

MARITIME KIWISAVER SCHEME

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017**

MARITIME KIWISAVER SCHEME

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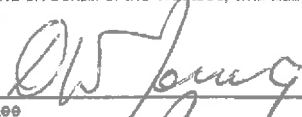
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**Maritime KiwiSaver Scheme
Statement of Net Assets
As at 31 March 2017**

(All amounts are in NZD unless otherwise stated)


	Note	Maritime KiwiSaver Scheme	Waterfront Industry KiwiSaver Scheme
		2017	2016
Assets			
Cash and cash equivalents		-	130
Investments in the Maritime Retirement Scheme		11,834,297	8,637,993
Tax receivable		-	7,017
Total Assets		11,834,297	8,645,140
Liabilities			
Tax Payable		(116,962)	-
Total Liabilities		(116,962)	-
NET ASSETS AVAILABLE FOR BENEFITS		11,717,335	8,645,140
LIABILITY FOR PROMISED RETIREMENT BENEFITS			
Represented by:			
Member accounts		11,717,335	8,645,140
		11,717,335	8,645,140

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



Trustee

31/7/17
Date



Trustee

31-7-2017
Date

The notes on pages 4 to 11 are an integral part of these financial statements.

Maritime KiwiSaver Scheme
Statement of Changes in Net Assets
For the year ended 31 March 2017
 (All amounts are in NZD unless otherwise stated)

INVESTMENT ACTIVITIES	Note	Maritime KiwiSaver Scheme 2017	Waterfront Industry KiwiSaver Scheme 2016
Investment revenue			
Investment revenue		1,063,013	341,711
Investment Expenses			
Investment Management Fees		(36,186)	(36,542)
Net investment revenue		<u>1,026,827</u>	<u>305,169</u>
Other Expenses			
Scheme Expenses		(33,825)	(40,936)
Change in Net Assets before Membership Activities		<u>993,002</u>	<u>264,233</u>
MEMBERSHIP ACTIVITIES			
Contributions			
Members' Contributions		763,546	585,758
Employer Contributions		460,817	360,902
Transfers In from Seafarers KiwiSaver Scheme	12	1,827,267	-
Crown Contributions		-	5,000
Member Tax Credits		128,613	96,892
Kiwisaver Transfers In		312,186	168,583
Total Contributions		<u>3,492,429</u>	<u>1,217,135</u>
Benefits Paid			
Members' PIE Tax	6	(129,755)	(41,729)
Kiwisaver Transfers Out		(488,168)	(222,803)
Retirement		(257,513)	(349,638)
First Home Purchase		(116,443)	(48,516)
Partial withdrawals		(284,202)	-
Hardships		(56,887)	-
Death Benefit		(80,266)	-
Total Benefits Paid		<u>(1,413,236)</u>	<u>(662,686)</u>
Net Membership Activities		<u>2,079,193</u>	<u>554,449</u>
Net Increase in Net Assets During The Year		<u>3,072,195</u>	<u>818,682</u>
Net Assets Available for Benefits at Beginning of Year		8,645,140	7,826,458
Net Assets Available for Benefits at End of Year		<u>11,717,335</u>	<u>8,645,140</u>

The notes on pages 4 to 11 are an integral part of these financial statements.

Maritime KiwiSaver Scheme
Statement of Cash Flows
For the year ending 31 March 2017
(All amounts are in NZD unless otherwise stated)

	Note	Maritime KiwiSaver Scheme 2017	Waterfront Industry KiwiSaver Scheme 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Contributions from Members and Employers		1,224,363	946,660
Contributions from the Crown		128,613	101,892
KiwiSaver Transfers In		312,186	168,583
Interest and Other Income		6	-
		1,665,168	1,217,135
<i>Cash applied to</i>			
Benefits Paid		(1,283,481)	(626,957)
Other Expenses		(33,544)	-
Provisional Tax paid		(5,778)	(87,628)
		(1,322,801)	(714,485)
Net Cash Flows from Operating Activities	7	342,367	502,650
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash provided from</i>			
Sale of Investments		8,637,993	-
<i>Cash was applied to</i>			
Purchase of Investments		(8,980,490)	(505,183)
Net Cash Flows from Investing Activities		(342,497)	(505,183)
Net (Decrease)/Increase In Cash and Cash Equivalents		(130)	(2,533)
Cash at Beginning of Year		130	2,663
Cash at End of Year		-	130

The notes on pages 4 to 11 are an integral part of these financial statements.

Maritime KiwiSaver Scheme

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

1. Plan Description

The Maritime KiwiSaver Scheme (the "Scheme") is a new Scheme created under clause 28 (repealed 1 December 2016) of Schedule 4 of the Financial Markets Conduct Act 2013 that is the amalgamation of the SRF KiwiSaver Scheme and the Waterfront Industry KiwiSaver Scheme that took effect on 31 March 2016. The Scheme is a restricted KiwiSaver scheme registered under the FMCA.

