



**Lifestages KiwiSaver Scheme**  
**Financial Statements**  
**for the year ended 31 March 2018**

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For the year ended 31 March 2018

**Fund Manager:** Funds Administration New Zealand Limited

**Registered Office:**

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PO Box 835, Invercargill 9810

**Investor and Advisor Enquiries:**

Lifestages KiwiSaver Scheme  
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[contact@lifestages.co.nz](mailto:contact@lifestages.co.nz)

**Directors**

DRYLIE, Shaun Rodger (appointed 18 October 2017)  
DUSTON, Graham David  
MULVEY, Gregory John  
SKILLING, Michael James William  
YOUNG, Derek Richmond

**Supervisor:** Trustees Executors Limited

Level 7, 51 Shortland Street  
Auckland, 1010  
PO Box 4197, Shortland Street  
Auckland, 1140

**Registry:** Trustees Executors Limited

Level 5, Maritime Tower  
10 Customhouse Quay  
PO Box 10519, Wellington

**Auditor:** KPMG

Level 9, Maritime Tower  
10 Customhouse Quay  
Wellington, 6011  
PO Box 996, Wellington 6140

**Solicitors:** Kensington Swan

89 the Terrace  
PO Box 10246, Wellington 6043

## Statement of Changes in Net Assets

for the year ended 31 March 2018

				KiwiSaver Scheme	
				2018	2017
				12 months	12 months
Notes				\$	\$
<b>Income</b>					
Interest Income				1,455,414	538,010
Dividend Income				4,977,123	7,223,719
Net Change in Fair Value of Investments	10			6,892,958	8,575,803
Other Income				28,350	110,533
<b>Net Investment Income</b>				<b>13,353,845</b>	<b>16,448,065</b>
<b>Expenses</b>					
Fees Paid to Auditor	15			29,669	34,813
General Expenses				785,575	671,713
Manager Fees				2,205,058	1,841,084
Trustees Fees				155,966	126,623
<b>Total Expenses</b>				<b>3,176,268</b>	<b>2,674,233</b>
<b>Change in Net Assets before Membership Activities</b>				<b>10,177,577</b>	<b>13,773,832</b>
<b>Membership Activities</b>					
Members Contributions				25,769,422	22,525,617
Employer Contributions				12,354,006	11,027,777
Crown Contributions and Fee Subsidies				5,004,081	4,675,476
Transfers in from other schemes				15,091,962	16,187,530
Other Income				37,405	77,040
Withdrawals				(6,876,840)	(6,645,882)
Withdrawal for first home purchase				(4,397,336)	(2,300,005)
Withdrawal for mortgage diversion				(4,969)	(4,558)
Withdrawal for significant hardship				(336,117)	(282,455)
Withdrawal for serious illness				(214,898)	(314,550)
Withdrawal on death				(649,332)	(304,328)
Withdrawal for permanent emigration				(108,497)	(72,769)
Transfer to other schemes				(13,261,471)	(11,701,426)
Administration fees	6			(407,656)	(390,510)
PIE tax attributable to members	9			(1,233,159)	(994,671)
<b>Net Membership Activities</b>				<b>30,766,601</b>	<b>31,482,286</b>
Net Change in Members' Benefits				40,944,178	45,256,118
Members Funds at the Beginning of the Financial Year				262,641,448	217,385,330
<b>Members' Funds at the End of the Financial Year</b>				<b>303,585,626</b>	<b>262,641,448</b>

## Statement of Financial Position

as at 31 March 2018

	Notes	KiwiSaver Scheme	
		2018	2017
		\$	\$
<b>Assets</b>			
Cash		9,011,085	23,349,747
Trade and Other Receivables	7	580,093	314,894
Financial Assets	11	295,854,484	240,335,977
<b>Total Assets</b>		<b>305,445,662</b>	<b>264,000,618</b>
<b>Liabilities</b>			
Accounts Payable	8	674,907	418,157
PIE tax payable on behalf of members	9	1,185,129	941,013
<b>Total Liabilities (excluding Net Assets attributable to Members)</b>		<b>1,860,036</b>	<b>1,359,170</b>
<b>Net Assets Attributable to Members</b>		<b>303,585,626</b>	<b>262,641,448</b>

