

**BCF KIWISAVER SCHEME**  
**Financial Statements**  
**For the year ended 31 March 2017**

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**For the year ended 31 March 2017**

**INDEX**

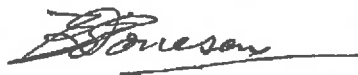
Independent Auditor's Report	Pages 1 - 2
Statement of Net Assets	Page 3
Statement of Changes in Net Assets	Page 4
Statement of Cash Flows	Page 5
Notes to the Financial Statements	Pages 6 to 12

**BCF KIWISAVER SCHEME**


**Statement of Net Assets  
As at 31 March 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
Cash		40,030	572,240
Investments	6	6,048,760	4,193,075
Contributions receivable		-	1,276
Income Tax Receivable		30,820	12,180
		<u>6,119,610</u>	<u>4,778,771</u>
<b>Less LIABILITIES</b>			
Sundry Creditors		29,783	29,570
		<u>29,783</u>	<u>29,570</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>			
		<u>6,089,827</u>	<u>4,749,201</u>
<b>LIABILITY FOR PROMISED BENEFITS</b>			
	4		
<i>Represented by:</i> KiwiSaver Member Accounts		<u>6,089,827</u>	<u>4,749,201</u>

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

Director: 

Date: 28/06/2017

Director: 

Date: 28/06/2017



**BCF KIWISAVER SCHEME**

**Statement of Changes in Net Assets  
For the year ended 31 March 2017**

<b>INVESTMENT ACTIVITIES</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Investment Revenue</b>			
Interest Received		196,804	177,380
Use of Money Interest		-	83
<b>Other Expenses</b>			
Administration & Actuarial Fees		31,737	54,856
Auditor's Remuneration - Audit Fees		20,585	11,270
Taxation services		1,495	1,725
Legal Fees		50,773	20,125
Sundry Expenses		25,709	1,139
<b>Total Other Expenses</b>		<u>130,299</u>	<u>89,115</u>
<b>Changes in Net Assets before Taxation and Member Activities</b>		<u>66,505</u>	<u>88,348</u>
<b>MEMBERSHIP ACTIVITIES</b>			
<b>Contributions</b>			
Member Contributions		788,045	677,280
Employer Contributions		476,189	395,008
Crown Tax Credits		181,734	168,997
Transfers in		90,230	90,768
Kickstart		9,000	18,000
<b>Total Contributions</b>		<u>1,545,198</u>	<u>1,350,053</u>
<b>Less:</b>			
Death Payment		-	22,047
First Home Withdrawal		119,004	32,502
Retirement		117,978	-
Partial withdrawal		4,000	-
Transfer Out		13,163	20,687
Tax Expense	7	<u>16,932</u>	<u>24,734</u>
<b>Net Membership Activities</b>		<u>1,274,121</u>	<u>1,250,083</u>
<b>Net Increase in Net Assets During Year</b>		<u>1,340,626</u>	<u>1,338,431</u>
<b>Benefits accrued</b>			
Allocated to:			
KiwiSaver Member Accounts	4	<u>6,089,827</u>	<u>4,749,201</u>

This statement is to be read in conjunction with the notes on pages 6 to 12  
Page 4



**BCF KIWISAVER SCHEME**

**Statement of Cash Flows  
For the year ended 31 March 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash provided from</i>			
Member Contributions		789,321	676,004
Employer Contributions		476,189	395,008
Crown Tax Credits		181,734	186,997
Transfers in		99,230	90,768
		<u>1,546,474</u>	<u>1,348,777</u>
<i>Cash applied to</i>			
Withdrawals		(254,144)	(54,549)
Administration Fees		(31,737)	(54,439)
Transfer Out		-	(20,687)
Resident Withholding Tax		(16,932)	(24,856)
Audit Fee		(13,570)	(10,063)
Tax Advice		(3,795)	(1,725)
Legal Fees		(55,173)	(6,900)
General Expenses		(25,812)	(1,578)
		<u>(401,163)</u>	<u>(174,797)</u>
<b>Net Cash Flows from Operating Activities</b>	<b>8</b>	<u>1,145,311</u>	<u>1,173,980</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash provided from</i>			
Interest Received		(18,640)	-
Sale of investments		(757,881)	37,744
<i>Cash applied to</i>			
Purchase of investments		(901,000)	(950,000)
<b>Net Cash Flows from Investing Activities</b>		<u>(1,677,521)</u>	<u>(912,256)</u>
<b>Net Increase/(Decrease) in Cash Held</b>		(532,210)	261,724
<b>Cash at Beginning of Year</b>		572,240	310,516
<b>Cash at End of Year</b>		<u>40,030</u>	<u>572,240</u>

This statement is to be read in conjunction with the notes on pages 6 to 12  
Page 5



## BCF KIWISAVER SCHEME

Notes to the Financial Statements  
For the year ended 31 March 2017

### 1. Scheme Description

The BCF KiwiSaver Scheme ("The Scheme") is a defined contribution scheme for members of the Brethren Christian Fellowship. It was registered under the KiwiSaver Act 2006 on the 2nd of September 2010. The Scheme started accepting members' contribution on 20th May 2011. There were 569 members in total as at 31 March 2017 (2016: 552).

