

*Annual Report 2009*

**lifestages** 





# Lifestages Portfolios – Welcome and thank you

*Annual Report 2009*

**Welcome to the 2008/2009 Annual Report for the Lifestages Portfolios. This report is designed to provide the key financial facts and information with the Lifestages range of portfolios.**

This year's annual report sees us reporting on negative financial results the likes of which we have not seen since the 1930s. No doubt as investors you will have been watching the news being served up on a daily basis in the media (and let's face it has been compelling) on how the investment issues of "Wall Street" are now impacting on "Main Street". The period from October 2007 and March 2009 saw the International Monetary Fund restate its economic forecasts six times, all of them down ward as the world's financial systems struggled to cope with the receivership of Lehman Brothers in October 2008 and slowing economies.

Hurricanes, volcanic eruptions and tornadoes have a savage beauty that takes the breath away, even as one laments their destructive power. And bear markets can also be inspiring in their scale and scope. There has been no hiding for investors. Most of the world's bourses are at least 50% below their peaks.

In a way, it is a mirror of the "irrational exuberance" that occurred in the late 1990's. In Britain and the America the dividend yield is now well above the yield on government bonds (even allowing for the likelihood of lower payouts), something not seen since the 1950s.

Against the turmoil of the last 12 months we are pleased to report that the Lifestages Portfolios have "weathered" the last 12 months well or as well as can be expected given the market turmoil. Our conservative and disciplined investment framework has allowed us to navigate a path through some very difficult times.

We are pleased to report that a number of our funds – such as the Lifestages Superannuation Scheme, the Income Portfolio and the Mortgage Portfolio – produced positive returns for investors for the financial year. The Lifestages Australasian and World Equity Portfolios, in line with their investment mandate, whilst producing negative returns still produced a result well in excess of their benchmark due to excellent manager performance. Also importantly we are pleased to advise that the Lifestages Portfolios do not hold any impaired assets nor are there any restrictions on withdrawals or switches. To assist in managing the liquidity requirements for the Lifestages Mortgage Portfolio we made one change to the funds investment guidelines. This was to allow us to hold more cash (up to 30% of the portfolio) so as to manage any liquidity issues with respect to this fund. This move was a precautionary one as the fund grew in size over the last 12 months as it is well supported by investors and continues to hold a high quality portfolio of mortgages managed by SBS Bank. This growth highlights the success of the entire Lifestages range. Over the last 12 months the Lifestages Portfolios have received strong support from investors. This support is in direct contrast to the wider investing sector as funds under management fell for most investment managers.

Thank you for your support over a period of ferocious and often negative investment markets. We leave you with one thought on the current investment markets. Perhaps the best way to think about market values is in terms of odds. Back in 2000, they were against investors making money in equities over the long term because of the likelihood that valuations would revert to the mean. Now the odds are more in investors favour. Today's prices may or may not be rock bottom, but they do provide safety for investors who can afford to be patient.

Our philosophy of continuous improvement and our consistent investment approach gives us confidence in the future. Thank you for your support over the last financial year. We look forward to being of service to you in the future.



GRAHAM DUSTON

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Manager  
Lifestages Master Unit Trust Deed  
Lifestages Capital Stable Portfolio  
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# Lifestages Portfolios – Income statements

for the year ended 31 March 2009

	Note	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
<b>INCOME STATEMENTS</b>											
<b>Investment Income</b>											
Interest		7,634,982	9,914,730	59,588	–	25,810	36,355	17,123	33,375	2,167,870	10,748
Dividends		–	–	961,214	767,523	530,040	1,068,287	129,960	344,161	–	–
Net Change in Fair Value of Investments	11	(954,907)	(115,318)	(464,624)	(81,338)	(2,286,106)	(1,774,188)	(682,878)	(813,719)	–	–
Other		7,860	17,525	4,648	–	–	–	–	–	–	4,240
<b>Total Investment Income</b>		<b>6,687,935</b>	<b>9,816,937</b>	<b>560,826</b>	<b>686,185</b>	<b>(1,730,256)</b>	<b>(669,546)</b>	<b>(535,795)</b>	<b>(436,183)</b>	<b>2,167,870</b>	<b>14,988</b>
<b>Expenses</b>											
Trustee Fees		52,984	67,106	7,715	7,301	4,361	5,424	3,863	4,589	–	94
Management Fees		1,106,268	1,296,362	57,219	25,574	92,285	105,232	81,218	88,925	–	336
Administration Costs		341,342	401,754	44,641	18,125	26,138	28,914	42,807	51,076	–	201
Audit Fees		5,370	6,172	5,370	6,768	5,370	6,768	5,370	6,768	–	3,609
<b>Operating Expenses</b>		<b>1,505,964</b>	<b>1,771,394</b>	<b>114,945</b>	<b>57,768</b>	<b>128,154</b>	<b>146,338</b>	<b>133,258</b>	<b>151,358</b>	<b>–</b>	<b>4,240</b>
<b>Net Income/(Loss) before Tax</b>		<b>5,181,971</b>	<b>8,045,543</b>	<b>445,881</b>	<b>628,417</b>	<b>(1,858,410)</b>	<b>(815,884)</b>	<b>(669,053)</b>	<b>(587,541)</b>	<b>2,167,870</b>	<b>10,748</b>
Tax Expense/(Credit)	7	–	1,372,383	–	–	–	6,510	–	(79,523)	–	–
<b>Net Income/(Loss) after Tax</b>		<b>5,181,971</b>	<b>6,673,160</b>	<b>445,881</b>	<b>628,417</b>	<b>(1,858,410)</b>	<b>(822,394)</b>	<b>(669,053)</b>	<b>(508,018)</b>	<b>2,167,870</b>	<b>10,748</b>

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

# Lifestages Portfolios – Statement of changes in net assets attributable to Unit Holders

for the year ended 31 March 2009

	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
<b>STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>										
Balance at the start of the year	94,374,317	106,896,382	12,141,270	10,957,295	7,654,617	8,156,465	6,369,623	6,694,096	8,064,272	–
Changes in net assets attributable to Unit Holders										
Net Income/(Loss) for the Period	5,181,971	6,673,160	445,881	628,417	(1,858,410)	(822,394)	(669,053)	(508,018)	2,167,870	10,748
<b>Total Recognised Income and Expense</b>	<b>5,181,971</b>	<b>6,673,160</b>	<b>445,881</b>	<b>628,417</b>	<b>(1,858,410)</b>	<b>(822,394)</b>	<b>(669,053)</b>	<b>(508,018)</b>	<b>2,167,870</b>	<b>10,748</b>
Issue of Units for the Period	40,928,703	21,602,757	5,658,783	10,114,215	1,707,072	1,342,891	1,581,795	1,554,105	49,063,848	8,064,272
Redemptions for the Period	(40,577,093)	(34,214,106)	(3,684,479)	(9,558,657)	(699,603)	(1,022,183)	(564,412)	(1,370,560)	(11,247,438)	–
Distributions to Unit Holders	(5,135,022)	(6,583,876)	–	–	–	(162)	–	–	(2,132,942)	(10,748)
Foreign Tax Credits transferred to Unit Holders	–	–	–	–	(8,181)	–	–	–	–	–
<b>Balance at the end of the year</b>	<b>94,772,876</b>	<b>94,374,317</b>	<b>14,561,455</b>	<b>12,141,270</b>	<b>6,795,495</b>	<b>7,654,617</b>	<b>6,717,953</b>	<b>6,369,623</b>	<b>45,915,610</b>	<b>8,064,272</b>
	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>
<b>Units on Issue at the Start of the Period</b>	<b>94,101,241</b>	<b>106,580,567</b>	<b>9,797,082</b>	<b>9,329,022</b>	<b>5,976,612</b>	<b>5,749,502</b>	<b>5,218,123</b>	<b>5,096,601</b>	<b>8,064,272</b>	<b>–</b>
Issue of units for the Period	37,956,816	17,853,370	4,203,601	5,331,217	1,554,602	945,808	1,390,575	1,143,826	46,747,734	8,064,272
Redemptions for the Period	(40,305,911)	(33,523,589)	(2,243,234)	(3,791,090)	(550,215)	(682,805)	(447,534)	(1,021,193)	(10,963,233)	–
Distributions	2,172,027	1,853,812	–	–	–	–	–	–	2,066,837	–
Switches for the Period	565,376	1,337,081	(444,015)	(1,072,067)	9,283	(35,893)	(8,729)	(1,111)	–	–
<b>Units of Issue at the End of the Year</b>	<b>94,489,549</b>	<b>94,101,241</b>	<b>11,313,434</b>	<b>9,797,082</b>	<b>6,990,282</b>	<b>5,976,612</b>	<b>6,152,435</b>	<b>5,218,123</b>	<b>45,915,610</b>	<b>8,064,272</b>