The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements

For and on behalf of the Manager,  
Funds Administration New Zealand Limited

  
Director

  
Director

19 June 2018  
Date

## Statement of Cash Flows

for the year ended 31 March 2018

	Notes	KiwiSaver Scheme	
		2018	2017
		12 months	12 months
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Interest Income		995,129	501,288
Dividends		5,172,209	8,098,179
Other Income		28,350	117,194
Proceeds from sale of Investment Assets		95,099,856	129,300,452
Purchase of Investment Assets		(143,725,405)	(150,067,303)
Operating expenses paid		(2,920,888)	(2,542,422)
<b>Net Cash used in Operating Activities</b>	12	<b>(45,350,749)</b>	<b>(14,592,612)</b>
<b>Cash Flows from Financing Activities</b>			
Net Membership Activities		31,012,087	31,969,331
<b>Net Cash from Financing Activities</b>		<b>31,012,087</b>	<b>31,969,331</b>
Net (Decrease)/Increase in Cash		(14,338,662)	17,376,719
Cash at the beginning of the Financial Year		23,349,747	5,973,028
<b>Cash at the end of the Financial Year</b>		<b>9,011,085</b>	<b>23,349,747</b>

The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements

## Notes to the financial statements

for the year ended 31 March 2018

### 1. REPORTING ENTITIES

The Lifestages KiwiSaver Scheme (the "Scheme") is the reporting entity. The Scheme is regulated by the Financial Markets Authority ("FMA") and therefore are governed by the Financial Markets Conduct Act 2013 ("FMC Act 2013"). The Scheme transitioned into the FMC Act 2013 regime on 16 November 2016.

These Financial Statements show the collective financial performance, financial position and cash flows of the four Portfolios and Funds that make up the Lifestages KiwiSaver Scheme. The four Portfolios and Funds whose information is reported and presented collectively within the Financial Statements are as follows:

- > Lifestages Growth Portfolio
- > Lifestages Capital Stable Portfolio
- > Lifestages Income Fund
- > Lifestages High Growth Fund

Collectively these Portfolios and Funds are referred to throughout these financial statements as the "Scheme".

The Manager and Issuer of the Scheme is Funds Administration New Zealand Limited (the Manager), a subsidiary of Southland Building Society (SBS). The Supervisor is Trustees Executors Limited (the Supervisor).

The Scheme is a defined contribution superannuation scheme under the KiwiSaver Act 2006 and a profit oriented entity. The Scheme is domiciled and registered in New Zealand and it's registered office is 51 Don Street, Invercargill.

These Financial Statements were authorised for issue by the Directors on 19 June 2018.

### 2. STATUTORY BASE

These financial statements have been prepared in accordance with the Trust Deed and the FMC Act 2013 and KiwiSaver Act 2006.

### 3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). 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").

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss. The methods used to measure fair values are disclosed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

The Scheme has not adopted any new or revised standards in preparing the financial statements for the year ended 31 March 2018.

The following new or amended standards relevant to the Scheme are not yet effective and have not yet been applied in preparing the financial statements:

*NZ IFRS 9: Financial Instruments* is applicable to annual reporting periods beginning on or after 1 January 2018. The Scheme plans to adopt this standard for the financial year ending 31 March 2019. This standard will replace the existing standard NZ IAS 39: *Financial Instruments Recognition and Measurement*, the requirements regarding the classification and measurement of financial liabilities have been retained, as well as the requirements for determining when the financial liabilities are derecognised. Under the new standard, changes in fair value of financial liabilities at fair value through profit or loss due to changes in credit risk will be recognised directly in the Statement of Comprehensive Income. The standard also establishes two primary measurement categories for financial assets: amortised cost and fair value, with classification depending on an entity's business model and the contractual cash flow characteristics of the financial asset. The adoption of this standard may result in additional or amended disclosures and is not expected to have an effect on the Scheme's reported result or financial position.