The Scheme is domiciled in New Zealand and the address of their registered office is c/o Melville Jessup Weaver, Level 5, 40 Mercer Street, Wellington 6142. The Administration Manager is Melville Jessup Weaver which is incorporated and domiciled in New Zealand.

The Fund is a Reporting Entity under the Financial Reporting Act 2013 and is registered under the KiwiSaver Act 2006.

Funding arrangements

The Fund receives contributions from members and their participating employers in accordance with the terms of the Trust Deed. Each Member contributes to the Scheme any minimum contribution required by the KiwiSaver Act, subject to the provisions of the Trust Deed.

Members can choose to contribute either 3%, 4% or 6% of gross salary or wage. The Employer is required to make the following contributions:

- Waterside members: such amount (if any) as agreed with the member; and
- Seafarer members: an amount equal to 4% of the member's salary or wages (as defined and in accordance with the KiwiSaver Act).

The Crown makes a member tax credit contribution up to \$10 per week, matching Member contributions during the year up to \$521. Employer contributions were required to deduct Employer Superannuation Contribution Tax ("ESCT").

Retirement benefits

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

Termination terms

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

Changes in the Scheme

The previous Seafarers and Waterfront Trust Deeds have been rescinded and the replacement, dated 31 March 2016, is a Trust Deed for the Maritime KiwiSaver Scheme. The new Trust Deed facilitates the amalgamation of the Waterfront Industry KiwiSaver Scheme and SRF KiwiSaver Scheme into the new Maritime KiwiSaver Scheme and the transition to the new Financial Markets Conduct Act 2013 regulatory regime.

2. Summary of Significant Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the Trust Deed governing the Scheme, the Financial Reporting Act 2013, the KiwiSaver Act 2006, and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZIFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Statement of compliance

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

Measurement base

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

Functional and presentation currency

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

Classification of assets and liabilities

The assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

Maritime KiwiSaver Scheme

Notes to the Financial Statements (Cont'd)
For the 12 month period ended 31 March 2017

2. Summary of Significant Accounting Policies (continued)

Taxation

Under the Portfolio Investment Entity ("PIE") regime, income earned by the Scheme is attributed to all Members in accordance with the proportion of their interest in the relevant Investment Portfolio within the Scheme. The income attributed to each Member is taxed at the Member's 'prescribed investor rate' which is capped at 28%.

Income and Expenses

Income and Expenses are accounted for on an accruals basis.

Receivables

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

Goods and Services Tax (GST)

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

Statement of Cash Flows

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

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

Promised Retirement Benefits

The liability for promised retirement 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.

Contributions and Benefits

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

Transfers in and transfers out

Transfers in and transfers out of other schemes are accounted for on an accrual basis.

Financial Instruments

Classification

Financial assets and financial liabilities are recognised in 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 the Scheme has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Recognition and Derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership. All realised gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised in the Statement of Changes in Net Assets.

Measurement

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

Maritime KiwiSaver Scheme

Notes to the Financial Statements (Cont'd)
For the 12 month period ended 31 March 2017

2. Summary of Significant Accounting Policies (continued)

Critical accounting estimates and judgements

It is possible to determine the fair values of all financial assets through prices provided by the investment managers. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However, as with all investments their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustees have to apply their judgement as to what constitutes quoted price in an active market.

Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective. The impact of the Standards and Interpretations not yet adopted in the Scheme's financial statements is yet to be assessed.

NZ IFRS 9 Financial Instruments - Effective from 1 January 2018, with early adoption permitted. This standard introduces new requirements for the classification and measurement of financial assets. All recognised financial assets that are currently in the scope of NZ IAS 39 will be measured at either amortised cost or fair value. NZ IAS 26 already requires investments to be valued at fair value, so NZ IFRS 9 will not affect the measurement of the Scheme's financial assets.

Maritime KiwiSaver Scheme

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

3. Accounting for Investments, Income and Expenses

The Scheme solely invests into and is a member of the Maritime Retirement Scheme. The Scheme offers two investment options, the Balanced portfolio and the Conservative portfolio. The Scheme does not prepare financial statements at the investment choice level as the liabilities of the individual investment choices are not exclusive to the assets of each investment choice. Therefore assets of one investment choice could be used to meet the liabilities of another.

The Scheme's gain/(losses) is based on the return declared by the Maritime Retirement Scheme. The investment holdings of the Scheme are a result of the contributions received and units redeemed on investments within the Maritime Retirement Scheme in addition to the gains/(losses) received on these investments.