The Scheme is domiciled in New Zealand and the address of their registered office is 5 Noel Rogers Place, Palmerston North, 4441. Aotahi Trust Limited, is the Trustee of the Scheme and the address of their registered office is 5 Noel Rogers Place, Palmerston North, 4441.

#### Funding Arrangements

Members can choose to contribute either 3%, 4% or 8% of gross salary or wages. Members may from time to time make additional voluntary contributions to the Scheme. In certain circumstances, employers are required to contribute to KiwiSaver schemes in respect of their employees who are members at a rate of 3%. Employer contributions are subject to Employer Superannuation Contribution Tax. The Government pays 50 cents for every dollar of Member contribution annually up to a maximum of \$521.43.

#### Retirement Benefits

Member benefits will be locked in to the Scheme until the later of the date for reaching the qualifying age for New Zealand Superannuation or the date on which the Member has been a member of any KiwiSaver Scheme or a member of a Complying Superannuation Scheme for a period of five years. Retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership.

#### Termination Terms

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

#### Changes in the Scheme

The Trust Deed was established on 31 August 2010. There have been no changes to the Trust Deed in the current year.

### 2. Basis of Preparation

#### Statement of compliance

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS) and the requirements of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013 ("FMCA").

#### Measurement base

The measurement base adopted is that of historical cost modified by the revaluation of investments which are measured at fair value at balance date.

#### Functional and Presentational currency

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates.

#### Classification of assets and liabilities

The BCF KiwiSaver Scheme operates as a superannuation scheme. As such, the assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

## BCF KIWISAVER SCHEME

Notes to the Financial Statements (cont'd)  
For the year ended 31 March 2017

### 3. Summary of Significant Accounting Policies

#### Standards, Amendments And Interpretations To Existing Standards That Are Not Effective And Have Not Been Adopted By The Scheme

On 24 July 2014, the XRB issued the complete NZ IFRS 9 (NZ IFRS 9 (2014)). The mandatory effective date of NZ IFRS 9 is for annual periods beginning on or after 1 January 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

NZ IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under NZ IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

NZ IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognise ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The Scheme intends to adopt NZ IFRS 9 (2014) in the financial statements for the annual period beginning on 1 April 2018. The Scheme does not expect the standard to have a material impact on the financial statements.

#### Interest Income

Interest income is recognised in the Statement of Changes In Net Assets using the effective interest method.

#### Income and Expenses

All income and expenses are accounted for on an accrual basis.

#### Taxation

Under the PIE regime, the Scheme attributes the taxable income of the Scheme to members in accordance with the proportion of their overall interest in the Scheme. The income attributed to each member is taxed at the member's "prescribed investor rate" which is capped at 28%. Under the PIE regime, income is effectively taxed in the hands of the members and is therefore shown as part of Net Membership Activities in the Statement of Changes In Net Assets.

#### Financial Instruments

Financial assets and financial liabilities are recognised on the Scheme's Statement of Net Assets when the Scheme becomes a party to the contractual provisions of the instrument. The Scheme shall offset financial assets and financial liabilities if the Scheme has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

#### Receivables

Receivables do not carry any interest, are short-term in nature and are stated at amortised cost.

#### Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These financial liabilities are stated at amortised cost.

#### 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.

#### Transfers In and Transfers Out

Transfers in and transfers out are accounted for on an accruals basis.

## **BCF KIWISAVER SCHEME**

Notes to the Financial Statements (cont'd)  
For the year ended 31 March 2017

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

#### **Contributions and Benefits**

Contributions and benefits are accounted for on an accruals basis. Contributions are recognised in the Statement of Changes in Net Assets when they are receivable resulting in a financial asset.

Benefits are recognised in the Statement of Changes in Net Assets when they become payable resulting in a financial liability.

#### **Statement of Cash Flows**

The following are definitions of the terms used in the Statement of Cash Flows:

Cash - comprises cash balances held with banks in New Zealand and overseas.

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

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

#### **Promised retirement benefits**

The liability for promised benefits is calculated as the difference between the carrying amounts of all assets and the carrying amounts of all the liabilities as at balance date.

#### **Capital Risk Management**

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits.

The Scheme'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 Scheme's members value.

The Scheme achieves this through obtaining contributions from members and employers and investing these into financial assets.



## BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd)  
For the year ended 31 March 2017

### 4. Changes in promised benefits as at 31 March 2017:

	Member Account	Reserve Account	Total 2017
	\$	\$	\$
Balance 1 April	4,749,201	-	4,749,201
Contributions	1,545,198	-	1,545,198
Benefits Paid	(254,145)	-	(254,145)
Change in net assets after tax	-	66,505	66,505
Interest Allocated	66,505	(66,505)	-
Balance 31 March	<u>6,106,759</u>	<u>-</u>	<u>6,106,759</u>

### Changes in promised benefits as at 31 March 2016:

	Member Account	Reserve Account	Total 2016
	\$	\$	\$
Balance 1 April	3,410,770	-	3,410,770
Contributions	1,350,053	-	1,350,053
Benefits Paid	(75,236)	-	(75,236)
KiwiSaver Deductions	(54,856)	-	(54,856)
Change in net assets after tax	-	118,470	118,470
Interest Allocated	118,470	(118,470)	-
Balance 31 March	<u>4,749,201</u>	<u>-</u>	<u>4,749,201</u>

### 5. Vested benefits

Vested benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date.

	2017	2016
	\$	\$
Vested benefits	<u>6,106,759</u>	<u>4,749,201</u>

### Guaranteed benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2016: Nil).

### 6. Investments

	2017	2016
	\$	\$
Term Deposits		
ASB	1,554,028	1,186,693
BNZ	1,099,117	1,064,263
TSB Bank	1,335,885	1,304,977
Westpac	1,522,681	637,142
Kiwibank	537,049	-

### 7. Income tax

Tax expense		
Current tax expense	<u>16,932</u>	<u>24,734</u>
Change in Net Assets before Tax and membership activities	66,505	143,204
KiwiSaver Administration Fees	-	(54,856)
Interest Adjustment	(6,035)	(12)
Taxable Income	<u>60,470</u>	<u>88,336</u>
Income Tax @ 28%	16,932	24,734
Tax Expense	<u>16,932</u>	<u>24,734</u>
Current Tax		
Opening Balance	(12,180)	(11,975)
Add Tax Assessed	16,932	24,734
Use of Money Interest	-	(83)
Refund	-	12,058
Less RWT Paid and accrued during the year	(35,571)	(36,914)
Closing Balance	<u>(30,820)</u>	<u>(12,180)</u>

## BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd)  
For the year ended 31 March 2017

8. Reconciliation of net cash flows from operating activities to net increase in net assets	2017 \$	2016 \$
Net Increase In Net Assets During Year	1,340,626	1,338,431
Net Interest on Investments (non-cash)	(166,804)	(177,380)
<b>Movements In Other Working Capital Items</b>		
Increase in trade and other payables	212	14,410
(Increase) in tax receivable	-	(205)
Decrease/(increase) in other receivable	(17,365)	(1,276)
<b>Net Cash Flows from Operating Activities</b>	<b>1,126,670</b>	<b>1,173,980</b>

### 9. Sundry Creditors

Administration Fees	2,500	2,500
Auditor's Remuneration - Audit Fees	18,285	11,270
Taxation Services	-	2,300
Legal Fees	8,825	13,225
Sundry Expenses	173	275
<b>Total</b>	<b>29,783</b>	<b>29,570</b>

### 10. Fair Value

The Scheme's investments are measured at fair value in the Statement of Net Assets. It is possible to determine the fair value as the bank account where the investment is held is readily available.

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on inputs other than quoted prices, that are observable directly or indirectly, that measurement is a level 2 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Scheme. The Scheme considers 'observable' data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Scheme's financial assets and liabilities measured at fair value:

31 March 2017 Investments	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Term Deposits</b>				
ASB	-	1,554,028	-	1,554,028
BNZ	-	1,099,117	-	1,099,117
TSB	-	1,335,885	-	1,335,885
Westpac	-	1,522,681	-	1,522,681
Kiwibank	-	537,049	-	537,049
<b>Total Investments</b>	<b>-</b>	<b>6,048,760</b>	<b>-</b>	<b>6,048,760</b>
<b>31 March 2016 Investments</b>				
<b>Term Deposits</b>				
ASB	-	1,186,693	-	1,186,693
BNZ	-	1,064,263	-	1,064,263
TSB	-	1,304,977	-	1,304,977
Westpac	-	637,142	-	637,142
<b>Total Investments</b>	<b>-</b>	<b>4,193,075</b>	<b>-</b>	<b>4,193,075</b>

## BCF KIWISAVER SCHEME

Notes to the Financial Statements (Cont'd)  
For the year ended 31 March 2017

### 11. Financial Risk Management

The Scheme is involved with a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

