

KOINONIA KIWISAVER SCHEME

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

KOINONIA KIWISAVER SCHEME

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FOR THE YEAR ENDED 31 MARCH 2017

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KOINONIA KIWISAVER SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	FOR THE YEAR ENDED 31 MARCH 2017				FOR THE YEAR ENDED 31 MARCH 2016			
		Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
		\$	\$	\$	\$	\$	\$	\$	\$
INCOME									
Net gains on financial assets at fair value through profit or loss		179,501	1,974,621	882,145	3,036,267	166,924	957,397	349,129	1,473,450
Net gains on forestry and land assets at fair value through profit or loss	4a	-	16,580	15,713	32,293	-	4,600	3,317	7,917
Net losses on forestry and land assets held for sale	4b	-	-	-	-	-	(22,900)	(15,269)	(38,169)
Other income		-	-	-	-	-	-	-	-
TOTAL INCOME		179,501	1,991,201	897,858	3,068,560	166,924	939,097	337,177	1,443,198
EXPENSES									
Investment expenses	9	14,068	105,158	44,688	163,914	13,019	100,968	41,341	155,328
Administration expenses	9	31,207	156,563	54,262	242,032	28,653	140,381	47,794	216,828
Legal expenses		3,974	19,835	6,846	30,655	6,028	29,672	10,035	45,735
Audit fees	3	-	-	-	-	-	-	-	-
Other assurance services received from Auditor	3	-	-	-	-	-	-	-	-
Statutory fees		1,649	8,247	2,872	12,768	1,939	8,689	2,999	13,627
Other expenses		5,416	27,653	9,654	42,723	7,382	35,884	12,210	55,476
TOTAL EXPENSES		56,314	317,456	118,322	492,092	57,021	315,594	114,379	486,994
NET PROFIT BEFORE TAX		123,187	1,673,745	779,536	2,576,468	109,903	623,503	222,798	956,204
Tax expense		-	-	-	-	-	-	-	-
NET PROFIT AFTER TAX		123,187	1,673,745	779,536	2,576,468	109,903	623,503	222,798	956,204
SURPLUS BEFORE MEMBERSHIP ACTIVITIES		123,187	1,673,745	779,536	2,576,468	109,903	623,503	222,798	956,204
ALLOCATED AS:									
To/(from) General Reserve	7	153	(115)	(97)	(59)	(1,668)	(32,329)	(22,364)	(56,361)
To Member accounts		123,034	1,673,860	779,633	2,576,527	111,571	655,832	245,162	1,012,565
TOTAL ALLOCATED		123,187	1,673,745	779,536	2,576,468	109,903	623,503	222,798	956,204