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

# Lifestages Portfolios – Balance sheet

as at 31 March 2009

	Note	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
		2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
<b>Assets</b>											
Cash		26,748,251	7,347,148	938,317	463,405	395,093	454,271	520,944	161,750	45,919,686	8,064,272
Mortgages		68,730,350	86,676,753	–	–	–	–	–	–	–	–
Financial Assets held at fair value through profit & loss	12	(813,625)	141,282	13,651,552	11,695,056	6,356,143	7,168,543	6,185,535	6,238,452	–	–
Interest and other receivables	8	227,778	327,439	–	–	–	–	–	–	–	4,241
Prepayments		24,130	36,448	–	–	5,831	8,758	–	3,712	–	–
Current Tax Receivable	7	(199)	(199)	–	460	57,797	44,217	36,912	(6,321)	–	–
<b>Total Assets</b>		<b>94,916,685</b>	<b>94,528,871</b>	<b>14,589,869</b>	<b>12,158,921</b>	<b>6,814,864</b>	<b>7,675,789</b>	<b>6,743,391</b>	<b>6,397,593</b>	<b>45,919,686</b>	<b>8,068,513</b>
<b>Less Liabilities</b>											
Account Payable	9	143,809	154,554	28,414	17,651	19,369	21,172	25,438	27,970	4,076	4,241
<b>Total Liabilities (excl. Net Assets attributable to Unit Holders)</b>		<b>143,809</b>	<b>154,554</b>	<b>28,414</b>	<b>17,651</b>	<b>19,369</b>	<b>21,172</b>	<b>25,438</b>	<b>27,970</b>	<b>4,076</b>	<b>4,241</b>
<b>Net Assets attributable to Unit Holders</b>		<b>94,772,876</b>	<b>94,374,317</b>	<b>14,561,455</b>	<b>12,141,270</b>	<b>6,795,495</b>	<b>7,654,617</b>	<b>6,717,953</b>	<b>6,369,623</b>	<b>45,915,610</b>	<b>8,064,272</b>

Director



Director



30 June 2009

Date

# Lifestages Portfolios – Statement of cash flow

for the year ended 31 March 2009

	Note	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
<b>STATEMENTS OF CASH FLOW</b>											
<b>Cash Flows from Operating Activities</b>											
Cash was provided from:											
Interest Income		7,734,643	9,956,678	59,588		25,810	36,541	17,123	33,508	2,171,946	10,748
Dividend Income		–	–	961,214	773,412	530,040	1,068,287	129,960	344,161	–	–
Other Income		7,860	17,525	4,648	–	(3,154)	–	–	–	4,241	–
Receipt of Tax		–	–	460	1,110	–	–	–	–	–	–
		<b>7,742,503</b>	<b>9,974,203</b>	<b>1,025,910</b>	<b>774,522</b>	<b>552,696</b>	<b>1,104,828</b>	<b>147,083</b>	<b>377,669</b>	<b>2,176,187</b>	<b>10,748</b>
Cash was applied to:											
Investment and Other Expenses paid		(1,504,391)	(1,755,289)	(104,182)	(44,722)	(127,030)	(142,302)	(132,078)	(140,085)	(4,241)	–
Payment of Tax		–	(801,311)	(460)	(460)	(21,761)	(107,006)	(43,233)	(50,091)	–	–
		<b>(1,504,391)</b>	<b>(2,556,600)</b>	<b>(104,182)</b>	<b>(45,182)</b>	<b>(148,791)</b>	<b>(249,308)</b>	<b>(175,311)</b>	<b>(190,176)</b>	<b>(4,241)</b>	<b>–</b>
<b>Net Cash Flow (used in)/from Operating Activities</b>	<b>10</b>	<b>6,238,112</b>	<b>7,417,603</b>	<b>921,728</b>	<b>729,340</b>	<b>403,905</b>	<b>855,520</b>	<b>(28,228)</b>	<b>187,493</b>	<b>2,171,946</b>	<b>10,748</b>
<b>Cash Flows from Investing Activities</b>											
Cash was provided from: Sale of Investment Assets		17,946,403	15,689,868	9,940,093	11,712,497	3,435,070	200,000	150,000	3,283,609	–	–
Cash was applied to: Purchase of Investment Assets		–	–	(12,361,213)	(12,559,144)	(4,905,622)	(1,418,289)	(779,961)	(3,844,159)	–	–
<b>Net Cash Flow (used in)/from Investing Activities</b>		<b>17,946,403</b>	<b>15,689,868</b>	<b>(2,421,120)</b>	<b>(846,647)</b>	<b>(1,470,552)</b>	<b>(1,218,289)</b>	<b>(629,961)</b>	<b>(560,550)</b>	<b>–</b>	<b>–</b>

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

# Lifestages Portfolios – Statements of cash flows continued

for the year ended 31 March 2009

	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
STATEMENT OF CASH FLOW CONTINUED										
<b>Cash Flows from Financing Activities</b>										
Cash was provided from:										
Unit Holder Contributions	40,928,703	21,602,757	5,658,783	10,114,215	1,707,072	1,342,891	1,581,795	1,554,105	49,063,848	8,064,272
Cash was applied to:										
Unit Holder Redemptions	(40,577,093)	(34,214,106)	(3,684,479)	(9,558,657)	(699,603)	(1,022,183)	(564,412)	(1,370,560)	(11,247,438)	–
Distributions	(5,135,022)	(6,583,876)	–	–	–	(162)	–	–	(2,132,942)	(10,748)
<b>Net Cash Flow (used in) / from Financing Activities</b>	<b>(4,783,412)</b>	<b>(19,195,225)</b>	<b>1,974,304</b>	<b>555,558</b>	<b>1,007,469</b>	<b>320,546</b>	<b>1,017,383</b>	<b>183,545</b>	<b>35,683,468</b>	<b>8,053,524</b>
<b>Net (Decrease) / Increase in Cash</b>	<b>19,401,103</b>	<b>3,912,246</b>	<b>474,912</b>	<b>438,251</b>	<b>(59,178)</b>	<b>(42,223)</b>	<b>359,194</b>	<b>(189,512)</b>	<b>37,855,414</b>	<b>8,064,272</b>
<b>Cash at the beginning of the financial year</b>	<b>7,347,148</b>	<b>3,434,902</b>	<b>463,405</b>	<b>25,154</b>	<b>454,271</b>	<b>496,494</b>	<b>161,750</b>	<b>351,262</b>	<b>8,064,272</b>	<b>–</b>
<b>Cash at the end of the financial year</b>	<b>26,748,251</b>	<b>7,347,148</b>	<b>938,317</b>	<b>463,405</b>	<b>395,093</b>	<b>454,271</b>	<b>520,944</b>	<b>161,750</b>	<b>45,919,686</b>	<b>8,064,272</b>

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



# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

## 1) Significant Accounting Policies

The Lifestages Portfolio (the "Funds") are the reporting entities comprising the following individual portfolios: Lifestages Mortgage Distributing Portfolio, Lifestages Income Portfolio (previously known as the Lifestages Mortgage Non-Distributing Portfolio), Lifestages World Equity Portfolio, Lifestages Australasian Equity Portfolio and the Lifestages Deposit Portfolio.