## Notes to the financial statements

for the year ended 31 March 2018

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

### 4 SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Functional and Presentation Currency

The Financial Statements are presented in New Zealand Dollars, which is the Scheme's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest dollar.

#### b) Use of Estimates and Judgements

The preparation of these Financial Statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Management have concluded that judgements made in the application of New Zealand Accounting Standards did not have a significant effect on the financial report. No estimates with a significant risk of material adjustments in the next year were noted.

#### c) Foreign Currency

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to New Zealand Dollars at the foreign currency closing exchange rate ruling at the balance sheet date. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains or losses on investments.

#### d) Income

i) Dividends are recorded as income at the date the shares become ex dividend and income accrued is based upon the declared rate of return for the investments.

ii) Interest income is accounted for on an accruals basis using the effective interest method.

iii) Any unrealised gains or losses arising from the revaluation of investments or conversion to New Zealand dollars at balance date and realised gains and losses on the sale of investments during the year are recognised in profit or loss.

iv) Other income is recognised when the Scheme's right to receive payment is established.

#### e) Expenses

All expenses, including management fees and Supervisor fees, are recognised in profit or loss on an accruals basis.

#### f) Taxation

As at 1 October 2007 the Scheme converted to a Portfolio Investment Entity (PIE) under the Taxation (Savings Investment and Miscellaneous Provisions) Act 2006. The Scheme's taxable income under the PIE entity structure from 1 October 2007 is distributed to the members.



## Notes to the financial statements

for the year ended 31 March 2018

### g) Members' Accrued Benefits

The KiwiSaver Scheme issues multiple classes of units that are redeemable at the Member's option and do not have identical features and are therefore classified as financial liabilities. Units issued by the Scheme provide the Members with the right to require redemption for cash at the value proportionate to the Member's share in the Scheme's net asset value, provided they meet the requirements of the KiwiSaver Act 2006.

### h) Financial Instruments Measurement

#### Classification

The Scheme has investments categorised as "financial instruments at fair value through profit or loss" and "held to maturity".

The financial instruments at fair value through profit or loss are sub-categorised as "designated at fair value through profit or loss at inception". Financial instruments "designated at fair value through profit or loss at inception" are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's investment strategy. The Scheme Manager evaluates these financial instruments on a fair value basis together with other related financial information. These are investments in unlisted unit trusts except for the Lifestages Deposit Portfolio.

Financial instruments "held to maturity" are those assets with fixed or determinable payments and a fixed maturity date for which the Scheme has the positive intention and ability to hold to maturity. These comprise term investments with banks and building societies, and investments in the Lifestages Deposit Portfolio, which have a similar nature to a term investment.

#### Recognition, Derecognition and Measurement

Investment assets and liabilities are recognised on the date that the Scheme becomes party to the contractual agreement (trade date). Investment assets are derecognised when the contractual rights to the cash flows expire or the Scheme has transferred substantially all risks and rewards of ownership. Investment liabilities are derecognised when the Scheme has discharged contractual obligations.

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial instruments designated at fair value through profit or loss are presented in the Statement of Changes in Net Assets within Net Change in Fair Value of Investments in the period in which they arise.

The measurement for specific financial instruments is as follows:

- i) Unlisted Unit Trusts: These investments are measured at their redemption price as at reporting date as determined by the Manager of the Unit Trust
- ii) Financial Instruments Held to Maturity: These are recorded at amortised cost. Their carrying value closely approximates their fair value.

### i) Cash

Cash comprises call deposits with banks and building societies. Cash is held for the purpose of meeting short term cash commitments rather than investments or other purposes.

### j) Accounts Payable and Interest Receivables

Accounts payable and interest receivables include accrued expenses and accrued income, are carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value.

### k) Changes in Accounting Policies

There have been no changes in accounting policies during the 12 months to 31 March 2018.

## Notes to the financial statements

for the year ended 31 March 2018

### 5. FINANCIAL INSTRUMENTS

The Scheme's investing activities expose them to various types of risk that are associated with the financial instruments and markets in which they invest. The most important types of financial risk to which the Scheme are exposed are credit risk, market price risk, liquidity risk, foreign exchange risk and interest rate risk.

