



The Lifestages KiwiSaver Scheme is brought to you by
Funds Administration New Zealand Limited (FANZ)



Lifestages KiwiSaver Scheme
Financial Statements
for the year ended 31 March 2016





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Lifestages KiwiSaver Scheme
Financial Statements
for the year ended 31 March 2016

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Statement of Changes in Net Assets *for the year ended 31 March 2016*

		KiwiSaver Scheme	
		2016	2015
		12 Months	12 Months
		\$	\$
	Notes		
INCOME			
Interest Income		505,396	498,424
Dividend Income		2,470,424	2,118,188
Net Change in Fair Value of Investments	10	2,076,087	6,470,930
Other Income		75,498	182,730
NET INVESTMENT INCOME		5,127,405	9,270,272
EXPENSES			
Fees Paid to Auditor	15	16,373	6,676
General Expenses		485,205	381,114
Manager Fees		1,157,696	888,709
Trustees Fees		83,728	65,817
TOTAL EXPENSES		1,743,002	1,342,316
CHANGE IN NET ASSETS BEFORE MEMBERSHIP ACTIVITIES		3,384,403	7,927,956
MEMBERSHIP ACTIVITIES			
Members Contributions		15,792,099	12,805,047
Employer Contributions		7,190,886	5,833,544
Crown Contributions and Fee Subsidies		3,682,509	4,041,061
Transfers in from other schemes		70,762,880	7,362,166
Other Income		48,388	32,104
Withdrawals		(5,021,594)	(3,754,573)
Withdrawal for first home purchase		(1,709,926)	(665,416)
Withdrawal for mortgage diversion		(4,895)	(6,025)
Withdrawal for significant hardship		(141,173)	(10,185)
Withdrawal for serious illness		(208,247)	(19,620)
Withdrawal on death		(164,162)	(207,985)
Withdrawal for permanent emigration		(37,093)	(100,079)
Transfer to other schemes		(5,476,524)	(4,135,181)
Administration fees	6	(299,078)	(271,168)
PIE tax attributable to members	9	(481,128)	(607,821)
NET MEMBERSHIP ACTIVITIES		83,932,942	20,295,869
Net Change in Members' Benefits		87,317,345	28,223,825
Members Funds at the Beginning of the Financial Year		130,067,985	101,844,160
MEMBERS' FUNDS AT THE END OF THE FINANCIAL YEAR		217,385,330	130,067,985

Statement of Financial Position *as at 31 March 2016*

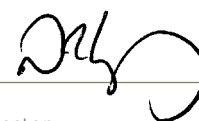
		KiwiSaver Scheme	
		2016	2015
		\$	\$
	Notes		
ASSETS			
Cash		5,973,028	9,103,472
Trade and Other Receivables	7	1,159,293	1,444,435
Financial Assets	11	210,993,323	120,372,338
TOTAL ASSETS		218,125,644	130,920,245
LIABILITIES			
Accounts Payable	8	284,540	264,385
PIE tax payable on behalf of members	9	455,774	587,875
TOTAL LIABILITIES (excluding Net Assets attributable to Members)		740,314	852,260
NET ASSETS ATTRIBUTABLE TO MEMBERS		217,385,330	130,067,985

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

16/06/2016

Date

Statement of Cash Flows *for the year ended 31 March 2016*

	Notes	KiwiSaver Scheme	
		2016 <i>12 Months</i> \$	2015 <i>12 Months</i> \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest Income		520,452	498,013
Dividends		2,643,628	1,186,079
Other Income		172,380	128,318
Proceeds from sale of Investment Assets		53,134,319	40,930,364
Purchase of Investment Assets		(141,679,217)	(61,301,599)
Operating expenses paid		(1,730,897)	(1,287,846)
NET CASH USED IN OPERATING ACTIVITIES	12	(86,939,335)	(19,846,671)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Membership Activities		83,808,891	20,626,218
NET CASH FROM FINANCING ACTIVITIES		83,808,891	20,626,218
Net (Decrease)/Increase in Cash		(3,130,444)	779,547
Cash at the beginning of the Financial Year		9,103,472	8,323,925
CASH AT THE END OF THE FINANCIAL YEAR		5,973,028	9,103,472

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

1) REPORTING ENTITIES

The Lifestages KiwiSaver Scheme (the “Scheme”) is the reporting entity.

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 KiwiSaver Growth Portfolio
- > Lifestages KiwiSaver Capital Stable Portfolio
- > Lifestages KiwiSaver Income Fund
- > Lifestages KiwiSaver 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 Trustee is Trustees Executors Limited (the Trustee).

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 its registered office is 51 Don Street, Invercargill.

