

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

Financial Statements

For the Year Ended 31 March 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF SUPEREASY KIWISAVER SUPERANNUATION SCHEME'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The Auditor-General is the auditor of SuperEasy KiwiSaver Superannuation Scheme (the Scheme). The Auditor-General has appointed me, Michael Wilkes, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Scheme on his behalf.

Opinion

We have audited the financial statements of the Scheme on pages 4 to 14 that comprise the statement of net assets as at 31 March 2018, the statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Scheme:

- present fairly, in all material respects:
 - its net assets as at 31 March 2018; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our audit was completed on 29 May 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustee and our responsibilities relating to the financial statements, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Trustee for the financial statements

The Trustee is responsible on behalf of the Scheme for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustee is responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible on behalf of the Scheme for assessing the Scheme's ability to continue as a going concern. The Trustee is also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustee intends to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.



The Trustee's responsibilities arise from the Financial Markets Conduct Act 2013.

Responsibilities of the auditor 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the separate Annual Report on pages 2 to 8, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we 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 our work, 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.

Independence

We are independent of the Scheme in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Michael Wilkes, Partner
for Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

**Statement of Changes in Net Assets
For the Year Ended 31 March 2018**

Notes	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INVESTMENT ACTIVITIES												
Investment Income												
Gain on Assets held at fair value through profit or loss	951,423	913,322	1,009,500	910,477	460,423	435,497	218,224	162,633	13,179,996	11,770,762	15,819,566	14,192,691
Interest	934	641	942	913	478	903	1,541	1,480	8,071	12,561	11,966	16,478
Investment Expenses	952,357	913,963	1,010,442	911,390	460,901	436,400	219,765	164,093	13,188,067	11,783,323	15,831,532	14,209,169
Investment Management Fees	59,263	49,440	76,243	63,025	40,858	35,365	25,862	22,374	1,044,006	876,152	1,246,232	1,046,356
Net Investment Income	893,094	864,523	934,199	848,365	420,043	401,035	193,903	141,719	12,144,061	10,907,171	14,585,300	13,162,813
OTHER EXPENSES												
Administration Fees	14,238	14,139	18,266	17,382	11,279	10,362	9,145	9,192	390,479	377,633	443,407	428,708
Total Other Expenses	14,238	14,139	18,266	17,382	11,279	10,362	9,145	9,192	390,479	377,633	443,407	428,708
Change in Net Assets before Taxation and Membership Activities	878,856	850,384	915,933	830,983	408,764	390,673	184,758	132,527	11,753,592	10,529,538	14,141,893	12,734,105
MEMBERSHIP ACTIVITIES												
Contributions												
Member Contributions	713,674	639,711	1,068,383	822,286	580,970	453,962	430,289	377,646	16,383,966	15,072,067	18,177,282	17,365,672
Employer Contributions	337,484	335,308	453,654	426,453	247,242	241,643	232,222	220,751	8,317,401	7,947,787	9,888,003	9,171,942
Crown Contributions	104,936	101,572	132,349	127,032	72,163	67,349	63,514	66,483	2,621,320	2,531,497	2,994,282	2,893,933
Late Opt-Out	-	-	-	-	-	-	-	-	(6,316)	(23,865)	(8,316)	(23,865)
Transfers in from Other KiwiSaver Schemes	41,857	177,390	131,037	144,619	214,587	34,789	72,146	161,417	1,130,838	939,870	1,590,465	1,458,085
Transfers in from Other Superannuation Schemes	224	4,841	65,079	65,079	-	-	-	33,177	137,129	1,704,496	137,353	1,807,593
Trans Tasman Portability Transfers In	4,526	57,730	55,218	25,714	31,930	-	-	-	229,601	529,230	321,275	612,674
Transfers Between Funds	(50,074)	51,916	486,982	(256,855)	(2,402)	(117,630)	(185,279)	440,024	(249,227)	(117,455)	-	-
Total Contributions	1,152,627	1,368,468	2,327,623	1,354,328	1,144,490	680,113	612,892	1,299,498	28,562,712	28,583,627	33,800,344	33,286,034
Benefits Paid												
Benefits Paid	280,794	328,136	433,947	214,186	109,876	517,410	121,943	373,870	4,699,817	4,858,716	5,646,377	6,292,318
Transfers Out to Other KiwiSaver Schemes	153,467	426,970	325,291	233,292	266,945	154,930	75,654	62,715	8,635,527	6,108,134	9,456,884	6,996,041
Total Benefits Paid	434,261	755,106	759,238	447,478	376,821	672,340	197,597	436,585	13,335,344	10,966,850	15,103,261	13,278,359
Net Membership Activities	718,366	613,362	1,568,385	906,850	767,669	7,773	415,295	862,913	15,227,368	17,616,777	18,697,083	20,007,675
Change in Net Assets Before Taxation	1,597,222	1,463,746	2,484,318	1,737,833	1,176,433	398,446	600,053	995,440	26,980,950	28,146,315	32,838,976	32,741,780
PIE Tax Expense	49,584	66,535	62,364	85,818	38,605	46,795	27,514	18,479	937,727	1,140,147	1,115,794	1,357,774
Net Increase in Net Assets During Year	1,547,638	1,397,211	2,421,954	1,652,015	1,137,828	351,651	572,539	976,961	26,043,223	27,006,168	31,723,182	31,384,006
Net Assets Available for Benefits at Beginning of Year	9,582,569	8,185,358	12,238,025	10,586,010	6,721,987	6,370,336	4,606,449	3,629,488	173,099,440	146,093,272	206,248,470	174,864,464
Net Assets Available for Benefits at End of Year	11,130,207	9,582,569	14,659,979	12,238,025	7,859,815	6,721,987	5,178,988	4,606,449	199,142,663	173,099,440	237,971,652	206,248,470

