

Annual Report

Annual report for the period 1 July 2016
to 30 June 2017



Details of scheme

This annual report has been prepared for the my**super** Superannuation Scheme (**mysuper**) for the period 1 July 2016 to 30 June 2017. The Manager and Trustee is Shamrock Superannuation Limited (**Shamrock**).

my**super** is a registered employer-related workplace saving scheme.

The latest Product Disclosure Statement (**PDS**) for my**super** is dated 2 December 2016 and is open for applications.

The latest fund updates for each of my**super**'s investment funds was made publicly available on 29 September 2017.

The latest financial statements for my**super** are dated 6 October 2017. Those financial statements and the auditor's report on those financial statements were lodged with the Registrar of Financial Service Providers on 17 October 2017. The financial statements and auditor's report are available on the Offer Register at companiesoffice.govt.nz/disclose

Information on contributions and scheme participants

This section provides a summary of changes in the membership of my**super** during the period ended 30 June 2017.

MEMBERSHIP	1 July 2016	30 June 2017
Total contributing scheme participants	2,837	2,844
Total non-contributing scheme participants	399	509
Total participants	3,236	3,353

NEW MEMBERS AND MEMBER WITHDRAWALS DURING THE YEAR ENDED 30 JUNE 2017

New members

Transfers from other schemes	0
Other new members	438
Total new members	438

Member withdrawals

Death	3
Retirement	17
Transfers to other schemes	0
Other reasons	301
Total withdrawals	321

MEMBER ACCUMULATIONS

	1 July 2016	30 June 2017
Total members' accumulations	\$158,024,228.59	\$182,086,210.16
Number of members	3,236	3,353

TOTAL CONTRIBUTIONS TO THE SCHEME FOR THE PERIOD

	Total contributions during the period	Number of members who made the relevant contribution
Member contributions	\$9,613,173.82	2,401
Employer contributions	\$14,944,419.27	3,254
Government contributions (member tax credits)	\$297,818.10	677
Member voluntary additional contributions	\$292,424.10	4
Total contributions	\$25,147,835.29	

Changes relating to the scheme

Material changes

Apart from the changes described below, no other material changes have occurred during the year ended 30 June 2017:

1. Amendment to trust deed for compliance with FMCA

Shamrock has amended the my**super** trust deed for compliance with the requirements of the Financial Markets Conduct Act 2013 (**FMCA**). The FMCA is now the primary governing legislation for my**super** (replacing the Superannuation Schemes Act 1989 and other legislation). The FMCA introduced new governance and reporting obligations that apply to my**super**.

The amended trust deed is dated 23 September 2016, and took effect on 30 September 2016 (the date my**super** transitioned to the FMCA regime). Amendments included:

- inserting a requirement for one of the directors of the trustee to be a licensed independent trustee;
- reflecting FMCA governance settings such as custodianship, service provider fees and related party benefit requirements; and

- amending the timing and standards for the preparation of financial statements, annual reports and other information and reporting, for consistency with the FMCA.

Shamrock also took the opportunity to update some of the language in the trust deed and correct minor drafting issues.

The changes do not amend member or employer contribution requirements, nor do they amend any of your benefit entitlements.

2. Amendment to SIPO for compliance with FMCA

A replacement Statement of Investment Policy and Objectives (**SIPO**) was lodged with the Registrar on 23 September 2016. The replacement SIPO included minor technical amendments necessary or desirable in order to comply with the FMCA. There were no material changes made to the SIPO.

3. Cash Fund

A new **mysuper** Cash Fund was introduced on 30 September 2016, and this was provided for in the SIPO registered on 23 September 2016.

4. Amendment to SIPO and PDS to include a responsible investment statement

The SIPO dated 23 September 2016 was replaced on 1 November 2016, and the PDS dated 23 September 2016 was replaced on 2 December 2016, in order to include a responsible investment statement as required by section 129 of the KiwiSaver Act 2006.

The replacement SIPO also included changes to the benchmark indexes used for AMP Capital cash and fixed interest assets. AMP confirmed to the Trustee that the change in indexes did not change the risk profile of the funds.

For further information please see the offer and scheme register at companiesoffice.govt.nz/disclose

Related party transactions

There were no changes to the nature or scale of any related party transactions during the year. All related party transactions were conducted on normal commercial terms and conditions during the year and were on an arm's-length basis.

Other information for particular types of managed funds

The following withdrawals were made from **mysuper**.

WITHDRAWAL TYPE	Number
Full withdrawal	
Retirements	17
Resignations	264
Redundancies	32
Significant Financial Hardship	1
Serious Ill Health	3
Death	3
Permanent Emigration	1
Total full withdrawals	321

WITHDRAWAL TYPE	Number
Partial withdrawals	
First home withdrawal	30
Significant Financial Hardship	4
Serious Ill Health	0
Other partial withdrawals	122
Total partial withdrawals	156

As at the 30 June 2017, Shamrock applied the following declared interest rates to the members' balances for the respective **mysuper** investment funds.