The Funds are a range of Unit Trusts established under the Unit Trusts Act 1960. On 1 October 2007, the Funds were registered as Portfolio Investment Entities under the Income Tax Act 2007 except for the Lifestages Deposit Portfolio which was registered on 1 March 2008.

The purpose of the Funds is to provide access for retail and wholesale investors to specific investment markets and products. The Funds each have their own objectives as set out in the Investment Statement. The Manager sets the investment policy and investment guidelines for each Fund and obtains the Trustee's approval to any material change to the guidelines.

### Separate Funds

The Trust Deed provides that each Fund is a separate and distinct fund with its separate property and liabilities governed by the terms and conditions of the Trust Deed. All investments made with the funds of a Fund shall be held exclusively for the benefit of the Unit Holders of that Fund and no Unit Holder in one Fund shall have any claim on any other Fund.

All Fund applications are subject to the discretion of the Manager as to acceptance or not. Subject to compliance with the Unit Trust Act 1960, the Manager may at any time specify a minimum initial contribution amount and a minimum additional contribution amount.

The Manager may increase or reduce those amounts from time to time. Whenever a contribution is made to the Fund, the investor directs the Manager into which investment portfolio the contribution is to be invested.

These Financial Statements were authorised for issue by the Directors on 30 June 2009.

### (a) Statement of Compliance

The Financial Statements have been prepared in compliance with the Trust Deed, the Financial Reporting Act 1993, other relevant legislative requirements and New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

### (b) Basis of Presentation

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

The preparation of these Financial Statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that effect 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.

### (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 and loss are included in gains and losses on investments.

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

## (d) Measurement Base

The Financial Statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial assets designated at fair value through profit and loss.

## (e) Income and Expenses

### Income

- (i) Dividends are recorded as income at the date the shares become ex-dividend.
- (ii) Interest income is accounted for on an accrual basis.
- (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 included in the Income Statement.

### Expenses

All expenses, including management fees and trustee fees, are recognised in the income statement on an accrual basis.

## (f) Financial Instruments Fair Value Measurement

### (i) Unlisted Unit Trusts

Unlisted Unit Trusts are designated at fair value, with any gain or loss recognised in the income statements. These investments are quoted at their redemption price as at reporting date as determined by the Manager of the Trust, which inherently includes transaction costs.

### (ii) Interest Rate Swaps (derivative financial instrument)

The Interest Rate Swaps associated with the Lifestages Mortgage Distributing Portfolio are valued using a proprietary model based upon recognised valuation methodologies. Some or all of the inputs into this model may not be market observable, and are derived from market prices or rates, or are estimated based upon assumptions. The valuation model is prepared by Southland Building Society.

### (iii) Mortgages

Mortgages are valued at face value excluding accrued interest. The face value of the mortgages is equivalent to the market value in accordance with the Manager's contractual agreement with Southland Building Society.

### (iv) Cash

Cash comprises call deposits with banks and building societies.

### (v) Accounts Payable, Interest and other Receivables, Prepayments are recorded at historical cost.

## (g) Redeemable Units

The Funds issue redeemable units, which are redeemable at the Unit Holder's option. The redemption unit price is based on different valuation principles to that applied in the financial statements which have been calculated in line with NZ IFRS.

## (h) Taxation

As at October 2007 the Funds (excluding the Lifestages Deposit Portfolio) converted to Portfolio Investment Entities (PIE) under the Income Tax Act 2007. The Lifestages Deposit Portfolio was created as a PIE on 1 March 2008. All Funds' taxable income under the PIE structure from 1 October 2007 and 1 March 2008 respectively is distributed to the Unit Holders.

## (1) GST

The Financial Statements have been prepared on a Goods and Services Tax inclusive basis.

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

## (j) Application of Accounting Standards

The following new standards, amendments to standards or interpretation have been issued but not yet effective for the year ended 31 March 2009, and have not been applied in preparing these financial statements:

NZ IAS 1 Presentation of Financial Statements (revised): effective for annual periods beginning on or after 1 January 2009.

NZ IAS 23 Borrowing Costs (revised): effective for annual periods beginning on or after 1 January 2009.

NZ IFRS 8 Operating Segments: effective for annual periods beginning on or after 1 January 2009.

The adoption of the above standards in future periods is expected to have an impact on disclosures only. The above standards will be applied in the financial statements of the year ending 31 March 2010.

## 2) Accounting Period

The Mortgage Portfolios commenced on 24 June 2002.

The Income Portfolio (formerly the Mortgage Non-Distributing Portfolio) and the World Equity Portfolio commenced on 1 July 2003.

The Australasian Equity Portfolio commenced on 1 October 2004.

The Lifestages Deposit Portfolio commenced on 1 March 2008.

The Financial Statements cover the result of operations for the 12 months to 31 March 2009.

## 3) Manager and Trustee

The Manager of the Funds is Funds Administration New Zealand Limited, a subsidiary of Southland Building Society. The Trustee is the Trustees Executors Limited.

## 4) Statements of Cash Flows

Definitions of the terms used in the Statements of Cash Flows are:

- 'Cash' comprises call deposits with banks and building societies.
- 'Operating Activities' include all transactions and other events that are not investing or financing activities.
- 'Investing Activities' are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- 'Financing Activities' are those relating to changes in 'Unit Holders' Funds'.

## 5) Changes in Accounting Policies

There has been no change in accounting policies during the 12 months to 31 March 2009.

## 6) Commitments and Contingent Liabilities

Other than as disclosed in the Financial Statements or the Notes, the Funds have no contingent liabilities or future commitments as at 31 March 2009 (31 March 2008: Nil).

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

	Note	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
<b>7. Income Tax</b>											
<b>Tax Expense</b>											
Operating Surplus before tax		5,181,971	8,045,543	445,881	628,417	(1,858,410)	(815,884)	(669,053)	(587,541)	2,167,870	10,748
Less Accounting Net Income – exempt post-PIE income (profit)/loss	1(g)	(5,181,971)	(4,008,301)	(445,881)	(348,131)	1,858,410	1,221,563	669,053	929,437	(2,167,870)	(10,748)
<b>Operating Surplus</b>		–	<b>4,037,242</b>	–	<b>280,286</b>	–	<b>405,679</b>	–	<b>341,896</b>	–	–
Income tax at 33%		–	1,332,290	–	92,494	–	133,874	–	112,826	–	–
Adjust for tax effect of:											
(Non-taxable) non-deductible items		–	40,093	–	43,004	–	(85,822)	–	(107,651)	–	–
Less imputation credits		–	–	–	(139,426)	–	–	–	–	–	–
Deferred tax asset not recognised		–	–	–	3,928	–	–	–	–	–	–
Previous tax asset recognised		–	–	–	–	–	(41,542)	–	(84,698)	–	–
<b>Total Tax Expense</b>		–	<b>1,372,383</b>	–	–	–	<b>6,510</b>	–	<b>(79,523)</b>	–	–
Represented by:											
Current Tax Provision		–	1,372,383	–	–	–	6,510	–	(79,523)	–	–
Deferred Tax Provision		–	–	–	–	–	–	–	–	–	–
<b>Total Tax Expense</b>		–	<b>1,372,383</b>	–	–	–	<b>6,510</b>	–	<b>(79,523)</b>	–	–