This statement is to be read in conjunction with the notes on pages 7 to 14

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

Statement of Net Assets
As at 31 March 2018

Notes	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
CASH & INVESTMENTS												
Cash & Cash Equivalents	35,824	(14,626)	64,154	5,090	111,348	20,498	99,150	28,617	782,802	289,731	1,093,378	329,310
AMP Superannuation Funds	10,800,008	9,211,443	12,471,071	10,527,436	5,439,961	4,779,181	1,760,817	1,638,582	156,273,646	137,990,473	186,545,503	164,147,115
ANZ Investments Ltd	556,758	439,368	2,198,553	1,767,700	2,361,370	1,965,905	3,949,652	2,951,242	43,336,364	35,683,586	51,802,697	42,807,401
Total Cash & Investments	11,192,590	9,636,185	14,733,778	12,300,226	7,912,679	6,765,184	5,209,619	4,618,441	200,392,912	173,963,790	239,441,578	207,283,826
TOTAL ASSETS	11,192,590	9,636,185	14,733,778	12,300,226	7,912,679	6,765,184	5,209,619	4,618,441	200,392,912	173,963,790	239,441,578	207,283,826
Less LIABILITIES												
Benefits Payable	-	-	-	-	9,740	10,419	-	-	164,924	12,048	174,664	22,467
PIE Tax Payable	49,436	42,506	56,565	48,464	33,383	25,008	23,586	5,939	813,783	626,719	976,753	748,636
Other Payables	12,847	11,110	17,234	13,737	9,741	7,770	7,045	6,053	271,542	225,583	318,509	264,253
TOTAL LIABILITIES	62,383	53,616	73,799	62,201	52,864	43,197	30,631	11,992	1,250,249	864,350	1,469,926	1,035,356
NET ASSETS AVAILABLE FOR BENEFITS	11,130,207	9,582,569	14,659,979	12,238,025	7,859,815	6,721,987	5,178,988	4,606,449	199,142,663	173,099,440	237,971,652	206,248,470
LIABILITY FOR ACCRUED BENEFITS												
Represented By:												
Members' Accounts	11,130,207	9,582,569	14,659,979	12,238,025	7,859,815	6,721,987	5,178,988	4,606,449	199,142,663	173,099,440	237,971,652	206,248,470
	11,130,207	9,582,569	14,659,979	12,238,025	7,859,815	6,721,987	5,178,988	4,606,449	199,142,663	173,099,440	237,971,652	206,248,470

Signed on behalf of the Trustee, Local Government Superannuation Trustee Limited, who authorised the issue of these financial statements on 29 May 2018.

