IVCM (NZ) PIE Superannuation Fund

Financial Statements
For the year ended 30 September 2019

Report contents

Directory	2
Independent Auditor's report	3-4
Financial statements	
Statement of Changes in Net Assets	5
Statement of Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-20

Directory

Manager	Ranfurly Strategic Limited Level 1 , North Lobby Awly Building, 293 Durham Street Christchurch 8013, New Zealand
Directors of the Manager	Christopher Wells Kenji Steven
Supervisor	Public Trust Ground Level, 100 Molesworth Street Wellington, New Zealand
Legal Advisors	DLA Piper New Zealand Chartered Accountants House Level 5, 50-64 Customhouse Quay Wellington, New Zealand
Auditor	Deloitte Limited Level 12, 20 Customhouse Quay Wellington, New Zealand
Established by Trust Deed dated	11 November 2010 As amended by Deed dated: 22 March 2012 13 April 2016 29 November 2016 1 August 2017 1 August 2019
Registered as a Superannuation Scheme	20 June 2011 - AS/1865 (Companies Office Registration number 2553199) Transitioned to Financial Markets Act 2013 on 1 December 2016 (SCH11389)

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Independent Auditor's Report

To the Members of IVCM (NZ) PIE Superannuation Fund

Opinion

We have audited the financial statements of IVCM (NZ) PIE Superannuation Fund (the 'Scheme'), which comprise the statement of net assets as at 30 September 2019, 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 20, present fairly, in all material respects, the financial position of the Scheme as at 30 September 2019, 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.

In addition to the audit of the financial statements we also complete the Register of Members audit. This service have not impaired our independence as auditor of the Scheme. The firm has no other relationship with, or interest in, the Scheme.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors of the Manager are responsible on behalf of the Scheme for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report, and the Annual Report, which is expected to be made available to us after the date of the audit 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 directors and consider further appropriate actions.

Manager's responsibilities for the financial statements

The Board of Directors of the Manager 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 Board of Directors of the Manager determines 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 Board of Directors of the Manager 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 directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

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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-2

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

Hamish Anton, Partner
for Deloitte Limited
Wellington, New Zealand
29 January 2020

Statement of changes in net assets

for the year ended 30 September 2019
in New Zealand Dollars

	Note	30 September 2019 $	30 September 2018 $
Investment gains/(losses)			
Interest income - amortised cost		**6,210**	1,473
Dividend income		**74,175**	98,450
Net (losses)/gains on financial instruments at fair value through profit or loss	4	**(46,456)**	520,074
Other foreign currency (losses)/gains, net		**(6,016)**	108,146
Total net investment income		**27,913**	728,143
Expenses			
Bank fees		**1,177**	5,714
Commissions		**34,266**	29,620
Advisor fees		**58,754**	134,048
Management fees	6	**171,581**	203,251
Other expenses		**27,288**	68,229
Total operating expenses		**293,066**	440,862
Net (loss)/profit before taxation and membership activities		**(265,153)**	287,281
Membership activities			
Contributions	9	**1,316,949**	5,734,495
Withdrawals	9	**(3,388,047)**	(5,291,311)
PIE tax attributable to Members		**(17,880)**	-
Net membership activities		**(2,088,978)**	443,184
Foreign currency translation reserve		**(114,695)**	882,460
Movements in members' funds for the period		**(2,468,826)**	1,612,925
Net assets available for benefits at the beginning of the year		**19,570,611**	17,957,686
Net assets available for benefits at the end of the period		**17,101,785**	19,570,611

This statement is to be read in conjunction with the notes to the financial statements.