MYSUPER INVESTMENT FUNDS	Investment return
mysuper Growth Fund	13.55%
mysuper Balanced Fund	9.63%
mysuper Conservative Fund	4.56%
mysuper Cash Fund ¹	1.66%

¹ The Cash Fund was established on 30 September 2016. Investment returns cover the period 30 September 2016 to 30 June 2017.

Shamrock, as Manager and Trustee of **mysuper**, confirms:

- all the contributions required to be made to **mysuper** in accordance with the trust deed have been made;
- all the benefits required to be paid from the scheme in accordance with the terms of the trust deed and the complying fund rules have been paid;
- the market value of **mysuper's** property at the balance date equalled or exceeded the total value of benefits that would have been payable had all members of **mysuper** ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the balance date.

mysuper is a complying superannuation fund. Members can choose to lock in some of their contributions and be eligible to receive KiwiSaver features like member tax credits and first homebuyer withdrawals. The information in this table only relates to the **mysuper** locked account for the period ended 30 June 2017.

INFORMATION ABOUT THE MYSUPER LOCKED ACCOUNT	Number/Value
The market value of the assets subject to the complying fund rules	\$28,899,613.69
The number of members to which the assets relate	1,447
The value of withdrawals subject to the complying fund rules	\$1,899,110.79

Changes to persons involved in the scheme

This table shows what changes were made to persons involved in **mysuper** during the period ended 30 June 2017.

PERSON	Change
The manager and trustee of mysuper	None
The directors of the manager and trustee of mysuper	None
Key personnel of the manager and trustee of mysuper	None
Any administration manager or investment manager of mysuper	None
The securities registrar, custodian, or auditor of mysuper	None

How to find further information

Further information relating to **mysuper**, including the **mysuper** Trust Deed, PDS, SIPO, other material information, financial statements, annual reports and annual fund updates are available free of charge at **companiesoffice.govt.nz/disclose**

The above information is also available free of charge at **mysuper.co.nz** or by contacting us at **hello@mysuper.co.nz**

Contact details and complaints

If you have a question or complaint, please contact us. The Trustee can be contacted at:

Scheme Secretary	hello@mysuper.co.nz
Shamrock Superannuation Limited	0508 MYSUPER (0508 697 873)
Level 7, 19 Aitken Street	
Thorndon	
Wellington 6011	

If we are unable to resolve your complaint, you can complain to Financial Dispute Resolution Service (**FDRS**). They can be contacted at:

Financial Dispute Resolution Service	enquiries@fdr.org.nz
Level 4, 142 Lambton Quay	0508 337 337
Wellington Central	
Wellington 6011	

FDRS will not charge a fee to any complainant to investigate or resolve a complaint.

If you have questions about your membership details, you can contact Mercer (N.Z.) Limited (the securities registrar) at:

Mercer (N.Z.) Limited	hello@mysuper.co.nz
Level 8, 113-119 The Terrace	0508 MYSUPER (0508 697 873)
Wellington Central	
Wellington 6011	

Financial Statements

Financial statements for the year
ended 30 June 2017



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Independent Auditor's Report



To the Members of my**super** Superannuation Scheme

Opinion

We have audited the financial statements of my**super** Superannuation Scheme (the 'Scheme'), which comprise the statement of net assets as at 30 June 2017, and the statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 5 to 25, present fairly, in all material respects, the financial position of the Scheme as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

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

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

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

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

Other information

The Trustee is responsible on behalf of the Scheme for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Trustee's responsibilities for the financial statements

The Trustee is responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Scheme's Members, as a body. Our audit has been undertaken so that we might state to the Scheme's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the

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

Deloitte Limited

Chartered Accountants

Wellington, New Zealand

6 October 2017

Statement of Net Assets

Statement of Net Assets

As at 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
Cash at Bank		1,477,067	2,652,725
Financial Assets	5	180,682,136	155,457,461
Contributions Receivable		1,440	3,334
Income Tax Refundable	7	11,816	12,236
Deferred Tax Asset	7	73,236	102,506
Total Assets		182,245,695	158,228,262
Less LIABILITIES			
Sundry Creditors		167,966	121,583
Benefits Payable		-	90,930
Total Liabilities		167,966	204,034
NET ASSETS AVAILABLE FOR BENEFITS		182,077,729	158,024,228
LIABILITY FOR PROMISED RETIREMENT BENEFITS			
Member Account	3	70,261,943	63,979,779
Employer Account		81,925,172	69,972,620
Member Locked Account		15,637,239	12,390,137
Employer Locked Account		10,814,538	8,526,566
Transfer Locked Account		2,447,836	2,154,659
Reserve Account	9	991,001	1,000,467
		182,077,729	158,024,228

This statement is to be read in conjunction with the notes on pages 9-25.