These Financial Statements were authorised for issue by the Directors on 16 June 2016.

2) STATUTORY BASE

These financial statements have been prepared in accordance with the Trust Deed, the Financial Reporting Act 2013 (transitional

provisions), the Superannuation Schemes Act 1989 and the KiwiSaver Act 2006.

3) BASIS OF PREPARATION

Statement of Compliance

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 2016.

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.

NZ IFRS 15: Revenue from Contracts with Customers is effective for the periods beginning on or after 1 January 2017. The Scheme will adopt this amendment for the year ending 31 March 2017. This standard addresses recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The adoption of this amended standard may result in additional or amended disclosures and its impact on the Scheme’s reported result or financial position has not yet been assessed.

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.

Notes to the financial statements (cont) for the year ended 31 March 2016

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 Trustee 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.

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**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

Notes to the financial statements (cont) for the year ended 31 March 2016

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 2016.

Notes to the financial statements (cont) for the year ended 31 March 2016

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 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 Trustee.

Whilst the Scheme's investments have a material exposure to the Southland Building Society and ANZ National Bank Limited, these are considered to be without significant risk. Other cash investments are held at Nelson Building Society. The amount of credit risk exposure to Nelson Building Society is \$2,671,448.

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 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 International Bond investments ranges from 1-3%. The impact of movements in these ranges is noted in the table below.

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.

MARKET PRICE RISK	2016		2015		
	Movement:	10%	20%	10%	20%
		\$	\$	\$	\$
International and Australasian Equities, Infrastructure and Property Investments	9,682,701	19,365,401	4,867,705	9,735,410	
	Movement:	1%	3%	1%	3%
		\$	\$	\$	\$
International Bonds	439,496	1,318,489	158,136	474,408	

Notes to the financial statements (cont) for the year ended 31 March 2016

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		
As at 31 March 2016	AUD	NZD
International Managed Funds	23,544,213	26,081,990
As at 31 March 2015	AUD	NZD
International Managed Funds	3,002,707	3,068,683

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	2016	2015
	\$	\$
5% Appreciation	(1,242,001)	(146,128)
5% Depreciation	1,372,736	161,511

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 unitised investments 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	2016	2015
	Movement: 100BP	100BP
	\$	\$
KiwiSaver Scheme	773,423	663,261

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 (ie, as prices) or indirectly (ie, 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 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 (cont) for the year ended 31 March 2016

6. RELATED PARTIES**a) Manager and Trustee**

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:

- > Trustee 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	
	2016	2015
	\$	\$
Fees paid and payable to related parties for the year ended 31 March were as follows:		
Funds Administration New Zealand Limited		
Management fee expense	1,157,696	888,709
Management fee payable	122,854	86,176
Trustees Executors Limited		
Trustee fee expense	83,728	65,817
Trustee fee payable	9,880	6,242
Custody fee expense	43,637	37,318
Custody fee payable	5,427	3,245
Administration Fees	299,078	271,168

b) Investments by the Scheme in related parties

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

	KiwiSaver Scheme	
	2016	2015
Lifestages World Equity Portfolio		
Units	19,080,452	15,514,983
Market Value	\$35,243,483	\$28,679,370
Lifestages Australasian Equity Portfolio		
Units	12,555,577	9,156,153
Market Value	\$24,916,242	\$16,928,996
Lifestages Deposit Portfolio		
Units	65,580,427	50,802,208
Carrying Value	\$65,580,427	\$50,802,208
Lifestages World Bond Portfolio		
Units	13,493,983	12,066,292
Market Value	\$18,098,859	\$15,813,589
The Scheme holds deposits in Southland Building Society	\$2,000,000	\$2,443,241

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 (cont) for the year ended 31 March 2016

7. TRADE AND OTHER RECEIVABLES

	KiwiSaver Scheme	
	2016 \$	2015 \$
Accrued money market interest	83,086	98,142
Dividends receivable	1,069,546	1,242,750
Other income receivable	6,661	103,543
TOTAL TRADE AND OTHER RECEIVABLES	1,159,293	1,444,435

8. ACCOUNTS PAYABLE

	KiwiSaver Scheme	
	2016 \$	2015 \$
Management fees	122,854	86,176
Audit fees	11,139	6,769
Other	118,999	147,942
Members withdrawals Payable	31,548	23,498
TOTAL ACCOUNTS PAYABLE	284,540	264,385

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	
	2016 \$	2015 \$
PIE tax payable on behalf of members at balance date	(455,774)	(587,875)
PIE tax paid on behalf of members during the year	(25,354)	(19,946)
PIE TAX ATTRIBUTABLE TO MEMBERS FOR THE YEAR	(481,128)	(607,821)