Statement of net assets

as at 30 September 2019

in New Zealand Dollars

	Note	30 September 2019 $	30 September 2018 $
Current assets			
Cash and cash equivalents	3	**1,482,547**	3,734,859
Financial assets held at fair value through profit or loss	5	**15,648,539**	15,876,971
Total current assets		**17,131,086**	19,611,830
Current liabilities			
Related party payables	6	**13,947**	16,177
Other payables	7	**15,354**	25,042
Total current liabilities		**29,301**	41,219
Net assets available for benefits		**17,101,785**	19,570,611
Represented by:			
Liability for promised benefits		**17,101,785**	19,570,611

These financial statements were authorised by the Manager, Ranfurly Strategic Limited:

Christopher Wells
Director

29 January 2020
Date

Kenji Steven
Director

29 January 2020
Date

This statement is to be read in conjunction with the notes to the financial statements.

Statement of cash flows

for the year ended 30 September 2019
in New Zealand Dollars

	Note	**30 September 2019** $	30 September 2018 $
Cash flows from operating activities			
Cash was provided from			
Interest income		**6,362**	1,316
Distributions received		**78,128**	108,329
Contributions		**1,316,949**	5,734,495
Cash was provided to			
Operating expenses		**(277,140)**	(363,942)
Exit fees		**(26,142)**	(70,723)
Withdrawals		**(3,388,047)**	(5,291,311)
PIE tax paid		**(17,880)**	-
Net cash (outflow)/inflow from operating activities	8	**(2,307,770)**	118,164
Cash flows from investing activities			
Sale of investments		**1,563,974**	2,560,624
Purchase of investments		**(1,453,963)**	(5,268,913)
Net cash inflow/(outflow) from investing activities		**110,011**	(2,708,289)
Net decrease in cash and cash equivalents		**(2,197,759)**	(2,590,125)
Net cash and cash equivalents at the beginning of the year		**3,734,859**	6,148,728
Foreign exchange (losses)/gains on cash and cash equivalents		**(54,553)**	176,256
Net cash and cash equivalents at the end of the year		**1,482,547**	3,734,859

This statement is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. GENERAL INFORMATION

Reporting entity

The financial statements are for the reporting entity IVCM (NZ) PIE Superannuation Fund ('the Scheme') which is domiciled in New Zealand. The Scheme is a defined contribution Superannuation Scheme registered under the Financial Markets Conduct Act 2013 (registration number SCH11389). It was established under a Trust Deed dated 11 November 2010 as amended by deed on 1 August 2019 ('the Trust Deed'). The amendments in the Trust Deed and their impact are fully set out in the annual report to members.

The Scheme was registered as a Superannuation Scheme on 20 June 2011. It received member's funds and started investing from 1 October 2011. The Scheme transitioned to the Financial Markets Conduct Act 2013 on 1 December 2016. The Supervisor of the Scheme is Public Trust and up to 31 July 2019 the Manager was Lifetime Asset Management Limited. From 1 August 2019 the Manager is Ranfurly Strategic Limited. The Administration Manager is Adminis NZ Limited, who provides administration services.

Under the Trust Deed members can choose how often they make contributions and the amount (subject to any minimum the Manager may set).

The Scheme comprises a number of investment funds and each member has a cash account. Notwithstanding the division of the Scheme into portfolios, the Scheme is a single trust with the value of each member's interest in the Scheme determined by amounts held in individual members' accounts.

The financial statements are for the Scheme and represent the operating result for the year ended 30 September 2019, with comparatives for the year ended 30 September 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Trust Deed governing the Scheme, the Financial Markets Conduct Act 2013 and the requirements of the Financial Reporting Act 2013 and with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate to Tier 1 for-profit entities. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention as modified by the fair value of financial assets held at fair value through profit or loss.

The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities either have a maturity of less than a year or have no fixed maturity are are therefore considered current assets/liabilities.

Significant accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Scheme's accounting policies.