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

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
<b>7. Income Tax (continued)</b>										
<b>Current Tax Receivable</b>										
Opening Balance	199	(570,873)	(460)	(1,110)	(44,217)	(178,201)	6,321	(108,897)	–	–
Current Tax Charge	–	1,372,383	–	–	–	6,510	–	(79,523)	–	–
Provisional Tax Paid	–	(787,800)	–	–	–	(100,000)	–	(36,000)	–	–
Withholding Tax Paid	–	(13,110)	–	(460)	–	(7,006)	–	(6,087)	–	–
Refunds Received	–	–	460	1,110	–	–	–	–	–	–
FDWP Paid	–	–	–	–	–	–	–	(8,004)	–	–
Final Tax Paid	–	–	–	–	(13,580)	–	(43,233)	–	–	–
Prior year adjustment	–	–	–	–	–	234,480	–	244,832	–	–
Foreign Investor Tax Credit	–	(401)	–	–	–	–	–	–	–	–
<b>Total Current Tax (Receivable)</b>	<b>199</b>	<b>199</b>	<b>–</b>	<b>(460)</b>	<b>(57,797)</b>	<b>(44,217)</b>	<b>(36,912)</b>	<b>6,321</b>	<b>–</b>	<b>–</b>
<b>Deferred Tax Liability</b>										
Opening Balance	–	–	–	–	–	(234,479)	–	(244,832)	–	–
Current period movement	–	–	–	–	–	234,479	–	244,832	–	–
<b>Total Deferred Tax Liability</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Imputation Credits</b>										
Opening Balance	–	637,366	–	479,215	–	598,490	–	544,674	–	–
Credits Arising from Payment of Income Tax	–	800,910	–	460	–	107,006	–	50,091	–	–
Debits Arising from Tax Refunds	–	–	–	(1,110)	–	–	–	–	–	–
Imputation Credits Received	–	–	–	139,426	–	–	–	–	–	–
Credits Allocated to Distributions	–	(1,352,405)	–	(130,282)	–	(44,727)	–	(83,395)	–	–
Cessation of Imputation Accounts on Conversion to PIE as at 1 October 2007	–	(85,871)	–	(487,709)	–	(660,769)	–	(511,370)	–	–
<b>Total Imputation Credits</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

	Note	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
		2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
<b>8. Interest and Other Receivables</b>											
Mortgage interest receivable		227,778	327,439	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	4,241
<b>Total Accounts Receivable</b>		<b>227,778</b>	<b>327,439</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,241</b>
<b>9. Accounts Payable</b>											
Management fees		101,906	102,696	3,326	5,073	7,388	8,096	7,027	6,738	–	336
Audit fees		6,244	6,768	6,244	6,768	6,244	6,768	6,244	6,768	–	3,609
Other administration costs		26,624	27,780	15,335	5,810	5,700	6,308	12,167	14,464	4,076	296
Pie Tax Received		9,035	17,310	3,509	–	37	–	–	–	–	–
<b>Total Accounts Payable</b>		<b>143,809</b>	<b>154,554</b>	<b>28,414</b>	<b>17,651</b>	<b>19,369</b>	<b>21,172</b>	<b>25,438</b>	<b>27,970</b>	<b>4,076</b>	<b>4,241</b>

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
<b>10. Reconciliation of Net Cash Flow from Operating Activities to Net Surplus After Tax</b>										
Net Surplus After Tax	5,181,971	6,673,160	445,881	628,417	(1,866,591)	(822,394)	(669,053)	(508,018)	2,167,870	10,748
Non Cash Items										
Change in Fair Value of Investments	954,907	115,318	464,624	81,338	2,286,106	1,774,188	682,878	813,719	–	–
Increase / (Decrease) in Deferred Tax Liability	–	–	–	–	–	(234,480)	–	(244,832)	–	–
	954,907	115,318	464,624	81,338	2,286,106	1,539,708	682,878	568,887	–	–
Movement in Accruals										
(Increase) / Decrease in Accounts Receivable	99,661	41,948		8,651		186	–	133	4,241	(4,241)
Decrease in Prepayments	12,318	12,352			2,927	2,899	3,712	5,992	–	–
Increase / (Decrease) in Accounts Payable	(10,745)	3,753	10,763	10,284	(1,803)	1,137	(2,532)	5,281	(165)	4,241
(Increase) / Decrease in Current Tax Receivable		571,072	460	650	(13,580)	133,984	(43,233)	115,218	–	–
	101,234	629,125	11,223	19,585	(12,456)	138,206	(42,053)	126,624	4,076	–
Items Classified as Investment Activity										
Realised Gain / (Loss) on Investments	–	–	–	–	(3,154)	–	–	–	–	–
<b>Net Cash Flow from Operating Activities</b>	<b>6,238,112</b>	<b>7,417,603</b>	<b>921,728</b>	<b>729,340</b>	<b>403,905</b>	<b>855,520</b>	<b>(28,228)</b>	<b>187,493</b>	<b>2,171,946</b>	<b>10,748</b>

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

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

	Mortgage Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio	
	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 1 Month \$
<b>11. Changes in Net Fair Value of Investments</b>										
Unrealised (Losses) / Gains on Investments held at the end of the Financial Year	(954,907)	(115,318)	(223,175)	(155,437)	(1,639,549)	(1,747,508)	(694,138)	(989,063)	–	–
	(954,907)	(115,318)	(223,175)	(155,437)	(1,639,549)	(1,747,508)	(694,138)	(989,063)	–	–
Gains / (Losses) on Investments Realised during the Financial Period	–	–	(241,449)	74,099	(646,557)	(26,680)	11,260	175,344	–	–
	–	–	(241,449)	74,099	(646,557)	(26,680)	11,260	175,344	–	–
<b>Net Change in Fair Value of Investments</b>	<b>(954,907)</b>	<b>(115,318)</b>	<b>(464,624)</b>	<b>(81,338)</b>	<b>(2,286,106)</b>	<b>(1,774,188)</b>	<b>(682,878)</b>	<b>(813,719)</b>	<b>–</b>	<b>–</b>
<b>12. Financial Assets Held at Fair Value through Profit and Loss</b>										
Designated at Fair Value										
Unit Trusts – Australasian Equities	–	–	–	–	–	–	6,185,535	6,238,452	–	–
Unit Trusts – International Equities	–	–	–	–	6,356,143	7,168,543	–	–	–	–
Unit Trusts – Mortgages	–	–	3,797,262	3,536,773	–	–	–	–	–	–
Unit Trusts – Income	–	–	9,854,290	8,158,283	–	–	–	–	–	–
Held for Trading										
Interest Rate Swaps	(813,625)	141,282	–	–	–	–	–	–	–	–
<b>Total</b>	<b>(813,625)</b>	<b>141,282</b>	<b>13,651,552</b>	<b>11,695,056</b>	<b>6,356,143</b>	<b>7,168,543</b>	<b>6,185,535</b>	<b>6,238,452</b>	<b>–</b>	<b>–</b>

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



# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

## 13. Financial Instruments and associated risks

The Lifestages investing activities expose it 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 Funds are exposed are credit risk, market price risk, liquidity risk, foreign exchange risk and interest rate risk.

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

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

### a) Credit Risk

The Funds are exposed to credit-related losses in the event that a counter-party fails to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised by the parameters set out in each Funds' Investment Guidelines agreed between the Manager and the Trustee.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. The Manager of the Funds does not expect any counter-parties to fail to meet their obligations as any financial instruments used are traded on recognised exchanges or with high credit rated counter-parties.

There were no significant concentrations of credit risk to counter-parties at 31 March 2009 or 31 March 2008.

### b) Market Price Risk

Market price risk is the risk that the value of the Funds investment portfolio will fluctuate as a result of changes in market prices. Each Fund 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 which includes the effect of derivatives.

The Lifestages World Equity Portfolio, Lifestages Australasian Equity Portfolio and the Lifestages Income Portfolio Investments are subject to price risk. The benchmark movement for Lifestages World Equity Portfolio and Lifestages Australasian Equity Portfolio investments ranges from 10-20%.

The sensitivity benchmark target used for the Lifestages Income Portfolio investment in the Tyndall New Zealand Fixed Interest Fund is 1%. The Impact on Net Income for the three funds is as below:

Market Price Risk	2009		2008	
	10% \$	20% \$	10% \$	20% \$
World Equity Portfolio	635,614	1,271,229	716,854	1,433,708
Australasian Equity Portfolio	618,554	1,237,107	623,845	1,247,690
Movement	1% \$		1% \$	
Income Portfolio	98,543		81,583	

### c) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Funds 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 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.