Director of Trustee


Basil Morrison

Director of Trustee
Licensed Independent Trustee


Cyrene Mitchell

This statement is to be read in conjunction with the notes on pages 7 to 14

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

Statement of Cash Flows
For the Year Ended 31 March 2018

	Note	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES													
<i>Cash provided from</i>													
Member Contributions		713,674	639,711	1,068,383	822,286	580,970	453,962	430,289	377,646	16,383,966	15,072,067	19,177,282	17,365,672
Employer Contributions		337,484	335,308	453,654	426,453	247,242	241,643	232,222	220,751	8,317,401	7,947,787	9,588,003	9,171,942
Crown Contributions		104,936	101,572	132,349	127,032	72,163	67,349	63,514	66,483	2,621,320	2,531,497	2,994,282	2,893,933
Transfers in from Other Schemes		46,607	239,961	186,255	235,412	246,517	34,789	72,146	194,594	1,497,568	3,173,596	2,049,093	3,878,352
Transfers Between Funds		(50,074)	51,916	486,982	(256,855)	(2,402)	(117,630)	(185,279)	440,024	(249,227)	(117,455)	-	-
Interest Received		934	641	942	913	478	903	1,541	1,460	8,071	12,561	11,966	16,476
		1,153,561	1,369,109	2,328,565	1,355,241	1,144,968	681,016	614,433	1,300,958	28,579,099	28,620,053	33,820,626	33,326,377
<i>Cash applied to</i>													
Benefits Paid		(280,794)	(328,136)	(433,947)	(214,186)	(110,555)	(506,991)	(121,943)	(387,032)	(4,546,941)	(4,869,036)	(5,494,180)	(6,305,381)
Transfers Out to Other KiwiSaver Schemes		(153,467)	(426,970)	(325,291)	(233,292)	(266,945)	(154,930)	(75,654)	(62,715)	(8,635,527)	(6,108,134)	(9,456,884)	(6,986,041)
KiwiSaver Late Opt-Outs		-	-	-	-	-	-	-	-	(8,316)	(23,865)	(8,316)	(23,865)
Other Expenses		(14,194)	(14,041)	(18,029)	(17,223)	(11,046)	(10,296)	(9,208)	(9,074)	(387,625)	(373,506)	(440,102)	(424,140)
Withholding Tax Paid		(280)	(193)	(283)	(274)	(144)	(270)	(462)	(438)	(2,421)	(3,769)	(3,590)	(4,944)
PIE Tax Paid		(42,374)	(46,669)	(53,980)	(76,017)	(30,086)	(53,871)	(9,405)	(36,502)	(748,242)	(1,220,865)	(884,087)	(1,433,924)
		(491,109)	(816,009)	(831,530)	(540,992)	(418,776)	(726,358)	(216,672)	(495,761)	(14,329,072)	(12,599,175)	(16,287,159)	(15,178,295)
Net Cash Flows from Operating Activities	8	662,452	553,100	1,497,035	814,249	726,192	45,342	397,761	805,197	14,250,027	16,020,878	17,533,467	18,148,082
CASH FLOWS FROM INVESTING ACTIVITIES													
<i>Cash applied to</i>													
Investment purchases (Net of Investment Fees)		(612,002)	(572,128)	(1,437,971)	(815,607)	(635,342)	54,245	(327,228)	(806,993)	(13,756,856)	(15,739,461)	(16,769,399)	(17,879,944)
Net Cash Flows from Investing Activities		(612,002)	(572,128)	(1,437,971)	(815,607)	(635,342)	54,245	(327,228)	(806,993)	(13,756,856)	(15,739,461)	(16,769,399)	(17,879,944)
Net (Decrease) / Increase in Cash Held		50,450	(19,028)	59,064	(1,358)	90,850	8,903	70,533	(1,796)	493,171	281,417	764,068	288,138
Cash & Cash Equivalents at Beginning of the Year		(14,626)	4,402	5,090	6,448	20,498	11,595	28,617	30,413	289,731	8,314	329,310	61,172
Cash & Cash Equivalents at End of the Year		35,824	(14,626)	64,154	5,090	111,348	20,498	99,150	28,617	782,902	289,731	1,093,378	329,310

This statement is to be read in conjunction with the notes on pages 7 to 14

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

For the year ended 31 March 2018

1. NATURE OF BUSINESS

Scheme description

The SuperEasy KiwiSaver Superannuation Scheme (the "Scheme") was established under an umbrella trust with the Local Government Superannuation Scheme in accordance with Section 148 of the KiwiSaver Act 2006. The Scheme is a superannuation scheme with the principal purpose of providing members with benefits on retirement. It also provides benefits payable on death and other permitted withdrawals in accordance with the KiwiSaver Act 2006.