The Manager has not made any material accounting estimates or judgements in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional and presentation currency	These financial statements are presented in New Zealand dollars. The functional currency of the Scheme is New Zealand Dollars. The currency of the Funds is Great British pounds, Australian dollars or New Zealand dollars. All amounts have been rounded to the nearest dollar.
Foreign currencies	Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date. Non-monetary items that are measured in terms of fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on monetary financial assets and liabilities are recognised in the Statement of Changes in Net Assets. The foreign currency impact of translation to presentation currency is presented in members funds.
Standards and amendments to existing standards effective in the current year	The following new standard relevant to the Scheme has been applied to these financial statements. There are no other new or amended standards for the year ended 30 September 2019 that have had a material impact on the financial statements. **NZ IFRS 9 - Financial Instruments ("NZ IFRS 9")** The Scheme has retrospectively adopted NZ IFRS 9 Financial Instruments, which is effective from 1 January 2018. NZ IFRS 9 replaces NZ IAS 39 - Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating the impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39. *Classification of financial assets and financial liabilities* NZ IFRS 9 requires financial assets to be classified on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets at either amortised cost, fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"). The requirements for classifying and measuring financial liabilities have been added to the standard and were carried forward largely unchanged from NZ IAS 39. Based on the Manager's assessment, this standard has not had a material impact on the recognition and measurement of financial assets and financial liabilities of the Scheme. This is because: - Financial instruments measured at FVPL under NZ IAS 39 are designated into this category because they are measured on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments are mandatorily measured at FVPL under NZ IFRS 9; - Financial instruments measured at amortised cost are cash balances and receivables. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under NZ IFRS 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Standards and amendments to existing standards effective in the current year - continued

The adoption of NZ IFRS 9 did not result in a change to the measurement of the financial instruments of the Scheme, however, the classification of the financial instruments has changed as follows:

	Classification & measurement under NZ IAS 39	Classification & measurement under NZ IFRS 9
Assets		
Financial assets at FVPL	Designated financial assets at FVPL	Financial assets at FVPL
Cash and cash equivalents	Loans and receivables at amortised cost	Financial assets at amortised cost
Liabilities		
Related Party Payables and Other payables	Other financial liabilities at amortised cost	Financial liabilities at amortised cost

Impairment of financial assets
NZ IFRS 9 replaces the 'incurred loss' model in NZ IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost. The Manager has assessed that there is no impairment at 31 March 2019.

NZ IFRS 15 - Revenue from Contracts with Customers ("NZ IFRS 15")
NZ IFRS 15 is effective for annual periods beginning on or after 1 January 2018. NZ IFRS 15 establishes principles to be applied in reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Scheme's main sources of revenue are distributions, interest income and gains on financial instruments measured at fair value through profit or loss. As all of these are outside the scope of the new standard, the adoption of the standard does not have a material impact on the Scheme's financial position or performance, or the presentation and disclosures in the Financial Statements.

New accounting standards and interpretations not yet adopted

NZ IFRS 16 Leases ("NZ IFRS 16") is effective for annual periods beginning on or after 1 January 2019. NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Scheme does not have any leases and so the adoption of this standard will not have any impact on the Scheme's financial position or performance, or the presentation and disclosures in the financial statements.

No other standards and amendments to existing standards and interpretations that are not yet in effect are expected to have a material impact on the financial statements of the Scheme.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial instruments

(a) Classification

Financial assets and liabilities at fair value through profit or loss

The Scheme classifies its investments in unlisted unit trusts as financial assets at fair value through profit or loss. The Scheme classifies its investment securities based on both the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Scheme's investment strategies, policies and guidelines are established by the Manager. The portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Scheme's investment strategies.

The Manager is primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

Investments had previously been designated at fair value through profit or loss or held for trading at fair value through profit or loss . On adoption of NZ IFRS 9 these securities have been mandatorily classified and measured as fair value through profit or loss based on the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets and liabilities at amortised cost

The Scheme's cash at bank and receivables are classified as financial assets at amortised cost based on the Scheme's business models for managing those financial assets and the contractual cash flow characteristics.

Financial liabilities at amortised cost comprise related party payables and other payables.

(b) Recognition

Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value and, subsequent to initial recognition, measured at fair value. Gains and losses arising from changes in fair value are recognised in the Statement of Changes in Net Assets when they arise. Interest, dividend and distribution income are separately recognised in the Statement of Changes in Net Assets. Transaction costs are expensed as incurred in the Statement of Changes in Net Assets.