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

## 13. Financial Instruments and associated risks (continued)

### d) Foreign Exchange Risk

The investment activities of the Funds expose them 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 each of the 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 is outlined below:

As at 31 March 2009	AUD	NZD
<b>Lifestages World Equity Portfolio</b>		
BGI Fission International Unit Trust	2,206,964	2,671,221
Frank Russell International Unit Trust	3,044,483	3,684,922
As at 31 March 2008	AUD	NZD
<b>Lifestages World Equity Portfolio</b>		
BGI Fission Hedge International Unit Trust	2,919,879	3,371,295
Frank Russell International Unit Trust	3,288,796	3,797,248

The benchmark movement for the cross rate is up to 5%, the impact on net Income of a 5% movement on the World Equity Portfolio would be as follows.

NZD vs AUD	Net Income Effect (loss)	
	2009	2008
5% Appreciation	(302,673)	(341,359)
5% Depreciation	334,353	377,292

### 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, mortgages 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 Funds' direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk in the following note may not represent the true interest rate risk profile of the Fund where the Fund has investments in unit trusts which also have exposure to the interest rate markets.

The contractual undiscounted maturities of direct investments in interest-bearing assets were as follows:

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

As at 31 March 2009		Due within one year	Due Between one & two years	Due between two & five years	Due after five years	Total
<b>Mortgage Portfolio</b>	Mortgages	8,213,462	10,338,850	26,376,100	69,989,963	113,918,376
	Current Account – ANZ	1,576,600	–	–	–	1,576,600
	Current Account – Southland Building Society	13,480,746	–	–	–	13,480,746
	Mortgage Settlement Account – Southland Building Society	11,690,905	–	–	–	11,690,905
<b>Australasian Equity Portfolio</b>	Current Account – ANZ	520,944	–	–	–	520,944
<b>Income Portfolio</b>	Current Account – ANZ	938,317	–	–	–	938,317
<b>World Equity Portfolio</b>	Current Account – ANZ	362,942	–	–	–	362,942
	Current Account – Southland Building Society	32,151	–	–	–	32,151
<b>Deposit Portfolio</b>	Investment Account – Southland Building Society	41,800,604	–	–	–	41,800,604
	Investment Account – Napier Building Society	3,854,687	–	–	–	3,854,687
	Investment Account – Hastings Building Society	264,395	–	–	–	264,395
As at 31 March 2008		Due within one year	Due Between one & two years	Due between two & five years	Due after five years	Total
<b>Mortgage Portfolio</b>	Mortgages	12,304,406	10,580,350	33,681,205	99,180,177	155,746,138
	Current Account – ANZ	471,260	–	–	–	471,260
	Current Account – Southland Building Society	93,086	–	–	–	93,086
	Mortgage Settlement Account – Southland Building Society	6,782,802	–	–	–	6,782,802
<b>Australasian Equity Portfolio</b>	Current Account – ANZ	161,750	–	–	–	161,750
<b>Income Portfolio</b>	Current Account – ANZ	463,405	–	–	–	463,405
<b>World Equity Portfolio</b>	Current Account – ANZ	424,456	–	–	–	424,456
	Current Account – Southland Building Society	29,815	–	–	–	29,815
<b>Deposit Portfolio</b>	Investment Account – Southland Building Society	8,064,272	–	–	–	8,064,272

# Lifestages Portfolios – Notes to the financial statements

for the year ended 31 March 2009

## 13. Financial Instruments and associated risks (continued)

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

Net Income Effect Change	2009	2008
Fund	NZD	NZD
Mortgage Portfolio	954,786	940,239
Income Portfolio	9,383	4,634
World Equity Portfolio	3,951	4,543
Australasian Equity Portfolio	5,209	1,618
Deposit Portfolio	459,197	80,643

### f) Specific Instruments – Interest Rate Swaps

At 31 March 2008 the Lifestages Mortgage Distributing Portfolio holdings in Interest Rate Swaps are:

	2009	2008
	NZD	NZD
Notional Amount	44,146,298	59,992,000
Fair Value	(813,625)	141,282

## 14. Related Parties

Funds Administration New Zealand Limited is a subsidiary of Southland Building Society. The Funds invest in various Southland Building Society securities such as Call Deposits, Investment Accounts and Mortgages as part of their overall investment strategy and in the ordinary course of business. The Income Portfolio invests predominantly in the Mortgage Distributing Portfolio. All transactions are on a commercial basis. At 31 March 2009, these investments equated to the following percentages of total investments.

	2009	2008
Mortgage Portfolio	98.35%	99.50%
Income Portfolio	26.03%	29.09%
World Equity Portfolio	0.48%	0.39%
Australian Equity Portfolio	0.00%	0.00%
Deposit Portfolio	91.03%	100.00%

## 15. Segmental Reporting

The Funds operate in a one business segment, being investment management. The Funds also operate in one geographical location, being New Zealand, from where their investing activities are managed. The geographical locations of underlying investments are not considered to be segments for segment reporting purposes.



## Audit report

### To the unitholders of Funds Administration New Zealand Lifestages Portfolios comprising

- Lifestages Mortgage Distributing Portfolio
- Lifestages Income Portfolio
- Lifestages World Equity Portfolio
- Lifestages Australasian Equity Portfolio
- Lifestages Deposit Portfolio

We have audited the financial statements on pages 4 to 20. The financial statements provide information about the past financial performance of the Unit Trusts and their financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 9 to 11.

#### Manager's and Trustee's responsibilities

Funds Administration New Zealand Limited, as the Administration Manager (the "Manager") is responsible for the preparation of financial statements which give a true and fair view of the financial position of the Unit Trusts as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date. Trustees Executors Limited, as the Trustee, is responsible for ensuring that the financial statements are prepared.

#### Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Manager and Trustee and report our opinion to you.

#### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Manager in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Unit Trusts' circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



Our firm has also provided taxation services to the Unit Trusts. Certain employees of our firm may also deal with the Unit Trusts on normal terms within the ordinary course of trading activities of the business of the Unit Trusts. These matters have not impaired our independence as auditors of the Unit Trusts. The firm has no other relationship with, or interest in, the Unit Trusts.

#### Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Unit Trusts as far as appears from our examination of those records;
- the financial statements on pages 4 to 20:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the Unit Trusts as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 30 June 2009 and our unqualified opinion is expressed as at that date.

Wellington

# Lifestages Superannuation Schemes – trustee report

for the year ended 31 March 2009

Pursuant to clause 14 and the second schedule of the Superannuation Schemes Act 1989 and in compliance with sections 123 and 124 of the KiwiSaver Act 2006, we, the Trustee of the Lifestages Superannuation Scheme (the "Portfolio" – previously known as "Lifestages Capital Stable Portfolio, SBS Capital Stable Fund" and the "Southland Retirement Fund") and the Lifestages KiwiSaver Scheme, report on the following:

a) The numerical changes in the membership of the Funds for the financial year to 31 March 2009 are as follows:

<i>Membership</i>	<b>Superannuation Scheme</b>	<b>KiwiSaver Scheme</b>
As at 1 April 2008	317	2,332
New Entrants	–	2,037
Withdrawals	(34)	(34)
As at March 2009	283	4,335

## Specific Information for KiwiSaver Scheme

	<i>Number of Members</i>	<i>Amount NZD</i>
Withdrawal for first home purchase	–	–
Withdrawal for significant hardship	3	3,763
Withdrawal for serious illness	1	1,582
Withdrawal for permanent emigration	–	–
Withdrawal to other KiwiSaver funds	26	52,968
Fee subsidies credited to Members	3,978	140,994

## KiwiSaver Contributions Types

Member Contributions at Section 64 Contribution Rate	3,242	3,376,103
Employer contributions	1,974	1,019,325
Crown contributions	3,978	3,314,108
Transfers from other schemes	412	801,937
Transfers from registered superannuation schemes	7	19,408
Lump sum contributions	926	328,502
IRD other payments	–	36,762

## KiwiSaver Scheme Fees 2009

Direct Fees as per Income Statement	85,589
Account Member Fees charged	148,607

- b) The financial statements of the Funds for the year ended 31 March 2009 are attached.
- c) The Auditor's report on the financial statements of the Funds is attached.
- d) The Trustee, to the best of its knowledge and belief, confirms that all contributions required to be made to the Funds in accordance with the terms of the Trust Deed have been made.
- e&f) Certificates are attached certifying:
- (i) the requirements under clauses d), e) and f) of the second schedule of the Superannuation Schemes Act 1989 and
- (ii) the requirements of sections 123 a), b) and c) of the KiwiSaver Act 2006.
- g) Not more than 10% of the market value of the assets of the Funds at any time during the year was invested directly or indirectly in any employer who is party to the Funds, or in any company or entity associated with any such employer. As permitted by the Trust Deed, a minimum of 80% of the assets of each Fund is invested in New Zealand cash and bonds.
- h) There is no requirement under Section 15 of the Superannuation Schemes Act 1989 for the financial position to be examined by an Actuary.