Asset allocation is determined by the Scheme's Investment Manager who manages the distribution of the assets to achieve of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Scheme's Investment Manager.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Scheme are discussed below.

#### a) Credit Risk

The Scheme is exposed to credit-related losses in the event that a counter party will fail to perform contractual obligations, either in whole or in part, under a contract. The financial instruments which potentially subject the Scheme to credit risk consist principally of cash, short term deposits, receivables and payables in terms of investment transactions, and Unit Trusts. Concentrations of credit risk are minimised by the parameters set out in the Scheme's Investment Guidelines approved by the Supervisor.

Whilst the Scheme's investments have a material exposure to the Southland Building Society, ANZ National Bank Limited, Nelson Building Society and Kiwibank Limited these are considered to be without significant risk.

The maximum exposure for the Scheme to credit risk is represented by the 'Total Assets' set out in the Statement of Financial Position.

#### b) Market Price Risk

Market price risk is the risk that the value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices. Each Portfolio aims to manage its risk by ensuring that all activities are transacted in accordance with their individual mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis.

The Scheme is subject to market price risk through its International Equity, Australasian Equity, Infrastructure, Property and New Zealand and International Bond Investments, which are noted in Note 11. The benchmark movement of International Equity, Australasian Equity, Infrastructure and Property investments ranges from 10-20%. The benchmark movement of New Zealand and International Bond investments ranges from 1-3%. The impact of movements in these ranges on changes in net assets is noted in the table below.

MARKET PRICE RISK	2018		2017		
	Movement:	10%	20%	10%	20%
		\$	\$	\$	\$
<b>International and Australasian Equities, Infrastructure &amp; Property Investments:</b>		14,868,379	29,736,758	12,673,595	25,347,189
	Movement:	1%	3%	1%	3%
		\$	\$	\$	\$
<b>New Zealand &amp; International Bonds:</b>		636,707	1,910,121	534,502	1,603,506

#### c) Liquidity and Cash Flow Risk

Liquidity Risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash Flow Risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- > ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- > applying limits to ensure there is no concentration of liquidity risk to a particular counter party or market.

Investments in other unit trusts have no maturity dates and can be redeemed at any time. However, these assets are regarded as long-term investments in line with the Scheme's objectives.

Payables have no contractual maturities but are typically settled within 30 days. Receivables outstanding at balance date are due to be settled within one year.

## Notes to the financial statements

for the year ended 31 March 2018

### d) Foreign Exchange Risk

The investment activities of the Scheme expose it to currency risk, which is the possibility of losing money owing to changes in foreign currency exchange rates. The currency risk is managed in accordance with the investment guidelines set out for the Scheme.

The Scheme is also exposed to currency risk indirectly by the investment in International Managed funds.

Foreign currency exposure is accounted for by marking to market in a manner consistent with the valuation of the underlying securities. The specific exposure and the effect of a reasonable possible movement in the foreign currency rate against the New Zealand dollar is outlined as follows:

FOREIGN EXCHANGE RISK		
<b>As at 31 March 2018</b>		
	AUD	NZD
International Managed Funds	47,851,943	50,857,639
<b>As at 31 March 2017</b>		
	AUD	NZD
International Managed Funds	36,659,189	40,099,750

The benchmark movement for the cross rate is 5%. The impact on Net Income of a 5% movement on the Scheme would be as follows:

NZD vs AUD Net Income Effect	2018	2017
	\$	\$
5% Appreciation	(2,421,798)	(1,909,512)
5% Depreciation	2,676,713	2,110,510

### e) Interest Rate Risk

Interest Rate Risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risks associated with fixed interest, short term deposits and cash are regularly monitored as part of the reporting process. The interest rate risk disclosures have been prepared on the basis of the Scheme's direct investment and not on a look-through basis for investments held indirectly through unitholdings investing into interest bearing securities. Consequently, the disclosure of interest rate risk in the following note may not represent the true interest rate risk profile of the Scheme where the Scheme has investments in unit trusts which also have exposure to the interest rate markets.