The Scheme was registered in New Zealand under the Financial Markets Conduct Act 2013 (reference SCH10494) on 15 March 2016. Under the KiwiSaver Act 2006, the Scheme is required to have a 31 March balance date.

The Scheme is a restricted KiwiSaver scheme. The Scheme is open to employees of New Zealand local authorities and certain other persons as described in the sections 9 – 23, 33 – 36, 53 and 116(A) 2-3 of the KiwiSaver Act 2006, and in clause 15.1.2 of the Trust Deed. There is only one class of member. There were no members receiving benefits other than those paid on transfer to another KiwiSaver scheme and other permitted withdrawals.

Funding arrangements

The Scheme is a defined contribution scheme. Under the Trust Deed each member and their employer shall pay contributions at a rate expressed as a percentage of salary, or at the amount specified in the KiwiSaver Act 2006. Contributions in the form of the Kick Start payment (up until May 2015) and Member Tax Credits are received from the Crown via Inland Revenue, the

amounts and timing of which are specified in the KiwiSaver Act 2006.

Retirement benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership. The timing of the retirement benefits are determined by the requirements of the KiwiSaver Act 2006.

Termination terms

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

Investment Policies

The *Automatic Fund* invests in products offered by AMP Capital Investors (New Zealand) Ltd and ANZ Investments Limited. The objective of this Fund is to achieve the optimum long-term outcome by accepting a higher investment risk in the early stages of a member's working life as a trade for higher returns. So when a member is young the Automatic Fund provides greater exposure to investments with the potential for growth such as overseas and New Zealand equities. Each month as the member gets older the Automatic Fund will automatically and smoothly change their investments to a more conservative mix by increasing the member's exposure to income assets such as fixed interest securities and cash.

The *Aggressive Fund* invests in products offered by AMP Capital Investors (New Zealand) Ltd and ANZ Investments Limited. The objective of this Fund is to achieve a high level of real returns over the medium to long-term through substantial investment in equities, accepting that the returns may be subject to significant short-term variations.

The *Growth Fund* invests in products offered by AMP Capital Investors (New Zealand) Ltd and ANZ Investments Limited. The objective of this Fund is to achieve positive real returns through investment in growth assets, while controlling volatility through full diversification of the Fund's assets.

The *Balanced Fund* invests in products offered by AMP Capital Investors (New Zealand) Ltd and ANZ Investments Limited. The objective of this Fund is to reduce the chance of negative returns over the short to medium term through higher proportions of investment in defensive assets, such as cash and bonds, while still providing an opportunity for positive real returns over the long-term by investing a proportion of the Fund in growth assets such as equities and property.

The *Conservative Fund* invests in products offered by AMP Capital Investors (New Zealand) Ltd and ANZ Investments Limited. The objective of this Fund is to reduce the chance of negative returns over the short-term through higher proportions of investment in defensive assets, such as cash and bonds, while still providing an opportunity for positive real returns over the long-term by investing a proportion of the Fund in growth assets such as equities and property.

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the requirements of the FMCA. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate for profit oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Presentation currency

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

Classification of assets and liabilities

The SuperEasy KiwiSaver Superannuation 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.

Critical accounting estimates and judgements

There are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing material misstatement to the financial statements.

Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

(a) Investment Income

Interest, dividends and distributions from unithised investments are taken to income on a due and receivable basis.

Net realised and unrealised gains and losses are recognised in the Statement of Changes in Net Assets in the period in which they occur.

(b) Expenses

All expenses are accounted for on an accruals basis. Investment management fees are charged by the administration manager based on the underlying funds under management. The investment management fees are 0.5% per annum expressed as a percentage of the total funds under management in the respective funds plus in fund costs charged by the underlying fund managers which are deducted prior to unit pricing.

(c) Taxation

The PIE tax expense represents the sum of the tax paid and payable.

The Scheme is a Portfolio Investment Entity (PIE) under the Income Tax Act 2007. Under current legislation regarding the taxation of PIEs, the Scheme pays tax on behalf of members. PIE tax payable to Inland Revenue on behalf of members is recognised as a liability and is measured based on Prescribed Investor Rates (PIR) applicable to the individual members that have been enacted or substantively enacted during the year and by the balance date.

(d) 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.

(e) Financial Assets

Financial assets at fair value through profit or loss 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.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming market participants act in their economic best interest.

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

For the year ended 31 March 2018

The fair value hierarchy of financial instruments are categorised into 3 levels:

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments disclosed in these Financial Statements are categorised as Level 2 for both the 2017 and 2018 financial periods.