Authorised for issue in accordance with a resolution of the Directors of the Trustee,
Shamrock Superannuation Limited.



Bruce John Kerr
Chair
6 October 2017



Philip Lee Newport
Director
6 October 2017

Statement of Changes in Net Assets

Statement of Changes in Net Assets

INVESTMENT ACTIVITIES	Note	2017 \$	2016 \$
Investment Income			
Gains on Financial Assets at Fair Value Through Profit or Loss	6	15,973,101	5,405,867
Dividends		1,293,697	923,551
Interest		41,959	43,727
Other Income		1,449	-
		17,310,206	6,373,145
Investment Expenses			
Investment Management Fees		(806,768)	(632,597)
Investment Management Fee Rebates		305,622	215,358
Net Investment Income		16,809,060	5,955,906
OTHER INCOME			
Group Life Proceeds		297,485	255,000
		297,485	255,000
OTHER EXPENSES			
Administration Fees		475,505	433,123
Audit Fees	14	17,964	12,500
Bank Fees		65	11
Director Fees		6,676	-
Design and Printing Costs		19,425	73,858
FMA Regulation Fees		59,409	41,062
Group Life Insurance (paid directly by Members)		745,879	629,070
Investment Adviser Fees		109,290	131,878
Legal Fees		96,127	114,785
Member Education Costs		-	13,396
Non-Investment Adviser Fees		11,213	31,559
Other Trustee Expenses		905	389
Taxation Fees	14	24,383	10,580
Website and Email Costs		30,492	90,592
Workplace Savings NZ Membership		650	1,250
Total Other Expenses		1,597,983	1,584,053

INVESTMENT ACTIVITIES	Note	2017 \$	2016 \$
Change in Net Assets before Taxation and Membership Activities		15,508,561	4,626,853
Income Tax Expense/(Credit)	7	1,620,856	2,202,020
Change in Net Assets after Taxation and before Membership Activities		13,887,705	2,424,833
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		9,613,174	9,342,653
Government Contributions (Member Tax Credits)		297,818	318,984
Employer Contributions		14,944,419	14,417,483
Transfers from Other Schemes		292,424	56,379
Total Contributions		25,147,835	24,135,499
Benefits Paid			
Retirement		2,441,523	941,753
Withdrawals		7,138,423	5,565,648
Redundancy		1,598,718	1,063,255
Death and Permanent Incapacity		311,917	256,494
Significant Financial Hardship Withdrawals	15	125,558	541,887
Partial Withdrawals		2,664,477	906,180
Serious Illness Withdrawals		135,889	157,909
Permanent Emigration		1,972	15,230
First Home Ownership		555,084	353,164
Total Benefits Paid		14,982,040	9,793,041
Net Membership Activities		10,165,795	14,342,458
Net Increase in Net Assets During the Year		24,053,501	16,767,291
Net Assets Available for Benefits at Beginning of the Year		158,024,228	141,256,937
Net Assets Available for Benefits at End of the Year		182,077,729	158,024,228

This statement is to be read in conjunction with the notes on pages 9-25.

Statement of Cash Flows

Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2017 \$	2016 \$
Cash provided from			
Member Contributions		9,614,188	9,342,959
Government Contributions (Member Tax Credits)		297,558	318,984
Employer Contributions		14,945,298	14,505,568
Transfers from Other Schemes		292,424	56,380
Interest		41,383	42,696
Group Life Proceeds		297,485	255,000
Other Income		1,440	-
Income Tax Refunded		12,245	15,518
		25,502,021	24,537,105
Cash applied to			
Benefits Paid		15,064,490	9,774,456
Other Expenses		814,918	1,223,344
Group Life Premiums		736,684	621,292
Income Tax Paid		11,587	11,955
		16,627,679	11,631,047
Net Cash Flows from Operating Activities	8	8,874,342	12,906,058
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash provided from			
Sale of Investments		2,000,000	-
Cash applied to			
Purchase of Investments		12,050,000	11,600,000
Net Cash Flows from Investing Activities		(10,050,000)	(11,600,000)
Net Increase in Cash Held		(1,175,658)	1,306,058
Cash at Beginning of the Year		2,652,725	1,346,667
Cash at End of the Year		1,477,067	2,652,725

This statement is to be read in conjunction with the notes on pages 9-25.

Notes to the Financial Statements

Notes to the Financial Statements

1. Scheme Description

mysuper Superannuation Scheme (**Scheme**) (SCH10885) is a registered employer-related workplace saving scheme under the Financial Markets Conduct Act 2013 (**FMCA**).