All expenses are jointly incurred with the Maritime Retirement Scheme.

4. Liability for Promised Retirement Benefits

Changes in promised retirement benefits as at 31 March 2017:

	Maritime KiwiSaver Scheme Total		
	Member Account	Employer Account	Total 2017
	\$	\$	\$
Balance 1 April	4,984,738	3,660,402	8,645,140
Contributions	3,022,745	469,884	3,492,429
Withdrawals	(880,468)	(403,011)	(1,283,479)
Net Income Allocated	965,995	(102,750)	863,245
Balance 31 March 2017	<u>8,093,010</u>	<u>3,624,325</u>	<u>11,717,335</u>

Changes in promised retirement benefits as at 31 March 2016:

	Waterfront Industry KiwiSaver Scheme		
	Member Account	Employer Account	Total 2017
	\$	\$	\$
Balance 1 April	4,571,892	3,254,566	7,826,458
Contributions	685,799	531,336	1,217,135
Withdrawals	(384,303)	(236,654)	(620,957)
Net Income Allocated	111,350	111,154	222,504
Balance 31 March 2016	<u>4,984,738</u>	<u>3,660,402</u>	<u>8,645,140</u>

Guaranteed Benefits Available for Benefits

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

5. Vested Benefits

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

Maritime KiwiSaver Scheme 2017	Waterfront Industry KiwiSaver Scheme 2016
\$	\$
<u>11,717,335</u>	<u>8,645,140</u>

Maritime KiwiSaver Scheme

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

6. Taxation

	Maritime KiwiSaver Scheme 2017 \$	Waterfront Industry KiwiSaver Scheme 2016 \$
Change in Net Assets before Tax and membership activities	993,002	264,233
Income Tax @ 28%	278,041	73,985
Tax effect of:		
(Non taxable income)/Non deductible losses	(278,041)	(8,731)
PIE attributed income liability	153,789	-
Prior period adjustment	12,793	-
Tax Credits	(23,514)	(17,573)
Members with PIRs less than the maximum rate	(13,313)	(5,952)
Tax Expense	<u>129,755</u>	<u>41,729</u>
Tax Expense comprises:		
Current tax	116,962	41,729
Deferred tax	12,793	-
	<u>129,755</u>	<u>41,729</u>

As the Scheme is a PIE, tax payable is determined with reference to individual members' PIRs rather than payable by the Scheme at a flat rate of 28%.

7. Reconciliation of Net Cash Flows from Operating Activities to Change in Net Assets

	Maritime KiwiSaver Scheme 2017 \$	Waterfront Industry KiwiSaver Scheme 2016 \$
Increase in Net Assets	3,072,195	818,682
Non-cash items		
Unrealised Gains on Fair Value through Profit & Loss	(1,035,438)	(300,358)
Distribution Income	(27,569)	(41,352)
Interest Income	-	(1)
Investment Management fees	40,114	40,827
Investment Management rebates	(3,647)	(4,285)
Transfers In from Seafarers KiwiSaver Scheme	(1,827,267)	-
Movements in Other Working Capital Items		
Increase/(Decrease) in Member's PIE tax payable	123,879	(45,799)
Increase in Accounts Payable	-	34,936
Net Cash Flows from Operating Activities	<u>342,367</u>	<u>502,650</u>

Maritime KiwiSaver Scheme

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

8. Financial Risk Management

The Maritime KiwiSaver Scheme invests solely into and is a member of the Maritime Retirement Scheme.

The Trustees have approved a Statement of Investment Policies and Objectives 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.

Financial Instruments by Category

	As at 31 March 2017		As at 31 March 2016	
	Maritime KiwiSaver Scheme Loans and Receivables 2017	Assets at Fair Value 2017	Waterfront Industry KiwiSaver Scheme Loans and Receivables 2016	Assets at Fair Value 2016
Assets as per Statement of Net Assets	\$	\$	\$	\$
Investments at Fair Value through Profit or Loss	-	11,834,297	-	8,637,993
Cash and Cash Equivalents	-	-	130	-
Total	-	11,834,297	130	8,637,993
	Other financial liabilities	Liabilities at fair value	Other financial liabilities	Liabilities at fair value
Liabilities as per Statement of Net Assets	\$	\$	\$	\$
Payables	-	-	-	-
Total	-	-	-	-

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, currency risk and interest rate risk.

The Scheme is exposed directly and indirectly to foreign exchange risk and interest rate risk through its investments in the Maritime Retirement Scheme. The Scheme is exposed directly and indirectly to other price risks through its investments in the Maritime Retirement Scheme.