(c) Fair Value Measurement

'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Scheme had access at that date. The fair value of a liability reflects its non-performance risk.

Fair value of financial assets and liabilities that are not actively traded

The fair value of financial assets and liabilities that are not actively traded on an exchange are determined using valuation techniques. Valuation techniques include benchmark models, net present value techniques, comparison to similar instruments for which market observable prices exist and valuation models.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial instruments - continued

(c) Fair Value Measurement - continued

Fair value of financial assets and liabilities that are not actively traded - continued

The fair value of investments in unlisted unit trusts that are not quoted in an active market is determined using the latest available mid-price for those funds at balance date, as determined by the administrator of such unit trust. The Scheme may make adjustments to the reported net asset value of various unlisted unit trusts based on considerations such as:

- the liquidity of the unit trust or its underlying investments;
- the value date of the net asset value provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the unit trust's advisors.

For instruments for which there is no active market, the Scheme may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

Valuation models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgement by the Scheme. The Scheme considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

(d) Derecognition

Financial assets and liabilities are derecognised upon maturity or disposal of the asset or liability. Any gain or loss arising on derecognition of the asset or liability is recognised in the Statement of Changes in Net Assets in the year the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

Fair value hierarchy

Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. Transfers between levels of the fair value hierarchy (if any) are deemed to have occurred at the beginning of the period.

Level one - fair value in an active market

The fair value of financial assets and liabilities traded in active markets for the same instruments based on their quoted market prices at balance date without any deduction for estimated future selling costs. Generally, a level one category asset or liability will have the most independent, reliable basis for measurement.

Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets or liabilities that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and cash equivalents	Cash and cash equivalents comprise cash balances with original maturity of 90 days or less and are measured initially at fair value. All cash and cash equivalents are measured at amortised cost.
Income recognition	Interest income is recognised in the Statement of Changes in Net Assets as the interest accrues using the effective interest rate method. Interest income is earned on short term deposits and bank balances. Dividend and distribution income is recognised in the Statement of Changes in Net Assets when the Scheme's right to receive payment is established. Dividend and interest income is disclosed net of any foreign tax credits and resident withholding taxes deducted at source, as these tax credits are allocated to unit holders under the PIE regime. Any unrealised gains or losses arising from the revaluation of investments and any realised gains or losses from the sale of investments during the year are included in the Statement of Changes in Net Assets as disclosed under 'Financial assets at fair value through profit or loss' in the Summary of Significant Accounting Policies. Foreign exchange gains and losses on cash and cash equivalents, trade and other receivables, and other payables are recognised in the Statement of Changes in Net Assets as disclosed under 'Foreign Currencies' in the Summary of Significant Accounting Policies.
Expenses	Expenses comprise management fees, advisor fees, commissions, bank fees, establishment costs and other expenses. All expenses are recognised in the Statements of Changes in Net Assets on an accruals basis. All other expenses of the Scheme are paid by the Manager and not passed through the Scheme.
Other payables	Other payables include liabilities and accrued expenses owed by the Scheme that are unpaid at balance date. Purchases of investments that are unsettled at balance date are included in payables. Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.
Taxation	The Scheme qualifies as, and has elected to be, a Portfolio Investment Entity (“PIE”) for the purposes of the Income Tax Act 2007. Under the PIE regime, income is effectively taxed in the hands of the unit holders and therefore the Scheme has no tax expense. Under the PIE regime, the Manager attributes the taxable income of the Scheme to Members in accordance with the proportion of their interest in the respective Fund. The income attributed to each Member is taxed at the Member's prescribed investor rate ("PIR") which is capped at 28%. Notified foreign investors pay a zero rate of tax if all income of the Scheme is derived outside of New Zealand. Any PIE tax payable/refundable on full withdrawals is paid/received by the Manager on behalf of unitholders and deducted from or added to the withdrawal proceeds paid. Units are cancelled/issued to the value of the tax paid/refunded upon determination of the Members' annual PIE tax liabilities/assets at 31 March each year. The PIE tax attributable to unit holders at balance date is calculated on the basis of the tax laws enacted or substantively enacted at balance date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Goods and services tax	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	Definitions of the terms used in the Statement of Cash Flows are: (a) Operating activities comprise all transactions and other events that are not investing activities. (b) Investing activities are purchases and sales of investments.
Contributions and withdrawals	Contributions received for the Scheme are recorded gross of any establishment or initial service fees payable (if applicable). Withdrawals from the Scheme are recorded net of any exit fees payable (if applicable).
Net assets available for benefits	All available funds are allocated to members accounts. The Scheme does not have separate employer accounts and does not have any reserve funds.
Liability for promised benefits	The liability for promised benefits is the Scheme's present obligation to pay benefits to Members and has been calculated as the difference between the fair value of the assets and the fair value of the liabilities as at balance date. All accrued benefits have been allocated or were available for allocation to Members' accounts. No guarantees have been made in respect of any part of the liability for promised benefits.
Related parties	A party is related to the Scheme if: (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme; (b) it is a parent, subsidiary or fellow subsidiary of a party defined in (a) above; (c) it has an interest in or relationship with the Scheme that gives it significant influence or control over the Scheme; (d) it is controlled by or may be significantly influenced by another party which also has control or significant influence over the Scheme; or (e) the Scheme has an interest in or relationship with the party that gives significant influence over the party; or (f) it is an entity or member of a group which provides key management personnel services to the Scheme.
Comparative information	Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the financial statements.