# Lifestages Superannuation Schemes – trustee report (continued)

for the year ended 31 March 2009

- i) There has been no change to the Trust Deed for the year ending 31 March 2009.
- j) Trustee: *Trustees Executors Limited*  
Investment and Administration Manager: *Funds Administration New Zealand (FANZ)*  
Fund Managers: *Funds Administration New Zealand (FANZ)*  
Auditors: *KPMG*  
Solicitors: *Kensington Swan*  
*There have been no changes to the above service providers since the last annual report.*
- k) All correspondence from members to the Trustee should be sent to:  
*The Manager, Corporate Trust  
Level 5, 10 Customhouse Quay  
PO Box 3222, WELLINGTON*
- l) Following is a list of the names of, and any changes to, the directors of the corporate trustee of this Fund.  
Trustees Executors Limited  
**Directors**  
BOLGER ONZ, Rt Hon James Brendan  
Te Kuiti, New Zealand – Appointed 15/8/05  
GUPTA, Deepak Kumar  
Wellington, New Zealand – Appointed 04/11/05  
HOCKING, Paul Raymond Shelley  
Martinborough, New Zealand – Appointed 01/03/06  
GRACE, John Sheffield  
Clarens, Switzerland – Appointed 31/07/03
- m) Change in Unit Price
- |                           | Superannuation Scheme | KiwiSaver Scheme |
|---------------------------|-----------------------|------------------|
| Price as at 31 March 2008 | 1.969551              | 1.970801         |
| Price as at 31 March 2009 | 1.997412              | 2.000710         |
| Year Low                  | 1.983763              | 1.985266         |
| Year High                 | 2.031511              | 2.035235         |
- n) The most recent registered Prospectus for the Superannuation Scheme is dated 29 December 2006 which was registered on 20 December 2006. The Superannuation Scheme is closed to new investors.  
The most recent registered Prospectus for the KiwiSaver Scheme is dated 12 September 2008 which was registered on 12 September 2008 and amended on 27 February 2009.

# Lifestages Superannuation Schemes – Income statement

for the year ended 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 6 Months \$
<b>INCOME STATEMENT</b>					
<b>Investment Income</b>					
Interest		329,742	918,665	185,155	31,813
Dividends		449,103	28,762	166,193	3,347
Net Change in fair value of investments	9	(395,088)	(240,070)	(288,006)	(26,208)
Other		–	–	1,668	4,762
<b>Total Investment Income</b>		<b>383,757</b>	<b>707,357</b>	<b>65,010</b>	<b>13,714</b>
<b>Expenses</b>					
Audit Fees		5,370	6,768	5,370	5,130
General Expenses		71,636	79,650	24,440	1,563
Manager Fees		95,522	107,595	52,572	3,693
Trustees Fees		11,074	13,672	3,207	257
<b>Total Expenses</b>		<b>183,602</b>	<b>207,685</b>	<b>85,589</b>	<b>10,643</b>
<b>Net Income before Tax</b>		<b>200,155</b>	<b>499,672</b>	<b>(20,579)</b>	<b>3,071</b>
Tax Expense	7	–	118,487	–	–
<b>Net Income after Tax Attributable to Members</b>		<b>200,155</b>	<b>381,185</b>	<b>(20,579)</b>	<b>3,071</b>

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



# Lifestages Superannuation Schemes – Members' accounts

for the year ended 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 6 Months \$
<b>STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS</b>					
<b>Balance at the start of the year</b>		<b>13,521,319</b>	<b>15,224,450</b>	<b>2,589,251</b>	<b>–</b>
Changes in Net Assets attributable to Members for the year					
Members Contributions		200,155	381,185	(20,579)	3,071
Member Withdrawals		90,457	105,672	8,905,896	2,586,180
		(1,795,472)	(2,189,988)	(238,093)	–
<b>Balance at the end of the year</b>		<b>12,016,459</b>	<b>13,521,319</b>	<b>11,236,475</b>	<b>2,589,251</b>
<b>Net Change in Members Benefits</b>		<b>(1,504,860)</b>	<b>(1,703,131)</b>	<b>8,647,224</b>	<b>2,589,251</b>
<b>TOTAL UNITS ISSUED</b>					
Total Units issued for the Superannuation Scheme as at 31 March 2009 were 6,016,016 (31 March 2008: 6,864,708)					
Total Units issued for the KiwiSaver Scheme as at 31 March 2009 were 5,615,092 (31 March 2008: 1,313,806)					
<b>VESTED BENEFITS</b>					
Vested benefits (benefits the right to which, under the conditions of the Fund, are not conditional on continued membership)		12,016,459	13,521,319	11,236,475	2,589,251
<b>GUARANTEED BENEFITS</b>					
No guarantees have been made in respect of any part of the liability for accrued benefits.					
<b>FUNDING ARRANGEMENTS</b>					
Members' contributions are discretionary.					
<b>PURCHASE OF ADDITIONAL BENEFITS</b>					
No additional payments to acquire additional benefits were made by entrants or existing Members during the period.					


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

# Lifestages Superannuation Schemes – Balance sheet

as at 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>BALANCE SHEET</b>					
<b>Assets</b>					
Cash		114,217	577,457	368,189	110,723
Interest and Other Receivables		–	–	3,240	4,762
Tax Refund Due		8,421	36,045	–	337
Investments	10	11,943,165	12,947,283	10,882,218	2,482,548
<b>Total Assets</b>		<b>12,065,803</b>	<b>13,560,785</b>	<b>11,253,647</b>	<b>2,598,370</b>
<b>Liabilities</b>					
Accounts Payable		49,344	39,466	17,173	9,119
<b>Total Liabilities</b>		<b>49,344</b>	<b>39,466</b>	<b>17,173</b>	<b>9,119</b>
<b>Net Assets Attributable to Members</b>		<b>12,016,459</b>	<b>13,521,319</b>	<b>11,236,474</b>	<b>2,589,251</b>

For and on behalf of the Trustee,  
Trustees Executors Limited

  
 \_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 30 June 2009  
 Date

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

# Lifestages Superannuation Schemes – Statement of cash flow

for the year ended 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 6 Months \$
<b>STATEMENT OF CASH FLOW</b>					
<b>Cash Flows from Operating Activities</b>					
Cash was provided from:					
Interest Received		329,742	921,238	183,583	31,813
Other Income		–	–	4,762	–
Dividends		449,103	28,762	166,193	3,347
Tax Refund		27,624	73,956	337	–
Members Contributions		90,457	105,672	8,905,896	2,586,180
Cash was applied to:					
Members Withdrawals		(1,795,472)	(2,189,988)	(238,093)	–
Operating Expenses		(173,724)	(197,221)	(77,535)	(1,524)
Taxation Paid		–	(181,193)	–	–
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>	<b>8</b>	<b>(1,072,270)</b>	<b>(1,438,774)</b>	<b>8,945,143</b>	<b>2,619,816</b>

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

# Lifestages Superannuation Schemes – Statement of cash flow (continued)

for the year ended 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 6 Months \$
STATEMENT OF CASH FLOW CONTINUED					
<b>Cash Flows from Investing Activities</b>					
Cash was provided from:					
Sales of Investments		1,464,389	8,261,053	–	–
Cash was applied to:					
Purchase of Investments		(855,359)	(6,352,936)	(8,687,677)	(2,509,093)
<b>Net Cash Inflows/(Outflows) from Investing Activities</b>		<b>609,030</b>	<b>1,908,117</b>	<b>(8,687,677)</b>	<b>(2,509,093)</b>
Net (Decrease) / Increase in Cash		(463,240)	469,343	257,466	110,723
Opening Cash and Cash Equivalents		577,457	108,114	110,723	–
<b>Ending Cash and Cash Equivalents</b>		<b>114,217</b>	<b>577,457</b>	<b>368,189</b>	<b>110,723</b>
Comprising					
Bank		114,217	577,457	368,189	110,723
		<b>114,217</b>	<b>577,457</b>	<b>368,189</b>	<b>110,723</b>

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

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

## 1) Significant Accounting Policies

The Lifestages Superannuation Scheme and the Lifestages KiwiSaver Scheme (the "Funds") are the reporting entities.