The Scheme was established in 1991 and is designed to help Members save for their retirement and provides a benefit on the terms set out in the Trust Deed. The amount of the benefit will depend on the Members contributions, their Employer contributions, government contributions (if any) and investment returns earned on those contributions (which can be positive or negative) less tax and expenses. Furthermore, Members can choose how to structure their account (between unlocked and locked), how their money is invested, and they'd like the optional life and income protection insured benefit added.

Further information relating to the Scheme, including financial statements, annual reports, annual fund updates, the Trust Deed, and the Statement of Investment Policy and its Objectives (**SIPO**), available on the offer register and the scheme register at companiesoffice.govt.nz/disclose

Details of membership as at 30 June 2017 were:

Members as at 1 July 2016	3,236
New Members	
Complying Fund Members	166
Non-Complying Fund Members	272
Contributory Status Change	
Contributing Fund Members	(134)
Non-Contributing Fund Members	134
Withdrawals	
Retirements	(17)
Resignations	(264)
Redundancies	(32)
Significant Financial Hardship	(1)
Serious Ill Health	(3)
Death	(3)
Permanent Emigration	(1)
Members at 30 June 2017	3,353

This statement is to be read in conjunction with the notes on pages 9-25.

Funding Arrangements

The Scheme is a defined contribution scheme. Under the Trust Deed contributions are made by Members and by the Employers. During the year the Employer contributed and Members contributed at the following rates:

Employer Contribution:

- 1.5 times the Members' contribution rate up to a maximum of 9% of the member's salary. All Employer contributions are subject to Employer Superannuation Contribution Tax (**ESCT**). The following ESCT deduction rates are based on the Member's salary plus gross employer contributions:

Income range	Tax Rate
\$0 - \$16,800	10.5%
\$16,801 - \$57,600	17.5%
\$57,601 - \$84,000	30%
\$84,001 and over	33%

- The Employer is not required to make contributions in respect of Members' voluntary contributions.
- Member's Contribution:
 - Minimum of 2% of basic salary; and
 - Optional, increase by multiples of 1%.

Retirement Benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings on those contributions over the period of membership.

Transfers to Other Schemes

All transfers of locked in benefits are recorded as the reason the Member left the Scheme i.e. Resignation, Redundancy etc.

Termination Terms

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

Changes in the Scheme

On 30 September 2016 the Scheme transitioned to the FMCA and a new Cash Fund was established.

Amendment to the Trust Deed

The Trust Deed was amended for compliance with the requirements of the FMCA. The FMCA is now the primary governing legislation for The Scheme (replacing the Superannuation Schemes Act 1989 and other legislation). The amended Trust Deed is dated 23 September 2016, and took effect on 30 September 2016 (the date the Scheme transitioned to the FMCA regime). Amendments included:

- inserting a requirement for one of the directors of the Trustee to be a licensed independent trustee;
- reflecting FMCA governance settings such as custodianship, service provider fees and related party benefit requirements; and
- amending the timing and standards for the preparation of financial statements, annual reports and other information and reporting, for consistency with the FMCA. The Trustee also took the opportunity to update some of the language in the trust deed and correct minor drafting issues. The changes do not amend Member or Employer contribution requirements, nor do they amend any Member benefit entitlements.

Notes to the Financial Statements (Cont'd)

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (**NZ GAAP**) and the requirements of the FMCA and other relevant legislative requirements as appropriate for for-profit entities. The Scheme transitioned to FMCA on 30 September 2016.

Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (**IFRS**).

Measurement Base

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

Presentation Currency

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

Classification of Assets and Liabilities

The Scheme operates as a restricted workplace savings scheme. As such, the assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

Accounting Policies

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

Financial Assets at Fair Value Through Profit or Loss

The Scheme classifies its investments as designated at Fair Value through Profit or Loss. The financial assets are recognised and derecognised on the trade date where a purchase or sale is under contract whose terms require delivery within the time frame established by the market concerned, initially measured at fair value. Subsequent to initial recognition all Financial Assets through Profit or Loss are measured at fair value.

Gains or losses arising from changes in fair value of the Financial Assets through Profit or Loss category are presented in the Statement of Changes in Net Assets when they arise.

The Fair Value of financial assets is determined using the last sale price ("exit" price) as calculated by the fund manager at balance date.

Income Recognition

- i. Interest income is recognised as interest accrues using the effective interest rate method. Interest income is earned on cash and cash equivalents.
- ii. Dividends and Distributions from unitised investments are recognised on a due and receivable basis.
- iii. Gains or losses of Financial Assets at Fair Value through Profit or Loss are recognised in the Statement of Changes in Net Assets as disclosed above.