3. CASH AND CASH EQUIVALENTS

	30 September 2019 $	30 September 2018 $
Cash - Great British pounds	**1,313,405**	2,881,240
Cash - New Zealand dollar	**62,088**	541,051
Cash - Australian dollar	**107,054**	209,637
Cash - United States dollar	**-**	102,931
Total cash and cash equivalents	**1,482,547**	3,734,859

Adminis Custodial Nominees Limited holds bank accounts with Bank of New Zealand and BNP Paribas on behalf of Scheme members.

4. NET (LOSSES)/GAINS ON FINANCIAL ASSETS & LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2019 $	30 September 2018 $
Financial assets and liabilities at fair value through profit or loss		
Unlisted unit trusts	**(46,456)**	520,074
Total net (losses)/gains on financial assets and liabilities at fair value through profit or loss	**(46,456)**	520,074

5. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2019 $	30 September 2018 $
Financial assets at fair value through profit or loss		
Unlisted unit trusts		
Vanguard Conservative Index Fund	**1,937,712**	1,201,720
Vanguard Life Strategy 40% Equity Fund	**2,612,819**	2,384,622
Vanguard Life Strategy 60% Equity Fund	**1,536,312**	796,481
Vanguard International Shares Index Fund	**-**	420,458
Emirates Active Managed Fund Class C	**8,333,578**	9,447,437
Emirates Balanced Managed Fund Class C	**1,228,118**	1,626,253
Total financial assets held at fair value through profit or loss	**15,648,539**	15,876,971

In October 2018, the Scheme liquidated its holdings in the Vanguard International Shares Index Fund.

Fair value hierarchy

Unitised funds are valued using published prices established by the underlying trust's manager which are based on the net asset value ("NAV") of the underlying trust. The Manager believes the Scheme could have redeemed their investments at the published prices at reporting date and they are therefore included in Level 2 of the fair value hierarchy.

6. RELATED PARTIES

Related parties comprise the Manager, the Supervisor and the Directors of the Manager. All related party transactions are made on normal commercial terms.