The Lifestages Superannuation Scheme is registered under the Superannuation Schemes Act 1989. The Superannuation Scheme is a defined contribution Superannuation Scheme, contributions can be made by any natural person or a Trustee of a Registered Superannuation Scheme, subject to being accepted for membership by the Trustee and any other conditions of membership determined by the Trustee.

The Lifestages KiwiSaver Scheme is registered under the KiwiSaver Act 2006.

These Financial Statements were authorised for issue by the Directors on the 30 June 2009.

### (a) Statement of Compliance

The Financial Statements have been prepared in compliance with the Trust Deed, the Financial Reporting Act 1993, the Superannuation Schemes Act 1989, the KiwiSaver Act 2006 and New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

### (b) Basis of Presentation

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

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.

### (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 and loss are included in gains and losses on investments.

### (d) Measurement Base

The Financial Statements have been prepared on the historical cost basis except for financial assets designated at fair value through profit and loss.

### (e) Income and Expenses

#### Income

- (i) Dividends are recorded as income at the date the shares become ex dividend.
- (ii) Interest income is accounted for on an accruals basis.
- (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 included in the Income Statement.

#### Expenses

All expenses, including management fees and trustee fees, are recognised in the Income Statement on an accruals basis.

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

## (f) Financial Instruments Fair Value Measurement

### (i) Unlisted unit trusts

Unlisted Unit Trusts are designated at fair value, with any gain or loss recognised in the income statements. These investments are quoted at their redemption price as at reporting date as determined by the Manager of the Trust, which inherently includes transaction costs.

### (ii) Cash

Cash comprises call deposits with banks and building societies.

### (iii) Accounts Payable, Interest and Other Receivables, and Prepayments are recorded at historical cost.

## (g) Taxation

As at 1 October 2007 the Funds converted to Portfolio Investment Entities (PIE) under the Taxation (Savings Investment and Miscellaneous Provisions) Act 2006. The Funds' taxable income under the PIE entity structure from 1 October 2007 is distributed to the Unit Holders.

## (h) Accrued Benefits

The liability for accrued benefits is the Funds' present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date. Accrued benefits include amounts allocated to members' accounts, and reserves, if any.

## (i) Application of Accounting Standards

The following new standards, amendments to standards or interpretation have been issued but not yet effective for the year ended 31 March 2009, and have not been applied in preparing these financial statements:

NZ IAS 1 Presentation of Financial Statements (revised): effective for annual periods beginning on or after 1 January 2009.

NZ IAS 23 Borrowing Costs (revised): effective for annual periods beginning on or after 1 January 2009.

NZ IFRS 8 Operating Segments: effective for annual periods beginning on or after 1 January 2009.

The adoption of the above standards in future periods is expected to have an impact on disclosures only. The above standards will be applied in the financial statements of the year ending 31 March 2010.

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

## 2) Accounting Period

The Financial Statements cover the result of operations and cash flows for the 12 months to 31 March 2009 and the Balance Sheets as at 31 March 2009, for the Superannuation Scheme. The KiwiSaver Scheme Financial Statements cover the result of operations the result of operations and cash flows for 12 months to 31 March 2009 and the Balance Sheets as at 31 March 2009.

## 3) Manager and Trustee

The Administration Manager of the Funds is Funds Administration New Zealand Limited (the Manager) a subsidiary of Southland Building Society (SBS). The Manager is entitled to be paid out of the Fund a fee equal to 1.0% p.a. of the Gross Asset Value of the Superannuation Scheme and 0.75% of the Gross Asset Value of the KiwiSaver Scheme. The Management fee currently charged for the Superannuation Scheme and the KiwiSaver Scheme is 0.75%. In addition, for the KiwiSaver Scheme, an administration fee of \$3 per member, per month, is charged directly to each member's account. The aggregate administration fee for the year ended 31 March 2009 was \$148,607.

The Trustee is Trustees Executors Limited. The Trustee is entitled to be paid out of the Fund a fee up to 0.10% p.a. calculated daily on the Gross Asset Value of the Superannuation Scheme and 0.06% p.a. calculated daily on the Gross Asset Value of the KiwiSaver Scheme.

## 4) Statements of Cash Flows

Definitions of the terms used in the Statements of Cash Flows are:

- 'Cash' comprises call deposits with banks and building societies.
- 'Investing Activities' are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- 'Operating Activities' include all transactions and other events that are not investing or financing activities.

## 5) Changes in Accounting Policies

There have been no change in accounting policies during the 12 months to 31 March 2009.

## 6) 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 2009 (31 March 2008: Nil).

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 6 Months \$
<b>7. Taxation</b>					
Net Income before Tax		200,155	499,672	(20,579)	3,071
Less Accounting Net Income – exempt post-PIE income (profit)/loss		(200,155)	28,991	20,579	(3,071)
<b>Operating Surplus</b>		–	528,663	–	–
<b>Tax thereon at 33%</b>		–	174,459	–	–
Adjusted for the Tax Effects of Non-taxable / Non-deductible Items: Unrealised Losses / (Gains)		–	(55,972)	–	–
<b>Total Tax Expense</b>		–	118,487	–	–
Comprising:					
Current Tax		–	118,487	–	–
Deferred Tax		–	–	–	–
<b>Total Tax Expense</b>		–	118,487	–	–

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



# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 6 Months \$
<b>8. Reconciliation of Benefits Accrued as a Result of Operations To Net Operating Cash Flow</b>					
Net Change in Benefits Accrued		(1,504,860)	(1,703,131)	8,647,224	2,589,251
<b>Non Cash Items</b>					
Change in Fair Value of Investments		395,088	240,070	288,006	26,208
		(1,109,772)	(1,463,061)	8,935,230	2,615,459
<b>Movement in Accruals</b>					
(Increase) / Decrease in Accounts Receivable		–	2,573	1,522	(4,762)
Increase / (Decrease) in Accounts Payable		9,878	(15,859)	8,054	9,119
Decrease in Current Tax Receivable		27,624	37,573	337	–
		37,502	24,287	9,913	4,357
<b>Net Cash Outflows from Operating Activities</b>		(1,072,270)	(1,438,774)	8,945,143	2,619,816

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

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

	Note	Superannuation Scheme		KiwiSaver Scheme	
		2009 12 Months \$	2008 12 Months \$	2009 12 Months \$	2008 6 Months \$
<b>9. Net Change in Fair Value of Investments</b>					
<b>Investments held at balance date</b>					
International Equities		(316,969)	(149,243)	(240,473)	(16,293)
Australasian Equities		(85,689)	(90,827)	(52,021)	(9,915)
New Zealand Fixed Interest		7,570	–	4,488	–
		<b>(395,088)</b>	<b>(240,070)</b>	<b>(288,006)</b>	<b>(26,208)</b>
<b>Investments realised during the year</b>					
International Equities		–	–	–	–
Australasian Equities		–	–	–	–
		–	–	–	–
<b>Total Net Change in Fair Value of Investments</b>		<b>(395,088)</b>	<b>(240,070)</b>	<b>(288,006)</b>	<b>(26,208)</b>
<b>10. Investments</b>					
Short Term Deposits		3,830,964	3,156,060	4,443,599	605,152
New Zealand Fixed Interest		5,799,331	7,230,531	4,444,956	1,386,401
International Equities		1,330,230	1,466,743	1,260,308	281,238
Australasian Equities		982,640	1,093,949	733,355	209,757
<b>Total Investments</b>		<b>11,943,165</b>	<b>12,947,283</b>	<b>10,882,218</b>	<b>2,482,548</b>

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

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

## 11. Financial Instruments

The Funds' 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 Funds are exposed are credit risk, market price risk, liquidity risk, foreign exchange risk and interest rate risk.