Foreign Currencies

Transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance date. Gains and losses arising on retranslation are included in the Statement of Changes in Net Assets for the period.

Expenses

All expenses are accounted for on an accrual basis.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Changes in Net Assets because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Scheme's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Changes in Net Assets.

Financial Instruments

Financial assets and financial liabilities are recognised in the Scheme's Statement of Net Assets when the Scheme becomes a party to the contractual provisions of the instrument. The Scheme offsets financial assets and financial liabilities if the Scheme has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

Notes to the Financial Statements (Cont'd)

2. Summary of Significant Accounting Policies (Cont'd)

Accounting Policies (cont'd)

Derivative Financial Instruments

The Scheme's activities expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The Scheme does not directly hold foreign exchange forward contracts and interest rate swap contracts. The Scheme does not use derivative financial instruments for speculative purposes. Hedge accounting has not been applied.

The use of financial derivatives is governed by the Scheme's policies approved by the Trustee, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments are recognised in the Statement of Changes in Net Assets as they arise.

Other Receivables

Other Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Other Payables

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

Goods and Services Tax (GST)

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

Statement of Cash Flows

The cash flows of the Scheme do not include those of the investment managers. The following are definitions of the terms used in the Statement of Cash Flows:

Cash - comprises cash balances held with banks in New Zealand and overseas.

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

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

Promised Retirement Benefits

The liability for accrued retirement benefits is the Scheme's present obligation to pay benefits to Members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Accrued retirement benefits include amounts allocated to Members' accounts and reserves.

Contributions and Benefits

Contributions and benefits are accounted for on an accrual basis.

Standards and Interpretations on Issue Not Yet Effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective. Application of the revised Standards is not expected to materially affect any of the amounts recognised in the financial statements. The following may change the presentation and disclosures presently made in relation to the Plan's financial statements:

NZ IFRS 9, 'Financial instruments'

This was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. This standard is effective for reporting periods beginning on or after 1 January 2018. 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.

Key Sources of Estimation Uncertainty

The preparation of the financial statements requires the Trustee to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes.

Notes to the Financial Statements (Cont'd)

3. Liability for Promised Retirement Benefits

Changes in promised retirement benefits as at 30 June 2017

	Member Account \$	Employer Account \$	Member Locked Account \$	Employer Locked Account \$	Transfer Locked Account \$	Reserve Account \$	Total 2017 \$
Balance 1 July 2016	63,979,779	69,972,620	12,390,137	8,526,566	2,154,659	1,000,467	158,024,228
Contributions and Transfers	6,919,188	12,888,041	2,871,259	2,056,253	413,060	34	25,147,835
Benefits Paid	(5,608,543)	(7,201,652)	(896,270)	(677,704)	(325,137)	(305,964)	(15,015,270)
Forfeited Benefits	-	-	-	-	-	33,230	33,230
Net Surplus After Tax	-	-	-	-	-	13,887,706	13,887,706
Group Life Premiums and Fees	(1,137,606)	(787,955)	(50,143)	58	(5,688)	1,981,334	-
Interest Allocated	6,109,125	7,054,118	1,322,256	909,365	210,942	(15,605,806)	-
Balance 30 June 2017	70,261,943	81,925,172	15,637,239	10,814,538	2,447,836	991,001	182,077,729

Changes in promised retirement benefits as at 30 June 2016:

	Member Account \$	Employer Account \$	Member Locked Account \$	Employer Locked Account \$	Transfer Locked Account \$	Reserve Account \$	Total 2016 \$
Balance 1 July 2015	59,707,374	60,586,894	10,123,534	6,946,862	1,740,440	2,151,833	141,256,937
Contributions and Transfers	6,351,557	12,526,881	2,679,181	1,890,604	687,276	-	24,135,499
Benefits Paid	(3,184,451)	(4,727,228)	(777,620)	(574,495)	(334,923)	(255,000)	(9,853,717)
Forfeited Benefits	-	-	-	-	-	60,676	60,676
Net Surplus After Tax	-	-	-	-	-	2,424,833	2,424,833
Group Life Premiums and Fees	(1,034,900)	(665,582)	(28,448)	80	(8,070)	1,736,920	-
Interest Allocated	2,140,199	2,251,655	393,490	263,515	69,936	(5,118,795)	-
Balance 30 June 2016	63,979,779	69,972,620	12,390,137	8,526,566	2,154,659	1,000,467	158,024,228