#### Categories of financial Instruments

As at 31 March 2017

	Loans and receivables	Financial assets / liabilities designated as at fair value through profit or loss	Amortised Cost	Total
<b>Assets</b>				
Cash	40,030	-	-	40,030
Investments	-	6,048,760	-	6,048,760
Contributions receivable	-	-	-	-
<b>Total assets</b>	<b>40,030</b>	<b>6,048,760</b>	<b>-</b>	<b>6,088,791</b>
<b>Liabilities</b>				
Sundry Creditors	-	-	29,783	29,783
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>29,783</b>	<b>29,783</b>

As at 31 March 2016

	Loans and receivables	Financial assets / liabilities designated as at fair value through profit or loss	Amortised Cost	Total
<b>Assets</b>				
Cash	572,240	-	-	572,240
Investments	-	4,193,075	-	4,193,075
Contributions receivable	1,276	-	-	1,276
<b>Total assets</b>	<b>573,516</b>	<b>4,193,075</b>	<b>-</b>	<b>4,766,591</b>
<b>Liabilities</b>				
Sundry Creditors	-	-	29,570	29,570
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>29,570</b>	<b>29,570</b>

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The maximum exposure to credit risk for the Scheme is the carrying amount of its assets as disclosed in the Statement of Net Assets.

As at balance date, all investments were held as cash on call with ANZ and term deposits with ASB, BNZ, Westpac, TSB and Kiwibank. The Scheme's investing activities expose it to credit risk. ANZ Bank New Zealand Limited, ASB Bank New Zealand Limited, BNZ, and Westpac New Zealand have credit ratings of AA- with both Standard & Poors and Fitch. TSB Bank Limited has a credit rating of A- credit rating with Fitch. Kiwibank has a credit rating of A with Standard & Poors.

#### Liquidity risk management

Liquidity risk is the risk that the Scheme will encounter difficulty in raising funds to meet its obligations to pay members. Due to the nature of a KiwiSaver scheme, it is unlikely that a significant number of members would exit at the same time. However, to control liquidity risk, the Scheme invests in deposits with registered New Zealand banks.

Financial assets classified as loans and receivables as shown in the Statement of Net Assets are carried on trade terms and are expected to settle within 90 days of balance date.

#### Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of interest-bearing financial instruments will fluctuate because of changes in market interest rates. The maturity period for term deposits varies from 3 months to 24 months during the year.

A 1% movement in interest rates would have an impact on the value of the Scheme's assets of +/- \$60,888. (2016: \$47,653).

## **BCF KIWISAVER SCHEME**

**Notes to the Financial Statements (Cont'd)**  
For the year ended 31 March 2017

### **11. Financial Instruments (Cont'd)**

#### **Capital management**

Net assets attributable to members are 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'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 to maximise the Scheme's members' value as well as ensuring its net assets attributable to members are sufficient to meet all present and future obligations. In order to meet its objectives for capital management the Scheme's management review the Scheme's performance on a regular

### **12. Related Parties**

Under FMCA, a Licensed Independent Trustee, Kevin Sorensen, has been appointed with the fee to 31 March 2017 amounting to \$7,226 (2016: \$Nil). There are three directors for Arotahi Trust Limited, the Trustee. None of these directors are the members of the Scheme.

The Scheme holds no investments in any of the employer companies and had no related party transactions during the year except for contributions of \$476,189 (2016: \$395,008)

### **13. Commitments and Contingent Liabilities**

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

### **14. Events After Balance Date**

There were no significant events after balance date that would impact the financial statements as at 31 March 2017. (2016: Nil).



# Independent Auditor's Report

To the members of BCF KiwiSaver Scheme

## Report on the financial statements

### Opinion

In our opinion, the accompanying financial statements of BCF KiwiSaver Scheme (the Scheme) on pages 3 to 12:

- i. present fairly in all material respects the Scheme's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- Statement of Net Assets as at 31 March 2017;
- Statement of Changes in Net Assets, and Cash Flows for the year ended 31 March 2017; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") (ISAE). 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 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 and the IESBA Code.

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

Our firm has also provided other service to the Scheme in relation to the registry assurance. Subject to certain restrictions, partners and employees of our firm may also deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme. These matters have not impaired our independence as auditor of the Scheme. The firm has no other relationship with, or interest in, the Scheme.



### Other Information

The Manager of BCF KiwiSaver Scheme ("the Manager"), on behalf of the Scheme, are responsible for the other information included in the Scheme's Annual Report. Other information may include the disclosures relating to corporate governance and statutory information. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



## Use of this Independent Auditor's Report

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



## Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Scheme, is responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's Responsibilities for the Audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

[https://www.xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page2.aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page2.aspx)

This description forms part of our Independent Auditor's Report.



KPMG  
Auckland

20 July 2017