The Scheme invests in managed funds. The fair value is based upon unit prices calculated by the Manager of the fund.

The fair value of units is based upon a Net Asset Valuation using observable inputs of quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The Net Asset Valuation of the fund may also include securities or derivatives which have inputs such as foreign exchange spot and forward rates and interest rate curves derived from quoted bond prices. The Net Asset Valuation may also have adjustments to reflect fees associated with the fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

(f) Other Receivables

Other receivables are stated at amortised cost. As these do not carry any interest and are short-term in nature, amortised cost equals their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(g) Other Payables

Other payables are not interest-bearing and are stated at amortised cost.

(h) 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.

(i) Cash Flow Statement

The cash flows of the Scheme do not include those of the fund managers. The following are definitions of the terms used in the Cash Flow Statement:
Cash & Cash Equivalents - comprises cash balances held with banks in New Zealand.

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.

(j) Accrued Benefits

The liability for accrued benefits is the Scheme's present obligation to pay benefits to members and beneficiaries.

It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Accrued benefits include amounts allocated to members' accounts and reserves.

(k) Contributions

Contributions are accounted for on a cash basis when received from the employer, member or the Crown.

(l) Benefits

Benefits are accounted for on an accruals basis.

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

Notes to the Financial Statements (Cont'd)
For the Year Ended 31 March 2018

3. LIABILITY FOR ACCRUED BENEFITS

Liability for accrued benefits as at 31 March:

Members' Accounts	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Opening Balance 1 April	\$ 9,582,569	\$ 8,185,358	\$ 12,238,025	\$ 10,586,010	\$ 6,721,987	\$ 6,370,336	\$ 4,606,449	\$ 3,629,488	\$ 173,099,440	\$ 146,093,272	\$ 206,248,470	\$ 174,864,464
Contributions	1,152,627	1,368,468	2,327,623	1,354,328	1,144,490	680,113	612,892	1,299,498	28,562,712	28,583,627	33,800,344	33,286,034
Benefits Paid and Transfers Out	(434,261)	(755,106)	(759,238)	(447,478)	(376,821)	(672,340)	(197,597)	(436,585)	(13,935,344)	(10,966,850)	(15,103,261)	(13,278,359)
Change in net assets before tax	878,866	850,384	915,933	830,983	408,764	390,673	184,758	132,527	11,753,582	10,529,538	14,141,893	12,794,105
PIE tax expense	(49,584)	(66,535)	(62,364)	(85,818)	(38,605)	(46,795)	(27,514)	(18,479)	(937,727)	(1,140,147)	(1,115,794)	(1,357,774)
Balance 31 March	11,130,207	9,582,569	14,659,979	12,238,025	7,859,815	6,721,987	5,178,988	4,606,449	199,142,663	173,099,440	237,971,652	206,248,470

Guaranteed Benefits

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

4. 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. The Vested Benefits as at 31 March 2018 were \$237,971,652 (31 March 2017: \$206,248,470).

5. CONTRIBUTIONS

Contributions by type

	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Member Contributions	\$ 599,087	\$ 603,325	\$ 791,680	\$ 749,111	\$ 458,748	\$ 423,883	\$ 392,882	\$ 361,284	\$ 14,563,086	\$ 13,527,277	\$ 16,805,483	\$ 15,664,880
Voluntary Member Contributions	114,587	36,386	276,703	73,175	122,222	30,079	37,407	16,362	1,820,880	1,544,790	2,371,799	1,700,792
Employer Contributions	337,484	335,308	453,654	426,453	247,242	241,643	232,222	220,751	8,317,401	7,947,787	9,588,003	9,171,942
Crown Contributions:												
IRD Interest	1,155	2,366	1,383	2,960	768	1,740	629	1,444	24,549	53,726	28,484	62,236
Member Tax Credits	103,781	99,206	130,966	124,072	71,395	65,609	62,885	65,039	2,596,771	2,477,771	2,965,798	2,831,697
Late Opt-Out	-	-	-	-	-	-	-	-	(8,316)	(23,865)	(8,316)	(23,865)
Transfers In from Other Kiwisaver Schemes	41,857	177,390	131,037	144,619	214,587	34,789	72,146	161,417	1,130,838	939,870	1,590,465	1,458,085
Transfers In from Other Superannuation Schemes	224	4,841	-	65,079	-	-	-	33,177	137,129	1,704,496	137,353	1,807,593
Trans Tasman Portability Transfers In	4,526	57,730	55,218	25,714	31,930	-	-	-	229,601	529,230	321,275	612,674
Transfers Between Funds	(50,074)	51,916	486,982	(256,855)	(2,402)	(117,630)	(185,279)	440,024	(249,227)	(117,455)	-	-
Total Contributions Received	1,152,627	1,368,468	2,327,623	1,354,328	1,144,490	680,113	612,892	1,299,498	28,562,712	28,583,627	33,800,344	33,286,034