Guaranteed Benefits

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

4. Vested Benefits

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

	2017 \$	2016 \$
	180,744,664	156,507,465

5. Financial Assets

	2017 \$	2016 \$
AMP Capital Investors (New Zealand) Limited		
Short Term Deposits	16,525,289	13,989,827
Fixed Interest - New Zealand	22,650,176	20,387,504
Equities - International Unhedged	37,490,658	29,598,220
Equities - International Hedged	37,506,584	30,608,079
	114,172,707	94,583,630
Fisher Funds Management Limited		
Fixed Interest - International Hedged	38,358,467	34,621,228
Salt Funds Management Limited		
Equities - Australasian	28,150,961	26,252,603
Total Financial Assets	180,682,136	155,457,461

6. Gains on Financial Assets at Fair Value Through Profit or Loss

	2017 \$	2016 \$
Fixed Interest	1,149,948	3,503,946
Equities	14,724,397	1,831,424
Deposits	98,756	70,497
	15,973,101	5,405,867

The net gains on items at fair value through profit or loss do not include interest or dividend income. These are disclosed separately in the Statement of Changes in Net Assets.

Notes to the Financial Statements (Cont'd)

For the Year Ended 30 June 2017

7. Income Tax

	2017 \$	2016 \$
Current Tax Paid at PIE level	1,650,126	2,251,296
Deferred Tax	(29,270)	(49,276)
	1,620,856	2,202,020

The total charge for the year can be reconciled to the Change in Net Assets as follows:

Change in Net Assets before Tax and Membership Activities	15,508,561	4,626,853
Non-deductible Expenses	1,448,375	1,139,310
Non-assessable Insurance Income	(298,925)	(255,000)
Non-assessable Investment Gains	(17,423,229)	(6,470,111)
Allocated PIE income	8,652,378	10,250,411
	7,887,161	9,291,463
Income Tax @ 28%	2,208,405	2,601,610
Adjusted for:		
Imputation Credits/RWT allocated by PIEs	(383,323)	(248,448)
Foreign Tax Credits allocated from PIEs	(204,226)	(151,142)
Income Tax Expense/(Benefit)	1,620,856	2,202,020
Income Tax Payable		
Opening Balance	(12,236)	(15,518)
Withholding Tax Paid	(11,816)	(12,236)
Net Provisional Tax Paid	12,236	15,518
Closing Balance	(11,816)	(12,236)
Deferred Tax Asset		
Opening Balance	(102,506)	(151,782)
Current Year Movement	29,270	49,276
Closing Balance	(73,236)	(102,506)

The Scheme invests in a number of investment funds which are Portfolio Investment Entities (**PIE**). For these investments, the Scheme can elect to apply a Prescribed Investor Rate (**PIR**) of 28%.

Gains and losses on investments with a PIR of 0% are taxable directly within the Scheme to the extent they are subject to tax, with the resultant tax charge presented on the face of the Statement of Changes in Net Assets as Income Tax Expense/(Credit).

Gains and losses on investments with an elected PIR of 28% are taxable within the individual fund to the extent these are subject to tax, with any tax deducted/credited reflected in the valuation of investments at year end, with investment returns shown gross of tax with all tax expense/credits presented as Income Tax Expense/ (Credit). At year end all of the Scheme's PIE investments have PIRs of 28%. The investment returns shown as 'Gains/Losses on Financial Assets at fair value through profit or loss' on the Statement of Changes in Net Assets are presented gross of tax in the current year.

8. Reconciliation of Net Cash Flows from Operating Activities to Increase in Net Assets

	2017 \$	2016 \$
Increase in Net Assets	24,061,979	16,767,291
Non-Cash Items		
Gains on Financial Assets at Fair Value Through Profit or Loss	(15,973,101)	(5,405,867)
Interest	(576)	(1,031)
Dividends	(1,293,697)	(923,551)
Investment Management Fees	806,768	632,597
Investment Management Fee Rebates	(305,622)	(215,358)
PIE Income Tax and Foreign Tax Credits	1,591,553	2,153,023
Movements in Other Working Capital Items		
Decrease in Contributions Receivable	1,894	88,130
Decrease in Income Tax Refundable	420	3,282
Decrease in Deferred Tax Asset	29,270	49,276
(Decrease)/Increase in Benefits Payable	(82,451)	18,587
Increase/(Decrease) in Sundry Creditors	46,383	(260,320)
Net Cash Flows from Operating Activities	8,874,342	12,906,058

Notes to the Financial Statements (Cont'd)

9. Reserve Account

As provided by clause 7(b) of the Trust Deed, a Reserve Account has been established which shall be credited with the following:

- a. Any amount not paid to a Member upon ceasing employment with the Employer;
- b. Any unclaimed benefit;
- c. Any unallocated funds transferred in from another superannuation scheme;
- d. The Reserve Account's share of the Scheme's earnings or loss; and
- e. Any profit share or other interest allocated by the Scheme's investment manager and not otherwise allocated to Members' accounts.