The benchmark movement is 100bp. A change of interest rates of 100bp would result in a change to net income as noted below:

INTEREST RATE RISK	2018	2017
Movement:	100bp	100bp
	\$	\$
KiwiSaver Scheme	925,111	834,996

### f) Fair value

The Scheme classifies financial assets measured at fair value 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:

- > Level 1 quoted prices (unadjusted in active markets) for identical assets or liabilities
- > Level 2 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)
- > Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Financial Instruments of the Scheme designated at fair value through profit or loss are classified as being Level 2, as they are measured using directly observable prices at the balance date.

### g) Capital Management

The Net Assets Attributable to Members represent what the Scheme manages as capital (as redeemable units with no par value), notwithstanding Net Assets Attributable to Members classified as a liability.

The amount of Net Assets Attributable to Members can change significantly on a weekly basis as the Scheme is subject to weekly contributions and withdrawals which are at the discretion of Members. The expected cash outflow on redemption of units may differ significantly from previous periods. The Scheme's policy in managing their obligation to meet redemption requests is to hold sufficient liquidity to cover reasonably anticipated redemptions. The Schemes objectives when managing capital is to invest Members' funds in accordance with the Schemes investment objectives.

## Notes to the financial statements

for the year ended 31 March 2018

### 6. RELATED PARTIES

#### a) Manager and Supervisor

Funds Administration New Zealand Limited, as the Manager of the Scheme, is entitled to be paid out of the Scheme a fee equal to 0.75% p.a. of the Gross Asset Value of the Capital Stable Portfolio, 0.90% p.a. of the Gross Asset Value of the Growth Portfolio, 0.65% p.a. of the Gross Asset Value of the Income Fund and 0.85% p.a. of the Gross Asset Value of the High Growth Fund calculated weekly and paid monthly.

Trustees Executors Limited, the Trustee of the Scheme, also undertakes Custodial services for the Scheme. Trustees Executors Limited is entitled to fees from the each of the Capital Stable Portfolio, the Growth Portfolio, the Income Fund the High Growth Fund ("the Fund") as follows:

#### > Supervisor Fees

>> 0.06% per annum on the fund's Gross Asset Value less than \$100 million

>> 0.05% per annum on the fund's Gross Asset Value over \$100 million

#### > Custody Fees

>> 0.03% per annum on the fund's Gross Asset Value

In addition, for the KiwiSaver Scheme, an administration fee of \$2 per member, per month, was charged directly to each member's accounts. This administration fee is paid to Trustees Executors Limited for the day-to-day administration of member accounts and maintaining the member registry for the Scheme.

KiwiSaver Scheme		
	2018	2017
	\$	\$

Fees paid and payable to related parties for the year ended 31 March were as follows:

#### Funds Administration New Zealand Limited

Management fee expense	2,205,058	1,841,084
Management fee payable	199,323	170,071

#### Trustees Executors Limited:

Supervisor fee expense	155,966	126,623
Supervisor fee payable	15,358	12,461
Custody fee expense	86,737	72,733
Custody fee payable	8,377	6,870
Administration Fees	407,656	390,510

## Notes to the financial statements

for the year ended 31 March 2018

### b) Investments by the Scheme in related parties

The Scheme holds units in the following Funds Administration New Zealand Limited investment products:

	KiwiSaver Scheme	
	2018	2017
<b>Lifestages World Equity Portfolio</b>		
Units	18,286,915	19,450,743
Market Value	\$ 41,745,462	\$ 40,927,826
<b>Lifestages Australasian Equity Portfolio</b>		
Units	12,903,089	12,677,338
Market Value	\$ 29,577,752	\$ 27,147,935
<b>Lifestages Deposit Portfolio</b>		
Units	-	53,024,841
Carrying Value	-	\$ 53,024,841
<b>Lifestages World Bond Portfolio</b>		
Units	14,211,138	13,857,285
Market Value	\$ 20,094,180	\$ 19,256,167
<b>The Scheme holds deposits in Southland Building Society</b>	\$ 67,500,000	\$ -

Southland Building Society is the parent company of the Manager, Funds Administration New Zealand Limited. Investments held at balance date managed by Funds Administration New Zealand are disclosed above. All such transactions were carried out in the ordinary course of the Scheme's activities and are effected on arm's-length terms.