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

Notes to the Financial Statements (Cont'd)
For the Year Ended 31 March 2018

5. CONTRIBUTIONS (cont'd)

	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Contributions from members and employers who were:												
Existing members	1,116,037	1,325,226	2,220,401	1,231,915	1,108,692	615,047	575,733	1,238,758	26,816,389	26,653,345	31,837,252	31,064,291
Members who joined the Scheme during the year	19,790	43,242	106,772	60,124	15,148	47,804	36,859	55,477	1,107,461	1,010,632	1,286,030	1,217,279
Lump sum contributions	16,800	-	450	62,289	20,650	17,262	300	5,263	638,862	919,650	677,062	1,004,464
Total Contributions Received	1,152,627	1,368,468	2,327,623	1,354,328	1,144,490	680,113	612,892	1,299,498	28,562,712	28,583,627	33,800,344	33,286,034

6. BENEFITS PAID

	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Retirement	142,068	139,424	357,600	165,666	72,464	392,374	88,561	292,695	2,255,156	2,361,644	2,915,849	3,351,803
Home Loan Withdrawal	101,799	139,612	76,347	48,520	27,789	62,457	33,305	81,175	1,477,264	1,824,667	1,716,504	2,156,431
Serious Illness Withdrawal	-	-	-	-	-	-	-	-	204,641	120,872	204,641	120,872
Significant Financial Hardship Withdrawal	26,500	49,100	-	-	205	-	176	-	319,900	360,314	346,781	409,414
Trans Tasman Portability Transfers Out	10,427	-	-	-	9,418	-	(99)	-	13,433	-	33,278	-
Permanent Emigration	-	-	-	-	-	52,160	-	-	181,029	74,280	180,930	126,440
Death	-	-	-	-	-	10,419	-	-	248,394	116,939	248,394	127,358
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Benefits Paid	280,794	328,136	433,947	214,186	109,876	517,410	121,943	373,870	4,699,817	4,858,716	5,646,377	6,292,318

7. GAIN ON ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Aggressive Fund		Growth Fund		Balanced Fund		Conservative Fund		Automatic Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
AMP Superannuation Funds	931,709	873,725	928,825	797,514	373,805	343,112	103,367	81,737	11,552,163	9,908,137	13,889,869	12,004,225
ANZ Investments Ltd	19,714	2,185	80,675	9,144	86,618	10,117	114,857	13,451	1,627,833	188,313	1,929,697	223,210
ASB Superannuation Master Trust	-	37,412	-	103,819	-	82,268	-	67,445	-	1,674,312	-	1,965,256
Total Gain on Financial Assets Held at Fair Value Through Profit or Loss	951,423	913,322	1,009,500	910,477	460,423	435,497	218,224	162,633	13,179,996	11,770,762	15,819,566	14,192,691

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

Notes to the Financial Statements (Cont'd)
For the Year Ended 31 March 2018

8. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO INCREASE IN NET ASSETS DURING THE YEAR

	Aggressive Fund 2018	Aggressive Fund 2017	Growth Fund 2018	Growth Fund 2017	Balanced Fund 2018	Balanced Fund 2017	Conservative Fund 2018	Conservative Fund 2017	Automatic Fund 2018	Automatic Fund 2017	TOTAL
Increase in net assets during the year	\$ 1,547,638	\$ 1,397,211	\$ 2,421,954	\$ 1,652,015	\$ 1,137,828	\$ 351,651	\$ 572,539	\$ 976,961	\$ 26,043,223	\$ 27,006,168	\$ 31,723,182
Less non cash and investing items:											
Changes in fair value of financial assets through profit or loss after investment expenses	(893,094)	(864,523)	(934,199)	(848,365)	(420,043)	(401,035)	(193,903)	(141,719)	(12,144,061)	(10,907,171)	(14,585,300)
Non cash movement in investment manager fees	(858)	(1,413)	(2,317)	(2,285)	(1,260)	(825)	486	(384)	(35,034)	(35,411)	(38,983)
Movements in other working capital items:											
Increase/(decrease) in benefits payables	-	-	-	-	(679)	10,419	-	-	152,876	(10,320)	152,197
Increase/(decrease) in other payables	1,836	2,152	3,496	3,357	1,971	1,794	992	(11,200)	45,959	52,099	54,254
Increase/(decrease) in PIE tax payable	6,930	19,673	8,101	9,527	8,375	(7,346)	17,647	(18,461)	187,064	(84,487)	228,117
Net Cash Inflow from Operating Activities	662,452	553,100	1,497,035	814,249	726,192	(45,342)	397,761	805,197	14,250,027	16,020,878	18,148,082