The Trustee may apply any part or the whole of the Reserve Account to:

- f. Increase on an equitable basis the total credits of all Members;
- g. Provide benefits other than retirement benefits for all Members on an equitable basis;
- h. Pay all or part of the contributions to the Scheme of the Employer for all Members on an equitable basis;
- i. Payment of expenses of the administration of the Scheme;
- j. Pay all or part of the insurance premiums payable under the Scheme;
- k. In such other manner as is permitted from time to time under the Trust Deed.

The Trustee has resolved to adopt a policy that any balance in excess of \$1 million will be equitably distributed to Members on an annual basis.

10. Financial Instruments

The Scheme is involved with a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies (Note 2).

The Trustee has approved a SIPO for the Scheme. This SIPO sets out the investment governance and management framework, philosophy, strategies and objectives of the Scheme and its five Investment Funds. The SIPO is available on the scheme register at companiesoffice.govt.nz/disclose

Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Scheme's accounting policy in relation to Financial Assets Held at Fair Value through Profit or Loss.

Categories of Financial Instruments - 30 June 2017

	Fair Value through Profit or Loss \$	Loans and Receivables \$	Financial Liabilities at Amortised Cost \$	Total \$
Assets				
Cash at Bank	-	1,477,067	-	1,477,067
Financial Assets	180,682,136	-	-	180,682,136
Contributions Receivable	-	1,440	-	1,440
Total Assets	180,682,136	1,478,507	-	182,160,643
Liabilities				
Sundry Creditors	-	-	167,966	167,966
Total Liabilities	-	-	167,966	167,966

Categories of Financial Instruments - 30 June 2016

	Fair Value through Profit or Loss \$	Loans and Receivables \$	Financial Liabilities at Amortised Cost \$	Total \$
Assets				
Cash at Bank	-	2,652,725	-	2,652,725
Financial Assets	155,457,461	-	-	155,457,461
Contributions Receivable	-	3,334	-	3,334
Total Assets	155,457,461	2,656,059	-	158,113,520
Liabilities				
Sundry Creditors	-	-	121,583	121,583
Benefits Payable	-	-	90,930	90,930
Total Liabilities	-	-	204,034	204,034

Notes to the Financial Statements (Cont'd)

10. Financial Instruments (Cont'd)

Hierarchy of Fair Value Measurements - 30 June 2017

The following table provides an analysis of financial instruments that are measured subsequent to initial value at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2017 Description	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Asset	-	180,682,136	-	180,682,136
Total	-	180,682,136	-	180,682,136

The financial assets above have been classified as Level 2 as they are based on unit prices, whose Financial Assets are derived from quoted prices in active markets.

There were no transfers between levels in the period.

30 June 2016 Description	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets	-	155,457,461	-	155,457,461
Total	-	155,457,461	-	155,457,461

The financial assets above have been classified as Level 2 as they are based on unit prices, whose Financial Assets are derived from quoted prices in active markets.

There were no transfers between levels in the period.

Investment Policies

The Scheme adheres to the investment policies provided on pages 7 to 11 of the Scheme's SIPO available on the scheme register at companiesoffice.govt.nz/disclose. The performance objectives for each of the Scheme's four investment funds are:

- i. **mysuper** Cash Fund
 - To provide a gross return (before tax, fees, and other expenses) above the return of the S&P/NZX 90 Day Bank Bill Gross Index on a rolling 12-month basis.
- ii. **mysuper** Conservative Fund
 - To deliver positive stable returns that exceed after tax cash returns by at least 1.00% pa, over rolling three year periods.
 - To deliver a real return (after inflation, tax and investment expenses) of at least 1.50% pa over rolling three year periods.
 - To produce a result in the top half of comparable KiwiSaver schemes in the Investment Adviser Investment Survey over rolling three year periods.
- iii. **mysuper** Balanced Fund
 - To deliver a real return (after inflation, tax and investment expenses) of at least 3% pa over rolling five year periods.
 - To produce a result in the top half of comparable KiwiSaver funds in the Investment Adviser Investment Survey over rolling three year periods.
- iv. **mysuper** Growth Fund
 - To deliver a real return (after inflation, tax and investment expenses) of at least 4% pa over rolling eight year periods.
 - To produce a result in the top half of comparable KiwiSaver schemes in the Investment Adviser Investment Survey over rolling three year periods.

The Investment Parameters are as follows:

- i. All investments are to be readily marketable
- ii. Reliable market quotations for prices for investments are to be available at all times
- iii. All investment portfolios are to be fully invested. Any cash positions should be temporary and should reflect general repositioning of the portfolio or covering a futures position
- iv. Currency exposure for global bonds is to be 100% hedged to the NZ dollar on an after tax basis
- v. Overall currency exposure for all offshore equities (excluding Australian equities) is to be 50% hedged to the NZ dollar on an after tax basis
- vi. Futures contracts and options are to be restricted to hedging techniques and not to leverage the portfolio
- vii. Securities are not to be lent to any other third party without the consent of the Trustee
- viii. No more than 7.5% shall be invested in any one company.

