Directors and key management personnel of the Manager and their immediate family members that are directly or indirectly held:

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
As at 31 March								
Holdings	-	-	464	376	1,423	1,150	1,887	1,526

8.2 Investments in the Plan by related parties

The following table shows the value of investments by related parties in the Plan at balance date:

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
As at 31 March								
Milford KiwiSaver Funds								
Milford KiwiSaver Balanced Fund	-	-	-	-	11,094	7,263	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,094</u>	<u>7,263</u>	<u>-</u>	<u>-</u>

The following table shows the income earned by related parties from their investments in the Funds in the year ending at balance date:

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
For the year ended 31 March								
Milford KiwiSaver Funds								
Milford KiwiSaver Balanced Fund	-	-	-	-	717	460	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>717</u>	<u>460</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

8.3 Investments by the Plan in related parties

The following table shows the value of investments by the Plan in related parties at balance date:

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Milford Unit Trust Wholesale PIE Funds								
Milford Active Growth Wholesale Fund	-	-	-	-	640,952	445,872	640,952	445,872
Milford Income Wholesale Fund	-	-	65,464	44,299	-	-	65,464	44,299
Milford Trans Tasman Bond Wholesale Fund	-	-	1,738	2,044	-	-	1,738	2,044
Milford NZ Equities Fund	-	-	1,793	-	-	-	1,793	-
Milford Global Bond Wholesale Fund	-	-	2,001	-	-	-	2,001	-
Milford Unit Trust PIE Funds								
Milford Trans-Tasman Fund	-	-	8,472	3,620	-	-	8,472	3,620
Milford Dynamic Fund	-	-	6,925	5,150	-	-	6,925	5,150
Milford Global Fund	-	-	28,935	14,619	-	-	28,935	14,619
Milford Conservative Fund	34,144	20,555	-	-	-	-	34,144	20,555
Milford KiwiSaver Funds								
Milford KiwiSaver Active Growth Fund	-	-	11,094	7,263	-	-	-	-
Total	34,144	20,555	126,422	76,995	640,952	445,872	790,424	536,159

The following table shows the income earned by the Funds from their investments in related parties in the period ending at balance date:

\$ thousands For the year ended 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Milford Unit Trust Wholesale PIE Funds								
Milford Active Growth Wholesale Fund	-	-	-	-	49,677	35,500	49,677	35,500
Milford Income Wholesale Fund	-	85	5,906	4,030	-	-	5,906	4,115
Milford Trans Tasman Bond Wholesale Fund	-	18	94	44	-	-	94	62
Milford NZ Equities Wholesale Fund	-	-	8	-	-	-	8	-
Milford Global Bond Wholesale Fund	-	-	1	-	-	-	1	-
Milford Unit Trust PIE Funds								
Milford Trans-Tasman Fund	-	-	780	243	-	-	780	243
Milford Dynamic Fund	-	-	513	91	-	-	513	91
Milford Global Fund	-	-	2,228	(424)	-	-	2,228	(424)
Milford Conservative Fund	1,915	716	-	-	-	-	1,915	716
Milford KiwiSaver Funds								
Milford Active Growth Wholesale Fund	-	-	717	460	-	-	-	-
Total	1,915	819	10,247	4,444	49,677	35,500	61,122	40,303

All related party transactions were made on an arm's length basis.

Notes to the Financial Statements

9. Trade and other receivables

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Accrued interest	1	1	9	2	2	4	12	7
Dividends and distributions receivable	-	-	-	58	-	-	-	58
Futures margin accounts	-	-	369	-	-	-	369	-
Unsettled investment trades	-	-	-	55	-	-	-	55
Contributions receivable	220	162	896	170	983	557	2,099	889
Total trade and other receivables	221	163	1,274	285	985	561	2,480	1,009

All trade and other receivable balances are carried at amortised cost and their carrying values approximate fair value.

10. Trade and other payables

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Redemptions payable	10	2	21	141	563	84	594	227
Total trade and other payables	10	2	21	141	563	84	594	227

11. Trade and other payables to related parties

\$ thousands As at 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Management fees payable	1	1	67	46	564	390	632	437
Total trade and other payables to related parties	1	1	67	46	564	390	632	437

All trade and other payable balances are carried at amortised cost and their carrying values approximate fair value.

Notes to the Financial Statements

12. Reconciliation of net profit before tax and membership activities to net cash flows from operating activities

\$ thousands For the year ended 31 March	Conservative Fund		Balanced Fund		Active Growth Fund		Plan Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Net profit after tax and before membership activities	1,921	774	10,316	4,055	44,011	31,460	55,531	35,829
Adjustments for non cash items:								
Unrealised changes in the fair value of financial instruments	(1,103)	1,192	(8,631)	(4,298)	(49,414)	(30,233)	(58,431)	(32,879)
Unrealised foreign exchange (losses)/gains on cash at bank	-	-	3	30	-	-	3	30
Distributions re-invested	(753)	(136)	(261)	(95)	-	-	(1,014)	(231)
	(1,856)	1,056	(8,889)	(4,363)	(49,414)	(30,233)	(59,442)	(33,080)
Movements in working capital items:								
Decrease/(increase) in trade and other receivables	-	1	(263)	142	2	2	(261)	145
Increase/(decrease) in trade and other payables	-	(12)	21	7	174	(1,163)	195	(1,168)
(Increase)/decrease in cost of investments	(11,733)	(8,952)	(39,308)	(14,966)	(145,666)	(62,768)	(193,593)	(85,186)
	(11,733)	(8,963)	(39,550)	(14,817)	(145,490)	(63,929)	(193,659)	(86,209)
Net cash outflow from operating activities	(11,668)	(7,133)	(38,123)	(15,125)	(150,893)	(62,702)	(197,570)	(83,460)

13. Contingent liabilities

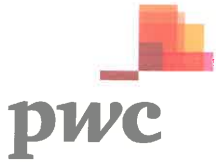
There were no contingent liabilities as at 31 March 2017 (31 March 2016: Nil).

14. Capital commitments

There were no capital commitments as at 31 March 2017 (31 March 2016: Nil).

15. Events after balance date

There have been no events subsequent to balance date that require adjustment to, or disclosure of, in these financial statements.



Independent auditor's report

To the members of the Milford KiwiSaver Plan comprising the:
Milford KiwiSaver Active Growth Fund
Milford KiwiSaver Balanced Fund
Milford KiwiSaver Conservative Fund
(the Funds) which comprise the Milford KiwiSaver Plan (the Plan)

The Funds' and the Scheme's financial statements comprise:

- the statements of net assets as at 31 March 2017;
- the statements of changes in net assets for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of accounting policies.

Our opinion

In our opinion, the Funds' and the Scheme's financial statements present fairly, in all material respects, the net assets of the Funds and the Scheme as at 31 March 2017, their changes in net assets and their cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

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

Our firm carries out other services for the Scheme in the areas of tax compliance services. The provision of these other services has not impaired our independence as auditor of the Scheme.

Information other than the financial statements and auditor's report

Milford Funds Limited (the Manager) is responsible for the annual report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not, express any form of assurance conclusion on other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, if other information is included in the annual report, 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 to be materially misstated. If, based on the work we have performed on the



other information that we obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Funds and the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Funds or the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-5/>

Who we report to

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

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

For and on behalf of:

Chartered Accountants
21 July 2017

Auckland