Asset allocation is determined by the Funds' 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 Funds' Investment Manager.

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

### a) Credit Risk

The Funds are 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 Funds to credit risk consist principally of cash, short term deposits, receivables and payables in terms of investment transactions, and Unit Trust and Group Investment Fund investments. Concentrations of credit risk are minimised by the parameters set out in the Funds' Investment Guidelines approved by the Trustee.

Whilst the Funds' investments have a material exposure to the Southland Building Society, this is considered to be without significant risk. Other cash investments are held at ANZ National Bank Limited and Hastings Building Society, though the amount invested is not material as these investments are held primarily to facilitate liquidity. The maximum exposure for the Funds to credit risk is represented by the 'Total Assets' set out in the Balance Sheet.

### b) Market Price Risk

Market price risk is the risk that the value of the Funds' investment portfolio will fluctuate as a result of changes in market prices. Each Fund 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 Funds are subject to market price risk through its International Equity and Australasian Equity Investments which are noted in Note 10. The benchmark movement for these types of investments ranges from 10-20%, the net impact of a movement in this range is noted below:

Market Price Risk	2009		2008	
	Movement 10% \$	20% \$	10% \$	20% \$
Superannuation Scheme	231,287	462,574	256,069	512,138
KiwiSaver Scheme	199,366	398,733	49,099	98,199

### c) Liquidity and Cash Flow Risk

Liquidity Risk is the risk that the Funds 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.

### d) Foreign Exchange Risk

The investment activities of the Funds expose them 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 each of the Funds.

The Funds are exposed to currency risk indirectly by the investment in the Lifestages World Equity Portfolio.

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

## 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 Funds' direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk in the following note may not represent the true interest rate risk profile of the Fund where the Fund has investments in unit trusts which also have exposure to the interest rate markets.

The contractual undiscounted maturities of direct investments in fixed interest bearing assets were as noted below:

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

<i>Interest Rate Risk</i>	2009	2008
Movement	100bp \$	100bp \$
Superannuation Scheme	97,445	109,640
KiwiSaver Scheme	92,567	21,023

### *Maturities and weighted average yields of direct investments in fixed interest bearing assets*

*All investments are redeemable at call*

#### Superannuation Scheme

Southland Building Society

ANZ National Bank

Lifestages Deposit Portfolio\*

#### KiwiSaver Scheme

Southland Building Society

Hastings Building Society

ANZ National Bank

Lifestages Deposit Portfolio\*

	As at 31 March 2008	As at 31 March 2009
--	------------------------	------------------------

3,156,060 3,830,964

577,457 114,217

6,301,581 5,052,931

605,152 4,193,599

– 250,000

110,723 368,189

1,208,282 4,002,432

\*The Lifestages Deposit Portfolio commenced on 1 March 2008 and invests principally in term deposits with SBS.

# Lifestages Superannuation Schemes – Notes to the financial statements

for the year ended 31 March 2009

	Superannuation Scheme		KiwiSaver Scheme	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>12. Related Parties</b>				
The Funds hold units in the following Funds Administration New Zealand Ltd investment products:				
<b>Lifestages World Equity Portfolio</b>				
Units	1,368,361	1,145,211	1,296,435	219,586
Market Value \$	1,330,230	1,466,743	1,260,308	281,237
<b>Lifestages Australasian Equity Portfolio</b>				
Units	899,921	896,184	671,620	171,837
Market Value \$	982,640	1,093,949	733,355	209,757
<b>Lifestages Mortgage (Distributing) Portfolio</b>				
Units	737,814	927,637	437,434	177,867
Market Value \$	746,400	928,950	442,524	178,119
<b>Lifestages Deposit Portfolio</b>				
Units	5,052,931	6,301,581	4,002,432	1,208,282
Market Value \$	5,052,931	6,301,581	4,002,432	1,208,282

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

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

# Lifestages Superannuation Schemes – Notes to the financial statements

*for the year ended 31 March 2009*

## **13. Related Party Transaction**

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 in Note 12. All such transactions were carried out in the ordinary course of the Funds' activities and are effected on arms length terms.

## **14. Segmental Reporting**

The Funds operate in a one business segment, being investment management. The Funds also operate in one geographical location, being New Zealand, from where their investing activities are managed. The geographical locations of underlying investments are not considered to be segments for segment reporting purposes.



## Audit report

### To the members of Lifestages Superannuation Scheme and Lifestages KiwiSaver Scheme (the "Funds")

We have audited the financial statements on pages 24 to 38. The financial statements provide information about the past financial performance of the Funds and their financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 29 to 31.

#### Manager's and Trustee's responsibilities

Funds Administration New Zealand Limited, as the Administration Manager (the "Manager") is responsible for the preparation of financial statements which give a true and fair view of the financial position of the Funds as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date. Trustees Executors Limited, as the Trustee, is responsible for ensuring that the financial statements are prepared.

#### Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Manager and Trustee and report our opinion to you.

#### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Manager in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Funds' circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided taxation services to the Funds. Certain employees of our firm may also deal with the Funds on normal terms within the ordinary course of trading activities of the business of the Funds. These matters have not impaired our independence as auditors of the Funds. The firm has no other relationship with, or interest in, the Funds.



#### Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Funds as far as appears from our examination of those records;
- the financial statements on pages 24 to 38:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the Funds as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 30 June 2009 and our unqualified opinion is expressed as at that date.

Wellington

30 June 2009

**TRUSTEE'S ANNUAL CERTIFICATE  
LIFESTAGES SUPERANNUATION SCHEME  
For the Year Ended 31 March 2009**

We, the undersigned Trustee of the Lifestages Superannuation Scheme (the "Fund"), state that for the year ended 31 March 2009:

- All the contributions required to be made to the Fund, in accordance with the terms of the Trust Deed, have been made;

And certify that for the year ended 31 March 2009:

- All benefits required to be paid from the Fund, in accordance with the terms of the Trust Deed have been paid; and
- The market value of the assets of the Fund at the close of the financial year were equal to or exceeded the total value of benefits that would have been payable had all members of the Fund ceased to be members at that date and provision was made for payment of all benefits to members (or other beneficiaries) as at the close of the financial year.

Signed for and on behalf of the Trustee  
**Trustees Executors Limited**



**Richard McLoughlin**  
Business Manager  
Corporate Trust

30 June 2009

**TRUSTEE'S ANNUAL CERTIFICATE  
LIFESTAGES KIWISAVER SCHEME  
For the Year Ended 31 March 2009**

We, the undersigned Trustee of the Lifestages KiwiSaver Scheme (the "Fund"), state that for the year ended 31 March 2009:

- All contributions received in respect of each member, including contributions paid via the Commissioner in respect of that member, have been applied in accordance with the terms of the Trust Deed;

And certify that for the year ended 31 March 2009:

- All fee subsidies received in respect of each member have been applied in accordance with the requirements prescribed by the KiwiSaver Act 2006;
- The scheme provider agreement between the Commissioner of Inland Revenue and the provider remains in force; and
- That during the year there has been no increase in the fees referred to in clause 2 of the KiwiSaver scheme rules.

Signed for and on behalf of the Trustee  
**Trustees Executors Limited**



**Richard McLoughlin**  
Business Manager  
Corporate Trust







The Lifestages Portfolios are brought to you by  
Funds Administration New Zealand Limited (FANZ)