Risk management activities are undertaken by the Trustees to manage the market risks outlined below (i.e. Other Price Risk, Currency Risk, and Interest Rate Risk). The Trustees use the services of Melville Jessup Weaver to actively manage the cashflow according to benchmark asset allocations. The Trustees review the overall asset allocation and decide on rebalancing at certain Trustee meetings. The Trustees invite an investment manager to each Trustee meeting to discuss performance and risk.

Other Price Risk

Other price risk is the risk that the value of the Scheme's investments will increase/decrease due to a change in the prices of the Scheme's investments in the Maritime Retirement Scheme.

A ten percent decrease in the value of the Scheme's investments would have an adverse impact on the value of the Scheme's assets of \$1,183,430. Conversely, a ten percent increase in the value of the Scheme's investments would have a positive impact on the value of the Scheme's assets of \$1,183,430. The maximum exposure to other price risk is the carrying value of these financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Scheme will encounter difficulty in raising funds to meet its obligations to pay Members. Due to the nature of a KiwiSaver Scheme, it is unlikely that a significant number of members would exit at the same time. In ordinary circumstances the investment in the Maritime Retirement Scheme is readily redeemable.

Maritime KiwiSaver Scheme

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

9. 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.

The Scheme classifies fair value measurements of financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The Scheme invests solely into the Maritime Retirement Scheme. Given their investments are in investments where the fair value is determined using observable market inputs, the total investment in the Scheme has been allocated as Level 2 fair value measurement.

Maritime KiwiSaver Scheme
31 March 2017

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	11,834,297	-	11,834,297
Total Assets		11,834,297		11,834,297

Waterfront Industry KiwiSaver Scheme
31 March 2016

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	8,637,993	-	8,637,993
Total Assets		8,637,993		8,637,993

10. Auditor's Remuneration - Audit Fees

Audit and tax advisory services for the Scheme during the year were undertaken by Deloitte Limited. Auditor's fees consisted of the audit of the financial statements to the amount of \$8,050 and the audit of the Register to the amount of \$2,300. Taxation advisory services amounted to \$1,858.

Maritime KiwiSaver Scheme

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

11. Related Parties

The Scheme holds no investments in any of the employer companies or any of its related parties and during the period had no related party transactions, except for employer contributions of \$460,817.

The Scheme is a member of and invests through the Maritime Retirement Scheme. The Scheme invests in the Maritime Retirement Scheme and the investment balance of \$11,834,297 represents the value of the KiwiSaver member account at year-end. The Maritime Retirement Scheme pays secretarial fees to the Trustee, trustee liability insurance and reimburses the Trustees' costs for travelling, etc. During the year, the Trustee fees were \$120,012 (2016: \$98,808).

12. Amalgamation of Schemes

The Maritime KiwiSaver Scheme was established on 1 April 2016 from the amalgamation of the Seafarers KiwiSaver Scheme into the Waterfront Industry KiwiSaver Scheme and the rescinding of their previous Trust Deeds by replacement with the Maritime KiwiSaver Scheme Trust Deed. This amalgamation was performed pursuant to Clause 28 (repealed 1 December 2016) of Schedule 4 of the FMCA.

Under NZ IFRS the amalgamation is not considered a common control transaction. For accounting purposes, an acquirer must be identified and treated as the continuing entity. Due to its relative size, the Waterfront Industry KiwiSaver Scheme had been identified as the acquirer, and therefore the 2016 corresponding figures represent only the balances of the Waterfront Industry KiwiSaver Scheme. The Seafarers Fund as at amalgamation date are presented as a transfer into the Maritime Scheme during the year.

The impact of the amalgamation is that the closing balances of the Seafarers KiwiSaver Scheme of \$1,827,267 were transferred into the Maritime KiwiSaver Scheme on 1 April 2016. For purposes of amalgamation, the transferred balances approximate their fair value at time of transfer.

13. Events after Balance date

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

Independent Auditor's Report

To the Members of the Maritime KiwiSaver Scheme

Opinion

We have audited the financial statements of the Maritime KiwiSaver Scheme (the 'Scheme'), which comprise the Statement of Net Assets as at 31 March 2017, and the Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 1 to 11, 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 ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

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

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

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

Other than in our capacity as auditor and the provision of taxation compliance assistance and other assurance services, we have no relationship with or interests in the Scheme. These services have not impaired our independence as auditor of the Scheme.

Other information

The Trustees are responsible on behalf of the Scheme for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report. The Annual Report 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 will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and 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.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustees and consider further appropriate actions.

Trustees' responsibilities for the financial statements

The Trustees are responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, 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 on behalf of the Scheme for assessing 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) 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 on the External Reporting Board's website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

This description forms part of our auditor's report.

Restriction on use

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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

**Jacqueline Robertson, Partner
for Deloitte Limited**
Wellington, New Zealand
31 July 2017