Manager fees	The Manager is entitled to a fee, payable out of the Scheme, in relation to the services it provides as the manager of the Scheme. Up to 31 October 2018, this fee was charged at 0.975% per annum ("p.a.") of the member account balance calculated weekly and deducted monthly. From 1 November 2018 the fee was charged at 0.992% of the GAV p.a. Management fees for the year ended 30 September 2019 totalled $171,581 (30 September 2018: $203,251).
Establishment fees	The Manager is entitled to an establishment fee, payable by the unit holder and deducted prior to the funds being invested in the Scheme. Establishment fees for the year ended 30 September 2019 totalled $1,146 (30 September 2018: $3,307).
Exit fees	The Manager is entitled to an exit fee, payable by the unit holder, when funds are withdrawn (excluding regular 'income for life' payments). The fee is calculated as 3% of the amount withdrawn if between 0 and 1 years of joining the scheme, 2% of the amount withdrawn if between 1 and 2 years of joining the scheme and 1% of the amount withdrawn if more than 2 years of joining the scheme. The Manager may waive the exit fee in certain circumstances. Exit fees for the year ended 30 September 2019 totalled $26,142 (30 September 2018: $64,922).
Supervisor fees	The Supervisor is entitled to a fee for the services it provides as Supervisor of the Scheme. The Supervisor's fees were paid by the Manager. Total Supervisor fees amounted to $28,750 (2018: $28,750).
Auditor fees	Deloitte Limited is entitled to a fee for the services they provide as auditor of the Scheme. Auditors' fees were paid by the Manager. The fee for the audit of the financial statements totalled $28,000 (2018: $26,750) and fees for other assurance services (in relation to the member's register audit) totalled $2,500 (2018: $2,250).
	The Scheme owed the following amounts to related parties at balance date:

	30 September 2019 $	30 September 2018 $
Management fees payable - Ranfurly Strategic Limited	**13,947**	-
Management fees payable - Lifetime Asset Management Limited	**-**	16,177
Total related party payables	**13,947**	16,177

Related party holdings in the Scheme	Directors, key management personnel of the Manager and their immediate family members do not currently have holdings in the Scheme.

7. OTHER PAYABLES

	30 September 2019 $	30 September 2018 $
Advisor fees payable	**14,885**	25,042
PIE tax payable	**469**	-
Total other payables	**15,354**	25,042

8. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO BENEFITS ACCRUED TO MEMBERS ACCOUNTS

	30 September 2019 $	30 September 2018 $
Increase in net assets	**(2,354,131)**	730,465
Non cash items		
Net foreign currency gains	**6,016**	(108,146)
Net changes in fair value through profit or loss	**46,456**	(520,074)
PIE tax withheld (units redeemed)	**-**	9,722
Foreign exchange gains on operating activities	**6,276**	-
Movements in other working capital		
Increase/(decrease) in accounts payable	**(12,387)**	6,197
Net movement from operating activities	**(2,307,770)**	118,164

9. CONTRIBUTIONS AND WITHDRAWALS

Contributions are received from members directly or from other superannuation schemes. Contributions for the year were received from the following sources:

	30 September 2019 $	30 September 2018 $
Member contributions	**1,311,232**	-
Transfers from other Schemes	**-**	5,734,495
Compensation payments	**5,717**	-
Total contributions	**1,316,949**	5,734,495
Scheme members	**87**	99

Withdrawals are paid to members directly or to other superannuation schemes. Withdrawals for the year were as follows:

	30 September 2019 $	30 September 2018 $
Benefit payments to members	**(1,875,443)**	(5,219,243)
Transfers to other Schemes	**(1,512,604)**	(72,068)
Total withdrawals	**(3,388,047)**	(5,291,311)
Members who received benefits	**33**	27

10. FINANCIAL RISKS

Financial risk factors

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance. The Scheme is indirectly exposed to risk factors such as credit risk and interest rate risk via its investments in unitised funds, however the risk management notes outlined below are not prepared on a look through basis.

All securities investments present a risk of loss of capital. The maximum loss of capital on unitised funds is limited to the fair value of those positions.

10A. MARKET RISK

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market.

All unit trust, unlisted investments present a risk of capital loss often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate both domestically and internationally. The Manager moderates this risk through careful stock selection and diversification, daily monitoring of the Scheme's market position and adherence to the Scheme's investment policies.