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

KOINONIA KIWISAVER SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017


Notes	FOR THE YEAR ENDED 31 MARCH 2017				FOR THE YEAR ENDED 31 MARCH 2016			
	Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
	\$	\$	\$	\$	\$	\$	\$	\$
NET ASSETS AVAILABLE AT THE BEGINNING OF THE YEAR	4,008,002	19,672,557	6,686,730	30,367,289	3,593,045	17,512,095	5,779,034	26,884,174
<i>Comprising:</i>								
Net assets attributable to Members	4,007,847	19,671,115	6,686,333	30,365,295	3,591,222	17,478,324	5,756,273	26,825,819
Net assets attributable to General Reserve	155	1,442	397	1,994	1,823	33,771	22,761	58,355
MOVEMENTS DURING THE YEAR								
<i>Contributions</i>								
Members	387,832	2,202,491	695,713	3,286,036	333,845	1,492,772	536,168	2,362,785
Employers	114,605	683,565	193,596	991,766	119,327	690,247	179,314	988,888
Crown contributions and interest	60,586	489,973	103,796	654,355	67,797	322,876	100,906	491,579
Transfers in from other KiwiSaver providers	67,580	591,429	363,736	1,022,745	37,893	143,090	46,364	227,347
Transfers in from other complying schemes	-	61,654	60,531	122,185	1,162	49,824	36,733	87,719
Refunds to Inland Revenue	(650)	(6,225)	(1,387)	(8,262)	(558)	(10,721)	(1,775)	(13,054)
<i>Withdrawals</i>								
Retirement	(196,319)	(481,650)	(119,006)	(796,975)	(183,430)	(643,450)	(81,846)	(908,726)
Death	(16,745)	(54,405)	(25,542)	(96,692)	(6,160)	(47,386)	(3,338)	(56,884)
Financial hardship benefits	(9,567)	(69,430)	(3,877)	(82,874)	(10,829)	(9,105)	-	(19,934)
First home benefits	(14,900)	(74,046)	(12,314)	(101,260)	(12,768)	(168,088)	(9,341)	(190,197)
Mortgage diversion benefits	-	(1,126)	-	(1,126)	-	(952)	-	(952)
Permanent emigration benefits	-	(9,924)	-	(9,924)	-	(6,273)	-	(6,273)
Transfers out to other KiwiSaver providers	(91,617)	(265,306)	(133,085)	(490,008)	(23,743)	(320,521)	(15,557)	(359,821)
Transfers between investment pools	184,424	(150,932)	(33,492)	-	5,178	98,132	(103,310)	-
Members PIE tax	(25,159)	(119,839)	(24,667)	(169,665)	(22,660)	(53,486)	580	(75,566)
Surplus before membership activities	123,187	1,673,745	779,536	2,576,468	109,903	623,503	222,798	956,204
NET ASSETS AVAILABLE FOR BENEFITS AT THE END OF THE YEAR	4,591,259	24,142,531	8,530,268	37,264,058	4,008,002	19,672,557	6,686,730	30,367,289
<i>Comprising:</i>								
Net assets attributable to Members	4,590,951	24,141,204	8,529,968	37,262,123	4,007,847	19,671,115	6,686,333	30,365,295
Net assets attributable to General Reserve	308	1,327	300	1,935	155	1,442	397	1,994
	4,591,259	24,142,531	8,530,268	37,264,058	4,008,002	19,672,557	6,686,730	30,367,289


KOINONIA KIWISAVER SCHEME

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	AS AT 31 MARCH 2017			AS AT 31 MARCH 2016		
		Income \$	Balanced \$	Growth \$	Income \$	Balanced \$	Growth \$
ASSETS							
<i>Investments at fair value through profit or loss</i>							
Investment in the Investment Trust	5	4,613,959	24,015,357	8,360,407	19,348,777	6,333,681	29,710,052
Investment in forestry and land assets	5	-	159,406	146,727	31,911	25,196	57,107
Assets held for sale	5	-	-	-	345,350	321,937	667,287
TOTAL ASSETS		4,613,959	24,174,763	8,507,134	19,726,038	6,680,814	30,434,446
LIABILITIES							
Payables	6	-	111	-	7,377	2,567	11,512
PIE tax payable/(receivable)		22,700	32,121	(23,134)	46,104	(8,483)	55,645
TOTAL LIABILITIES		22,700	32,232	(23,134)	53,481	(5,916)	67,157
AMOUNTS AVAILABLE FOR BENEFITS		4,591,259	24,142,531	8,530,268	19,672,557	6,686,730	30,367,289
Represented by:							
Members net assets		4,590,951	24,141,204	8,529,968	19,671,115	6,686,333	30,365,295
General Reserve net assets	7	308	1,327	300	1,442	397	1,994
NET ASSETS AVAILABLE FOR BENEFITS		4,591,259	24,142,531	8,530,268	19,672,557	6,686,730	30,367,289

For and on behalf of The New Zealand Anglican Church Pension Board who authorised the issue of these financial statements as at the date below:


Authorised Signatory
22 June 2017


Authorised Signatory

KOINONIA KIWISAVER SCHEME

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	FOR THE YEAR ENDED 31 MARCH 2017				FOR THE YEAR ENDED 31 MARCH 2016			
	Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
Notes	\$	\$	\$	\$	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES								
Sundry income	-	-	-	-	-	-	-	-
Expenses paid	(43,814)	(219,564)	(76,201)	(339,579)	(43,570)	(212,790)	(72,297)	(328,657)
PIE tax paid	(20,483)	(133,822)	(39,318)	(193,623)	(29,393)	(47,082)	(8,205)	(84,680)
Purchase of investments	(630,603)	(4,156,607)	(1,608,146)	(6,395,356)	(560,024)	(3,009,998)	(993,924)	(4,563,946)
Sale of investments	209,671	1,593,925	634,996	2,438,592	305,273	1,679,425	390,108	2,374,806
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(485,229)	(2,916,068)	(1,088,669)	(4,489,966)	(327,714)	(1,590,445)	(684,318)	(2,602,477)
CASH FLOWS FROM FINANCING ACTIVITIES								
Contributions	563,023	3,376,029	993,105	4,932,157	520,969	2,505,895	816,388	3,843,252
Transfers in from other providers	67,580	653,083	424,267	1,144,930	39,055	192,914	83,097	315,066
Benefits paid	(237,531)	(690,581)	(160,739)	(1,088,851)	(213,187)	(875,254)	(94,525)	(1,182,966)
Transfers out to other providers	(91,617)	(265,306)	(133,085)	(490,008)	(23,743)	(320,521)	(15,557)	(359,821)
Contribution refunds to Inland Revenue	(650)	(6,225)	(1,387)	(8,262)	(558)	(10,721)	(1,775)	(13,054)
Transfers between investment pools	184,424	(150,932)	(33,492)	-	5,178	98,132	(103,310)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	485,229	2,916,068	1,088,669	4,489,966	327,714	1,590,445	684,318	2,602,477
Net increase in cash and cash equivalents	-	-	-	-	-	-	-	-
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	-	-	-	-	-	-	-	-

**KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1 GENERAL INFORMATION

These financial statements are for the Koinonia KiwiSaver Scheme (the "Scheme") for the year ended 31 March 2017 (the "reporting date").

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

The Scheme was established under a Trust Deed dated 29 June 2007. The Scheme is currently governed by a Trust Deed dated 10 August 2016.

The Manager of the Scheme is the New Zealand Anglican Church Pension Board (the "Manager" or "Board") and the Trustees are the New Zealand Anglican Church Pension Board and Brendan O'Donovan - Licenced Independent Trustee (the "Trustees"). The Manager is the Custodian of the Scheme.

The Scheme was registered under the Financial Markets Conduct Act 2013 (the "FMC") as a restricted KiwiSaver scheme on 31 August 2016.

These financial statements were adopted by the Manager on 22 June 2017.

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

The Funds as at 31 March 2017 were as follows:

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

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

(a) Basis of preparation

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

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

(b) Going concern

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

(c) Basis of measurement

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

KOINONIA KIWISAYER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income

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

Net realised and unrealised gains or losses on investments at fair value through profit or loss - designated upon initial recognition

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

Net realised and unrealised gains or losses on forestry and land assets at fair value through profit or loss

Gains or losses on forestry and land assets at fair value through profit or loss are calculated as the difference between the fair value at sale, or at reporting date, and the fair value at the previous valuation point.

This includes both realised and unrealised gains and losses.

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

Gains or losses on financial assets held for sale are calculated as the difference between the fair value at sale, or at reporting date, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(e) Investments

Investments at fair value through profit or loss - designated upon initial recognition

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

(f) Assets held for sale

Assets held for sale represented interests in forestry assets that were being offered for sale. These assets were sold on 15 July 2016, and were held by the Scheme and other parties listed in Note 9, Related Parties. Note 5 provides additional details on these assets. Forestry held for sale was measured at fair value less costs to sell.

(g) Forestry

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

(h) Land

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

(i) Cash and cash equivalents

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

(j) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. An estimate for doubtful debts is made when collection of an amount is no longer probable. Amounts are generally received within 90 days of being recorded as receivable.

**KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Other financial liabilities at amortised cost

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

(l) Taxation

Portfolio Investment Entity ("PIE") Tax

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

Under the PIE regime income is effectively taxed in the hands of the Members. Any provisional tax paid is available as a credit against the entity's portfolio entity tax liability calculated at the end of the year. The Scheme, as a PIE, pays no income tax on the taxable income of the Scheme and all taxable income and tax credits are attributable to Members in proportion to their holdings when taxable income and credits arise.

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

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

Goods and Services Tax ("GST")

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

(m) Currency

Functional and presentation currency

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

(n) Member Activity

The Scheme provides Members with the right to request withdrawals, for cash, of their interest of their holding in the Scheme at the balance as valued at most recent quarter end plus an adjustment for interest earned to the date of withdrawal, provided that the Member meets certain requirements of the KiwiSaver Act 2006 (the "Act") and subject to the terms of the Trust Deed. Monies held in the Scheme are redeemable at the Member's option, meet the definition of a puttable instrument, and are therefore classified as equity. Provided a request meets the terms of the Trust Deed and the Act, the full amount of net assets available for benefits may be withdrawn on demand by Members.

The Scheme does not hold cash or cash equivalents in its own name. As such on acceptance of a valid withdrawal request the Manager, on behalf of the Scheme, will sell down holdings in the Scheme's investment in the Investment Trust to fund the withdrawal. Quantitative information about the Scheme's Member activity is provided in the statement of changes in net assets. The Scheme invests alongside other retirement savings products into the Investment Trust. The Member activity of the Scheme is factored into the cash policies and processes of the Investment Trust so as to ensure sufficient cash is available to meet the requirements of all underlying Member activity.

There have been no changes to this process from prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) **Accrued benefits**

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

(p) **Contributions and withdrawals**

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

(q) **Significant estimates and judgements**

The preparation of financial statements necessarily requires estimation and judgements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets are outlined in the relevant notes. Judgement has been applied in selecting the accounting policy to designate financial assets at fair value through profit or loss upon initial recognition. This policy has a significant impact on the amounts disclosed in the financial statements. Land assets are valued by an independent qualified valuer. The fair value has been stated at the current market value of the land. The unencumbered current market value of the land has been determined by reference to recent sales evidence of similar properties. Investments are subject to variation due to market and exchange rate fluctuations. Judgement has also been applied in the categorisation of its financial assets at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13. Details of significant estimates and related assumptions are provided in the relevant notes to the financial statements.

(r) **Comparative information**

There have been no changes to the presentation of comparative information.

(s) **New accounting standards and interpretations**

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

(i) **Changes in accounting policy and disclosure**

There have been no material changes to the financial statements or accounting policies as a result of changes to accounting standards.

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

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

NZ IFRS 9 (2014) Financial Instruments

Changes to IFRS 9 (2014) include International Accounting Standards Board editorial amendments. This standard brings together the classification, measurement, and impairment phases of the International Accounting Standards Board's project. The effective date of this standard is for periods beginning 1 January 2018, and so will first apply to the Scheme in the year ended 31 March 2019. The standard is not expected to have a significant impact on the Scheme but will result in some disclosure changes.

KOINONIA KIWISAVER SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

3 AUDITORS REMUNERATION

Audit fees are paid by the Board and included in the administration fee charged by the Board to the Scheme. (refer note 9c).

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

	2017				2016			
	Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
<i>Audit Services</i>	\$	\$	\$	\$	\$	\$	\$	\$
Audit of financial statements - EY	1,600	8,000	2,800	12,400	1,600	8,000	2,800	12,400
Audit pursuant to Anti Money Laundering Regulations - Deloitte	-	-	-	-	700	3,300	1,000	5,000
Total assurance services received from auditor	1,600	8,000	2,800	12,400	2,300	11,300	3,800	17,400

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

4a Net gains/(losses) on forestry and land assets held at fair value through profit or loss:

	2017				2016			
	Income	Balanced	Growth	SCHEME	Income	Balanced	Growth	SCHEME
Forests	-	350	774	1,124	-	(54)	(34)	(88)
Land	-	16,230	14,939	31,169	-	4,654	3,351	8,005
Total net gains	-	16,580	15,713	32,293	-	4,600	3,317	7,917

4b Net (losses)/gains on forestry and land assets held for sale:

Forests	-	-	-	-	-	(31,140)	(20,824)	(51,964)
Land	-	-	-	-	-	8,240	5,555	13,795
Total net losses	-	-	-	-	-	(22,900)	(15,269)	(38,169)

KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

9 RELATED PARTIES

(a) Responsible Entities

The Board is the Manager, a Trustee, the Administrator, and a Custodian of the Scheme.

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

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

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

(b) Details of Key Management Personnel

Board Members

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

The Board has authority for the strategic direction and governance of the Scheme.

Key management personnel transactions

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

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

(c) Manager's fees

The Board's administration charges to the Scheme were:

	2017			2016		
	Income \$	Balanced \$	Growth \$	Income \$	Balanced \$	Growth \$
Investment administration	13,105	77,699	30,910	12,792	71,946	24,959
Scheme administration	31,207	156,563	54,262	28,653	140,381	47,794
	44,312	234,262	85,172	41,445	212,327	72,753
			SCHEME			SCHEME
			\$			\$
			121,714			109,697
			242,032			216,828
			363,746			326,525

KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

10 FINANCIAL RISK MANAGEMENT

The Scheme holds interests in sectors of the New Zealand Anglican Church Pension Board Investment Trust (the "Investment Trust") and in pooled forestry assets (the "Forestry Pool"). The Investment Trust is a related party of the Scheme and shares the same Manager.

Risks arising from holding investments indirectly through the Investment Trust, and direct investments in the Forestry Pool, are inherent in the Scheme's activities, and are managed through a process of ongoing identification, measurement and monitoring. Through these holdings the Scheme is exposed to credit risk, market price risk and liquidity and cash flow risk arising from the investments held.

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

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

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

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

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

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

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

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

(a) Credit risk

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

KOINONIA KIWI/SAVER SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

10 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity and cash flow risk

Liquidity and cash flow risk is the potential inability for the Scheme to meet its payment obligations, which could arise as a result of mismatched cash flows. The Scheme holds no cash and cash equivalents directly instead investing through the Investment Trust. Liquidity and cash flow risk strategies have been adopted by the Investment Trust within the guidelines provided by the Trustees.

(d) Estimation of fair values

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

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

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

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

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

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

Notes	2017				2016			
	Income \$	Balanced \$	Growth \$	SCHEME \$	Income \$	Balanced \$	Growth \$	SCHEME \$
Level 2								
Investment Trust	4,613,959	24,015,357	8,360,407	36,989,723	4,027,594	19,348,777	6,333,681	29,710,052
Level 3								
Forests	-	4,386	4,037	8,423	-	772	719	1,491
Forest land	-	155,020	142,690	297,710	-	31,139	24,477	55,616
Forests and forest land held for sale	-	-	-	-	-	345,350	321,937	667,287
Total	4,613,959	24,174,763	8,507,134	37,295,856	4,027,594	19,726,038	6,680,814	30,434,446

There were no transfers between Levels in 2017 or 2016.

The fair value of the Scheme's investment in the Investment Trust is based on underlying observable market prices and discounted cash flow models. The Scheme's holding in the Investment Trust is based on the actual cash flow between the two entities, plus the quarterly allocation of positive or negative interest on the cash weighted holding of the Scheme.

KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

10 FINANCIAL RISK MANAGEMENT (continued)

(d) Estimation of fair values (continued)

Valuation processes for the forestry and land assets

On an annual basis (2016: quarterly) the Scheme engages external, independent and qualified valuers to determine the fair value of the Scheme's forestry interests. The revaluation process was changed to a less frequent period following the sale of the right to cut the trees in the forest. The land under the forest is being retained in the Forestry Pool and has been valued by an independent valuer with reference to the sale of the cutting rights.