Investment performance for the Scheme is monitored and reviewed quarterly by Trustee and limit brakes monitored monthly. Performance of the five investment funds is monitored over various periods (gross of tax and fees). Performance is measured on an absolute return basis as well as relative to each investment fund's benchmark indices and its performance objective.

In monitoring investment performance, the Trustee considers the reports submitted to it by the Investment Managers and analysis performed by the investment adviser. The investment adviser also provides attribution analysis.

The date of the next SIPO review is 1 July 2019 or earlier if market conditions warrant it, or if there is a material change to any of the investment funds.

Notes to the Financial Statements (Cont'd)

10. Financial Instruments (Cont'd)

Liquidity Risk

The Administrator monitors the Scheme's liquidity position on a daily basis. Liquidity management is designed to ensure that the Scheme has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal levels of withdrawals. The Administrator regularly monitors market volatility and withdrawal levels to establish the Scheme's appropriate liquidity levels within allowable benchmark ranges.

The Scheme holds financial assets and liabilities that are highly liquid and all can be realised within 12 months.

Credit Risk

Financial instruments which potentially expose the Scheme to credit risk consist of cash and short term deposits, fixed interest securities, receivables and, indirectly, investments in unitised products which invest in cash and fixed interest investments. The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparties of the Scheme are its investment managers AMP Capital Investors (New Zealand) Limited, Fisher Funds Management Limited and Salt Funds Management, which the Trustee considers to be financial institutions of high quality. The investments are held in trust by the investment managers for the benefit of the Scheme. The managers maintain diversified investment portfolios in accordance with the portfolio mix adopted by the Trustee.

Currency Risk

The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. The following hedging is undertaken within the unitised investments:

AMP Capital Investors (New Zealand) Limited

Equities - International Hedged - fully hedged and managed against the MSCI World Accumulation Index.

Fisher Funds Management Limited

Fixed Interest - International Hedged - fully hedged and managed against the Barclays Capital Global Index.

Risk Management

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

Net assets available for benefits are considered to be the Scheme's for the purposes of capital management. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its Members and to maximise the Scheme's Members value as well as ensuring its net assets available for benefits are sufficient to meet all present and future obligations.

An appropriate level of portfolio risk for the Scheme will be determined and agreed by the Trustee in consultation with professional advisors. Investment risk must be minimised for the expected level of return and an appropriate level of diversification across securities, sectors, asset classes and countries must be maintained.

Interest Rate Risk

The Scheme is exposed to interest rate risk in that future interest rate movements will affect cash flows and net market values of fixed interest assets and, indirectly, the valuation of investments in unitised products which invest in cash and fixed interest investments. As at balance date the Scheme's exposure to interest rate risk was as follows:

	2017 \$	2016 \$
AMP Capital Investors (New Zealand) Limited		
Short Term Deposits	16,525,289	13,989,827
Fixed Interest - International	22,650,176	20,387,504
Fisher Funds Management Limited		
Fixed Interest - International Hedged	38,358,467	34,621,228

Interest rate risk management activities are undertaken by the investment manager in accordance with the investment mandate set by the Trustee. The intention of the Trustee is not necessarily to hold these assets to maturity, but to realise and purchase similar assets as part of the ongoing management of the investments of the Scheme. There is no maturity period for unitised investments.

11. Sensitivity Analysis

A one percent increase/decrease in the Scheme's investments would have an impact on the value of the Scheme's assets of +/- \$1,806,834 (2016: +/- \$1,554,575).

12. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 30 June 2017 (2016: Nil).

13. Related Parties

The Scheme holds no investments in any of the employer companies or any of its related parties and during the period had no related party transactions except for employer contributions to the Scheme (2016: Nil).

During the year the Licensed Independent Trustee of the Scheme received remuneration for their services totalling \$6,676 and the Scheme paid other trustee expenses totalling \$905.

14. Events After Balance Date

There were no material events after balance date that require adjustment or disclosure in the financial statements. (2016: Following a review of their payroll system in August 2016, ACC found that a small number of employees had not been paid one element of their benefits - 'At Risk Payments'. These Members were identified and all corrective payments were made in September 2016. The amounts owed to all affected Members amounted to \$18,971, with individual amounts owed to Members being insignificant).

Notes to the Financial Statements (Cont'd)

15. Significant Financial Hardship Withdrawals

Includes the payment of benefits as required by Family Court Orders under the Property (Relationships) Act 1976.

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