9. PIE TAX

The Scheme calculates and pays tax on members' behalf at the members' Prescribed Investor Rate (PIR) as follows:

- Members PIR were either 10.5%, 17.5% or 28% respectively.

	Aggressive Fund 2018	Aggressive Fund 2017	Growth Fund 2018	Growth Fund 2017	Balanced Fund 2018	Balanced Fund 2017	Conservative Fund 2018	Conservative Fund 2017	Automatic Fund 2018	Automatic Fund 2017	TOTAL
Changes in net assets before tax and membership activities	\$ 878,856	\$ 850,384	\$ 915,933	\$ 830,983	\$ 408,764	\$ 390,673	\$ 184,758	\$ 132,527	\$ 11,753,582	\$ 10,529,538	\$ 14,141,893
Less permanent differences:											
Non taxable income	469,417	404,590	438,772	298,899	176,669	139,837	48,446	36,722	5,423,898	3,885,978	6,557,202
Taxable income	409,439	445,794	477,161	532,084	232,095	250,836	136,312	95,805	6,329,684	6,643,560	7,584,691
Tax thereon at members PIR	101,627	110,712	116,140	128,820	57,946	62,822	33,353	23,294	1,626,514	1,707,892	1,935,580
Tax effect of allocated PIE credits	(52,043)	(44,177)	(53,776)	(43,002)	(19,341)	(16,027)	(5,839)	(4,815)	(688,787)	(567,745)	(819,786)
Total tax expense	49,584	66,535	62,364	85,818	38,605	46,795	27,514	18,479	937,727	1,140,147	1,115,794
Current tax											
Opening balance	42,506	22,833	48,464	38,937	25,008	32,354	5,939	24,400	626,719	711,206	748,636
PIE Tax refund/ (paid) in respect of prior year	(42,506)	(22,833)	(48,464)	(38,937)	(25,008)	(32,354)	(5,939)	(24,400)	(627,242)	(711,729)	(749,159)
PIE tax in respect of current year	49,584	66,535	62,364	85,818	38,605	46,795	27,514	18,479	937,727	1,140,147	1,115,794
PIE tax expense paid on members behalf	132	(23,836)	(5,516)	(37,080)	(5,078)	(21,517)	(3,466)	(12,102)	(121,000)	(509,136)	(603,671)
Withholding tax paid	(280)	(193)	(283)	(274)	(144)	(270)	(462)	(438)	(2,421)	(3,769)	(3,590)
PIE Tax Payable	49,436	42,506	56,565	48,464	33,383	25,008	23,586	5,939	813,783	626,719	976,753
											748,636

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

For the year ended 31 March 2018

10. FINANCIAL INSTRUMENTS

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.

The Trustee has established the investment portfolio objectives and target asset allocations. Performance against these targets is reviewed regularly by the Trustee and asset reallocations undertaken as required.

(a) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Scheme's accounting policies.

(b) Capital Management

The Scheme's capital is represented by net assets attributable to members and is reflected in the Statement of Net Assets as "Net Assets Available for Benefits". The Scheme invests contributions received in appropriate investments in order to provide returns to its members and to maximise the Scheme's members' value whilst maintaining sufficient liquidity to meet any withdrawal requests. The Scheme's management review the performance of the Scheme on a regular basis to monitor the capital management.