## Notes to the financial statements

for the year ended 31 March 2018

### 7. TRADE AND OTHER RECEIVABLES

	KiwiSaver Scheme	
	2018	2017
	\$	\$
Accrued money market interest	580,093	119,808
Dividends receivable	-	195,086
<b>Total Trade and other Receivables</b>	<b>580,093</b>	<b>314,894</b>

### 8. ACCOUNTS PAYABLE

	KiwiSaver Scheme	
	2018	2017
	\$	\$
Management fees	199,323	170,071
Audit fees	27,368	21,980
Other	413,492	192,752
Members withdrawals Payable	34,724	33,354
<b>Total Accounts Payable</b>	<b>674,907</b>	<b>418,157</b>

### 9. PIE TAX ATTRIBUTABLE TO MEMBERS

Members' PIE tax payments and refunds are settled with Inland Revenue via the cancellation or issue of units in the Scheme.

	KiwiSaver Scheme	
	2018	2017
	\$	\$
PIE tax payable on behalf of members at balance date	(1,185,129)	(941,013)
PIE tax paid on behalf of members during the year	(48,030)	(53,658)
<b>PIE Tax Attributable to Members for the Year</b>	<b>(1,233,159)</b>	<b>(994,671)</b>

### 10. NET CHANGE IN FAIR VALUE OF INVESTMENTS

	KiwiSaver Scheme	
	2018	2017
	\$	\$
<i>Designated at fair value through profit or loss</i>		
<b>Net change in fair value of financial assets</b>		
New Zealand Fixed Interest PIE funds	296,600	(44,540)
New Zealand Equity PIE funds	1,049,459	360,745
International Fixed Interest PIE funds	338,013	657,308
International Equity PIE funds	5,547,452	6,966,037
International Managed Funds	(338,566)	636,253
<b>Total Net Change in Fair Value of Investments</b>	<b>6,892,958</b>	<b>8,575,803</b>

## Notes to the financial statements

for the year ended 31 March 2018

### 11. FINANCIAL ASSETS

	KiwiSaver Scheme	
	2018	2017
	\$	\$
<b>Financial Assets held to Maturity</b>		
Term Deposits	83,500,000	7,125,000
New Zealand Multi Class Cash PIE funds	-	53,024,841
<b>Financial Assets designated at Fair Value</b>		
New Zealand Fixed Interest PIE funds	16,652,312	13,228,101
New Zealand Equity PIE funds	10,555,703	7,240,310
International Fixed Interest PIE funds	20,094,180	19,256,167
International Equity PIE funds	71,323,213	68,075,761
International Managed Funds	93,729,076	72,385,797
<b>Total Financial Assets</b>	<b>295,854,484</b>	<b>240,335,977</b>

The Scheme holds a 64.4% (2017: 63.4%) interest in the Lifestages World Equity Portfolio and 38.1% (2017: 39.4%) in the Lifestages World Bond Portfolio and 66.4% (2017: 65.4%) interest in the Lifestages Australasian Equity Portfolio.

Determining whether the Scheme controls or has a significant influence over these investments primarily focuses on the Scheme's power over the investment decisions that affect relevant returns. In accordance with the Trust Deed, it is the Manager's responsibility to direct the ongoing day to day investment decisions and more than 75% of the interest in value of the investment is required in order to affect and change the investment decisions and investment policy used by the Manager and approved by the Supervisor. The Scheme holdings are below the prescribed threshold, hence the Scheme has concluded that it does not have the power over the relevant activities nor to participate in the financial and operating policy decisions. Therefore the Scheme has not consolidated or equity accounted for these investments.