On an annual basis the Board engages external, independent and qualified valuers to determine the fair value of the Scheme's interest in the Hawkes Bay forest land. As at 31 March 2017 the fair values of the forest land have been determined by M H Morrice B.Com.Ag (VFM), Dip.Fore., MPINZ, ANZIV, MINZIF (2016: same).

The cutting right in relation to the Hawkes Bay Forest was sold on 15 July 2016. This right covers an 8 year period. The Scheme will continue to hold a small interest in immature trees in the Hawkes Bay Forest. These trees have been classified as investments at fair value through profit or loss. Additionally the Hawkes Bay Forest Land continues to be held by the Scheme.

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

The value of the current trees held in the total forestry pool is \$50,000. Due to the small nature of the holding, and the high cost of obtaining a comprehensive valuation, the disclosed value has been calculated by the external valuer in a short form valuation. This valuation is a market based valuation.

i Forests held for sale

The cutting right in relation to the Hawkes Bay Forest was sold on 15 July 2016. As at 31 March 2016 the fair value of the forest was derived by reference to signed contracts and an expected sale price.

ii Forests

Fair Value at 31 March 2017:	\$8,423		
Description:	Interests in forests	Valuation technique:	Independently valued
Fair Value at 31 March 2016:	\$1,491		
Description:	Interests in forests	Valuation technique:	Independently valued

KOINONIA KIWISAVER SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

10 FINANCIAL RISK MANAGEMENT (continued)

iii Forest land

Fair Value at 31 March 2017: \$297,710

Description: Interests in forest land

Independently valued

Unobservable inputs Relationship of unobservable inputs at fair value

Valuation technique:

Market approach

Land classes have been compared against recent sales of properties following adjustment for size, ETS status, productivity, altitude, locality, timing of sale and contour. Productive land has been valued on the basis of being in a hypothetical cutover state after the harvest and removal of all plantation trees. Consideration has also been given to any higher and better use of the land other than forestry along with improvements in the form of fencing and tracking.

Fair Value at 31 March 2016: \$55,615

Description: Interests in forest land

Independently valued

Unobservable inputs Relationship of unobservable inputs at fair value

Valuation technique:

Market approach

Land classes have been compared against recent sales of properties following adjustment for size, ETS status, productivity, altitude, locality, timing of sale and contour. Productive land has been valued on the basis of being in a hypothetical cutover state after the harvest and removal of all plantation trees. Consideration has also been given to any higher and better use of the land other than forestry along with improvements in the form of fencing and tracking.

(d) Capital management

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

11 SEGMENT REPORTING

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

12 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

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

13 EVENTS OCCURRING AFTER REPORTING DATE

Effective 1 April 2017 the basis used to pass charges to the Scheme has been changed. Up until the reporting date charges were based solely on actual charges incurred by the Manager being passed through to the Scheme. From 1 April 2017 the Manager will charge each Fund comprising the Scheme a flat fee based on the cash weighted daily average funds under management. This change aligns the Scheme with general KiwiSaver industry practice.

Independent Auditor's Report to the members of the Koinonia KiwiSaver Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Koinonia KiwiSaver Scheme ("the Scheme") on pages 1 to 18, which comprise the statement of financial position of the Scheme as at 31 March 2017, and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended of the Scheme, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 1 to 18 present fairly, in all material respects, the financial position of the Scheme as at 31 March 2017 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

We provide other assurance services to the Scheme. We have no other relationship with, or interest in, the Scheme. Partners and employees of our firm may deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme.

Information Other than the Financial Statements and Auditor's Report

The Trustees are responsible for the Annual Report, which includes information other than the financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the 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 during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing on behalf of the entity 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 Trustees either intend to liquidate the Scheme or 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 International Standards on Auditing (New Zealand) 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 website:

[https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page\[6\].aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page[6].aspx). This description forms part of our auditor's report.

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



Wellington
22 June 2017