Price risk - Sensitivity analysis

The Manager considers the volatility of the fair value of investments in portfolios to be in the 5% range. At 30 September, the net fair value of financial instruments exposed to price risk and the sensitivity of the Scheme's net profit/(loss) and net assets available to pay benefits to a 5% increase or decrease in prices was as follows:

	30 September 2019 $	30 September 2018 $
Financial assets at fair value through profit or loss		
Unlisted unit trusts	**15,648,539**	15,876,971
Sensitivity analysis		
5% increase in prices	**782,427**	793,849
5% decrease in prices	**(782,427)**	(793,849)

Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Scheme holds financial instruments denominated in currencies other than New Zealand dollar, the presentation currency. It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to change in exchange rates.

10A. MARKET RISK (CONTINUED)

Currency risk - Sensitivity analysis

At 30 September, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% (which is the Manager's assessment of a reasonable movement with regard to historical volatility) with all other variables held constant, the impact on net profit/(loss) and net assets available to pay benefits would have been as follows:

	30 September 2019 $	30 September 2018 $
Carrying amount of the Scheme's net assets held in foreign currencies		
Cash and cash equivalents	**1,420,459**	3,194,635
Unlisted unit trusts	**15,648,539**	15,876,971
Related party payables	**(25,331)**	(34,447)
Sensitivity analysis		
AUD		
Exchange rates increase by 5%	**(94,495)**	(73,462)
Exchange rates decrease by 5%	**110,641**	81,195
GBP		
Exchange rates increase by 5%	**(668,858)**	(1,607,568)
Exchange rates decrease by 5%	**839,723**	1,776,786
USD		
Exchange rates increase by 5%	**-**	(7,434)
Exchange rates decrease by 5%	**-**	8,217

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flow. Interest income benefits do not accrue to members on cash and cash equivalent balances, hence interest rate risk is not applicable to these investments.

10B. LIQUIDITY RISK

Liquidity risk is the risk that the Scheme will not be able to meet their financial obligations as they fall due. The risk arises where there is a mismatch between the maturity profile of investments and the amounts required to pay withdrawals. The Scheme will generally retain sufficient cash and cash equivalent balances to satisfy accrued expenses that may fall due. If required, withdrawals from the Scheme are managed by redeeming investments in underlying funds sufficient to meet the liability of the Scheme. The underlying funds invested into by the Scheme are daily dealing and have 3 day settlement terms. Monies received from member applications may be used to offset member withdrawals.

10C. CREDIT RISK

Credit risk represents the risk that counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Scheme to incur a financial loss. Financial instruments that subject the Scheme to credit risk are cash and cash equivalents and other receivables.

With respect to credit risk arising from the financial assets of the Scheme, the Scheme's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statements of Net Assets. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Settlement risk is the risk of loss due to the failure of an entity to deliver cash, securities or other assets as contractually agreed. The Scheme's activities may give rise to settlement risk at the time of transactions. The majority of transactions are carried out by a broker which mitigates settlement risk by ensuring that the transaction is settled only when both parties have fulfilled their contractual obligations.

The Scheme's cash and cash equivalents balances are held with banks registered in New Zealand which carry a minimum short term credit rating of AA- (Standard & Poor's) (2018: AA-).

At 30 September 2019 and 30 September 2018, all cash and cash equivalents are held with counterparties with high credit ratings and all financial instruments measured at amortised cost are short-term in nature (i.e. no longer than 12 months) and of high credit quality. The Manager considers the probability of default to be close to zero as the counterparties have strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECLs as any such impairment would be wholly insignificant to the Scheme.

As at 30 September 2019 there were no financial assets past due or impaired (30 September 2018: nil).

11. CONTINGENT LIABILITIES & COMMITMENTS

The Scheme has no material commitments or material contingencies at 30 September 2019 (30 September 2018: nil).

12. EVENTS SUBSEQUENT TO BALANCE DATE

There are no significant events that have occurred after the Statements of Net Assets date that require recognition or additional disclosure in these financial statements.