## Notes to the financial statements

for the year ended 31 March 2018

### 12. RECONCILIATION OF BENEFITS ACCRUED AS A RESULT OF OPERATIONS TO NET OPERATING CASHFLOW

	KiwiSaver Scheme	
	2018	2017
	\$	\$
<b>Net Change in Benefits Accrued</b>	40,944,178	45,256,118
(Increase)/Decrease in Accounts Receivable	(265,199)	844,399
Increase in Accounts Payable	255,380	131,811
Increase in cost of Investment Assets	(48,625,549)	(20,766,851)
Net Movement In Members Contributions & Withdrawals	(31,012,087)	(31,969,331)
<b>Adjustment for Non Cash Items:</b>		
Change in Fair Value of Financial Instruments	(6,892,958)	(8,575,803)
<b>Less items classified as Financing Activities</b>		
Movements in Payables Attributable to Financing Activities	245,486	487,045
<b>Net Cash Outflows used in Operating Activities</b>	<b>(45,350,749)</b>	<b>(14,592,612)</b>

### 13. MEMBERS' FUNDS

Members are entitled to one vote per unit at a meeting of the Scheme, and rank equally with regard to each Portfolio's assets.

	Capital Stable Portfolio	
	2018	2017
	Number of Units	Number of Units
Units on Issue at the Start of the Year	45,689,270	43,968,076
Issue of Units for the Year	4,614,413	6,760,683
Redemption of Units for the Year	(4,369,445)	(5,039,489)
<b>Units on Issue at the End of the Year</b>	<b>45,934,238</b>	<b>45,689,270</b>

	Growth Portfolio	
	2018	2017
	Number of Units	Number of Units
Units on Issue at the Start of the Year	26,349,130	24,987,505
Issue of Units for the Year	2,428,093	3,130,380
Redemption of Units for the Year	(2,024,840)	(1,768,755)
<b>Units on Issue at the End of the Year</b>	<b>26,752,383</b>	<b>26,349,130</b>

	Income Fund	
	2018	2017
	Number of Units	Number of Units
Units on Issue at the Start of the Year	49,319,332	38,687,898
Issue of Units for the Year	19,378,928	16,662,973
Redemption of Units for the Year	(6,929,916)	(6,031,539)
<b>Units on Issue at the End of the Year</b>	<b>61,768,344</b>	<b>49,319,332</b>



## Notes to the financial statements

for the year ended 31 March 2018

	High Growth Fund	
	2018 Number of Units	2017 Number of Units
Units on Issue at the Start of the Year	38,607,965	25,220,739
Issue of Units for the Year	17,558,809	16,485,648
Redemption of Units for the Year	(3,820,598)	(3,098,422)
<b>Units on Issue at the End of the Year</b>	<b>52,346,176</b>	<b>38,607,965</b>

### 14. COMMITMENTS AND CONTINGENT LIABILITIES

Other than as disclosed in the Financial Statements or Notes, the Funds have no contingent liabilities or future commitments as at 31 March 2018 (31 March 2017: Nil).

### 15. AUDITORS' REMUNERATION

The audit fees stated in the Statement of Changes in Net Assets were paid, or are payable, to the auditor of the Funds.

In addition, Trustee Reporting Fees of \$1,380 (31 March 2017: \$1,150) were included in the general expenses of the Scheme.

### 16. SUBSEQUENT EVENTS

No material events occurred subsequent to reporting date that require recognition of, or additional disclosure in, these financial statements.



# Independent Auditor's Report

To the members of Lifestages Kiwisaver Scheme

## Report on the financial statements

### Opinion

In our opinion, the accompanying financial statements of Lifestages Kiwisaver Scheme (the scheme) on pages 3 to 16:

- i. present fairly in all material respects the scheme's financial position as at 31 March 2018 and its changes in net assets 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:

- the statement of financial position as at 31 March 2018;
- the statements of changes in net assets and cash flows for the year then ended; 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)'). 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.

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



### Use of this independent auditor's report

This independent auditor's 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 independent auditor's report, or any of the opinions we have formed.





## Responsibilities of the Manager for the financial statements

The Manager, on behalf of the scheme, are 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:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-6/>

This description forms part of our independent auditor's report.

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

For and on behalf of



KPMG  
Wellington

19 June 2018