(c) Market Risks

(i) Liquidity Risk

All financial assets at fair value through profit and loss can be realised within 12 months. Other than the liability for accrued benefits, there are no significant financial liabilities. To manage liquidity risk the Scheme invests in financial instruments which are highly liquid. The Scheme also invests within established limits to ensure there is no concentration of risk. Due to the nature of a KiwiSaver scheme, it is unlikely that a significant number of members would exit at the same time. Financial liabilities of the Scheme consist of Net Assets Available for Benefits and Payables. Net Assets Available for Benefits are payable on demand, provided certain KiwiSaver withdrawal requirements are met, and Payables are typically paid within 30 days.

(ii) Credit Risk

Financial instruments which potentially expose the Scheme to credit risk consist of cash and cash equivalents, fixed interest securities and receivables and, indirectly, investments in unissued products which invest in cash and fixed interest investments. The Scheme does not require collateral or other security to support instruments with credit risk and as such, no collateral exists for any of the investments held by the Scheme. The maximum credit exposure is the carrying amount of the individual investments. All investments entered into are required to meet the credit rating parameters as set forth by the Trustee.

The significant counterparties of the Scheme are its fund managers AMP Capital Investors (New Zealand) Ltd, ANZ Investments Limited. The investments are held in trust by the Trustee for the benefit of the Scheme. The managers maintain

diversified investment portfolios in accordance with the portfolio mix adopted by the Trustee. There are no specific industry related concentrations of credit risk.

(iii) Currency Risk

The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unissued products which invest in foreign currency denominated investments.

Each of the five Funds may include investments in Australasian Shares, Global Shares, Global Fixed Interest and Global Property Shares asset classes. To reduce the impact of currency movements, the fund managers may currency hedge to New Zealand dollars from time to time in respect of the international investments.

Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustee.

(iv) Interest Rate Risk

The Scheme is exposed to interest rate risk in that future interest rate movements will affect cash flows and fair values of fixed interest assets and, indirectly, the valuation of investments in unissued products which invest in cash and fixed interest investments.

As at balance date the Scheme's direct exposure to interest rate risk was in respect of the cash and cash equivalent balances of each Fund. The average interest rate for the year was 1.20% (2017: 2.35%).

Interest rate risk management activities are undertaken by the investment manager in accordance with the investment mandate set by the Trustee.

SUPEREASY KIWISAVER SUPERANNUATION SCHEME

For the year ended 31 March 2018

(v) Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments of a specific type traded in the market. Market price risk is controlled by ensuring a diverse range of investments, limits on counterparty exposure and restrictions on types of instruments.

Had the market price of the underlying instruments increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in income and the net assets attributable to members would amount to the following:

Aggressive Fund: \$1,115,677 (2017: \$965,081)
Growth Fund: \$1,466,962 (2017: \$1,229,514)
Balanced Fund: \$780,133 (2017: \$674,469)
Conservative Fund: \$511,047 (2017: \$458,982)
Automatic Fund: \$19,961,001 (2017: \$17,367,406)
Total: \$23,834,820 (2017: \$20,695,452)

A variable of 10% was selected for market price risk sensitivity as this is a reasonably expected movement based on historic rate trends.

11. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding as at 31 March 2018 (2017: nil).

12. RELATED PARTIES

Civic Financial Services Limited has been appointed the administration manager of the Scheme by the Scheme's Trustee, Local Government Superannuation Trustee Limited. Civic Financial Services Ltd is the parent entity of Local Government Superannuation Trustee Limited.

The Scheme holds no investments in any of the employer companies or any of its related parties. Civic Financial Services Ltd is charged a Trustee fee of \$39,041 (2017: \$37,312) and an audit fee of \$29,750 (2017: \$29,750) on behalf of the Schemes (SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme - SuperEasy) and re-charged through the Scheme administration fee of \$1,576,451 (2017: \$1,380,038), which is split between administration and investment management fees.

13. STANDARDS AND INTERPRETATIONS AND OTHER NEW AMENDMENTS IN ISSUE NOT YET ADOPTED

The following standards/ interpretations and new amendments which are considered relevant to the Scheme but not yet effective for the year ended 31 March 2018 have not been applied in preparing these financial statements.

NZ IFRS 9 Financial Instruments (effective 1 January 2018)
Annual improvements to NZ IFRS: 2014-2016 cycle.

NZ IFRS 9 'Financial Instruments' - was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. All the Scheme's assets are held at fair value, which will continue under IFRS 9 meaning the only impact will be on disclosures and any change in valuation at the underlying unit investment levels (as this may be further impacted by IFRS 9). This standard is effective for reporting periods beginning on or after 1 January 2018.

14. EVENTS AFTER BALANCE DATE

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