Notes to the financial statements (cont) for the year ended 31 March 2016

10. NET CHANGE IN FAIR VALUE OF INVESTMENTS

	KiwiSaver Scheme	
	2016 \$	2015 \$
Designated at fair value through profit or loss		
Net change in fair value of financial assets		
New Zealand Fixed Interest PIE funds	(10,002)	-
New Zealand Equity PIE funds	104,396	-
International Fixed Interest PIE funds	435,270	1,362,207
International Equity PIE funds	1,551,360	4,638,680
International Managed Funds	(4,937)	470,043
TOTAL NET CHANGE IN FAIR VALUE OF INVESTMENTS	2,076,087	6,470,930

11. INVESTMENTS

	KiwiSaver Scheme	
	2016 \$	2015 \$
Financial Assets held to Maturity		
Term Deposits	4,636,250	5,079,491
New Zealand Multi Class Cash PIE funds	65,580,427	50,802,208
Financial Assets designated at Fair Value		
New Zealand Fixed Interest PIE funds	9,946,053	-
New Zealand Equity PIE funds	4,221,971	-
International Fixed Interest PIE funds	18,098,862	15,813,589
International Equity PIE funds	60,159,725	45,608,366
International Managed Funds	48,350,035	3,068,684
TOTAL INVESTMENTS	210,993,323	120,372,338

The Scheme holds a 63.0% (2015: 61.7%) interest in the Lifestages World Equity Portfolio and 44.4% (2015: 48.5%) in the Lifestages World Bond Portfolio and 65.0% (2015: 60.0%) 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 Trustee. 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.

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

	KiwiSaver Scheme	
	2016 \$	2015 \$
Net Change in Benefits Accrued	87,317,345	28,223,825
Increase in Accounts Receivable	285,142	(986,932)
Increase in Accounts Payable	12,105	54,470
Increase in cost of Investment Assets	(88,544,898)	(20,371,235)
Net Movement In Members Contributions & Withdrawals	(83,808,891)	(20,626,218)
Adjustment for Non Cash Items		
Change in Fair Value of Financial Instruments	(2,076,087)	(6,470,930)
Less items classified as Financing Activities		
Movements in Payables Attributable to Financing Activities	(124,051)	330,349
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	(86,939,335)	(19,846,671)

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.

	KiwiSaver Growth Portfolio		KiwiSaver Capital Stable Portfolio		KiwiSaver Income Fund		KiwiSaver High Growth Fund	
	2016 <i>Number of Units</i>	2015 <i>Number of Units</i>	2016 <i>Number of Units</i>	2015 <i>Number of Units</i>	2016 <i>Number of Units</i>	2015 <i>Number of Units</i>	2016 <i>Number of Units</i>	2015 <i>Number of Units</i>
Units on Issue at the Start of the Year	19,069,728	12,831,232	39,799,346	34,891,018	–	–	–	–
Issue of Units for the Year	7,516,492	7,078,566	9,003,746	8,768,588	39,118,910	–	25,423,691	–
Redemption of Units for the Year	(1,598,715)	(840,070)	(4,835,016)	(3,860,260)	(431,012)	–	(202,952)	–
UNITS ON ISSUE AT THE END OF THE YEAR	24,987,505	19,069,728	43,968,076	39,799,346	38,687,898	–	25,220,739	–

14. COMMITMENTS AND CONTINGENT LIABILITIES

Other than as disclosed in the Financial Statements or Notes, the Scheme has no contingent liabilities or future commitments as at 31 March 2016 (31 March 2015: 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, Prospectus related fees of \$1,533 (31 March 2015: \$1,529) and Trustee Reporting Fees of \$1,150 (31 March 2015: nil) were included in the general expenses of the Scheme. Taxation services were paid for by the Manager of the Scheme: \$17,829 (31 March 2015: nil).

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 *for the year ended 31 March 2016*



Independent auditor's report

To the members of Lifestages Kiwisaver Scheme

We have audited the accompanying financial statements of Lifestages Kiwisaver Scheme ("the scheme") on pages 2 to 13. The financial statements comprise the statement of financial position as at 31 March 2016, the statements of changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the financial statements

The manager is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the scheme's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Our firm has also provided other assurance services to the Unit Trust in relation to the registered prospectus and trustee reporting. These matters have not impaired our independence as auditor of the Unit Trust. The firm has no other relationship with or interests in, the Unit Trust.

Opinion

In our opinion, the financial statements on pages 2 to 13 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Lifestages Kiwisaver Scheme as at 31 March 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'KPMG'.

16 June 2016
Wellington



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Lifestages KiwiSaver Scheme is brought to you by
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