

Craigs Superannuation Scheme

**Financial Statements
For the year ended 31 March 2021**

Craigs Superannuation Scheme

Statement of Changes in Net Assets

for the year ended 31 March 2021

	Note	2021	2020
INVESTMENT ACTIVITIES			
Investment Income			
Dividend income		1,441,875	1,258,091
Interest income		18,027	202,239
Net foreign exchange gain/(loss) (excluding investment assets)		(299,584)	1,475,594
Net changes in fair value of investment assets		25,375,493	(2,191,321)
Net investment income		26,535,811	744,603
Expenses			
Brokerage fees	10(a)	442,832	486,680
Management fees	10(c)	1,051,478	765,620
Audit fees - audit of financial statements	10(d)	9,056	9,056
- other assurance services (register audit)	10(d)	2,174	2,113
Other operating expenses	10(d)	13,443	14,251
Total expenses		1,518,983	1,277,720
Net profit before membership activities		25,016,828	(533,117)
Taxation expense	4	800,856	1,040,978
Net profit before membership activities after tax		24,215,972	(1,574,095)
MEMBERSHIP ACTIVITIES			
Contributions received from members		49,283,468	58,974,424
Payments to members			
Transfers to other schemes		42,450	311,979
Serious Illness		-	-
Deaths		1,526	679,947
Withdrawals		18,806,294	13,382,682
Total payments		18,850,270	14,374,608
Net membership activities		30,433,198	44,599,816
Net increase in Net Assets during the period		54,649,170	43,025,721
Net assets available for benefits at the beginning of the period		130,011,049	86,985,328
Net assets available for benefits at the end of the period		184,660,219	130,011,049

Please read in conjunction with the attached notes set out on pages 5 to 16.

Craigs Superannuation Scheme Statement of Net Assets

as at 31 March 2021

	Note	2021	2020
Assets			
Cash and cash equivalents	5	26,762,357	26,863,584
Other receivables	3	2,695	853
Investment assets	6	158,178,418	104,404,051
Total assets		<u>184,943,470</u>	<u>131,268,488</u>
Liabilities			
Related party payable	10	206,097	355,566
Tax payable		77,154	901,873
Total liabilities		<u>283,251</u>	<u>1,257,439</u>
Net assets available for benefits		<u>184,660,219</u>	<u>130,011,049</u>
Members' funds	9	<u>184,660,219</u>	<u>130,011,049</u>

On behalf of Craigs Investment Partners Superannuation Management Limited who authorised the issue of these financial statements on 17 June 2021.



Director:

Date: 17 June 2021



Director:

Date: 17 June 2021

Please read in conjunction with the attached notes set out on pages 5 to 16.

Craigs Superannuation Scheme

Statement of Cash Flows

for the year ended 31 March 2021

	Note	2021	2020
Cash flows from operating activities			
Dividends and/or distributions received		1,441,875	1,258,091
Interest received		18,027	213,522
Sales of investment assets		14,513,675	10,166,700
Purchases of investment assets		(42,912,549)	(51,067,124)
Income taxes paid		(1,627,417)	(187,484)
Other operating expenses paid		(1,668,452)	(1,077,966)
Net cash flows from operating activities	7	(30,234,841)	(40,694,261)
Cash flows from financing activities			
Proceeds from contributions by members		49,283,468	58,974,424
Payments for withdrawals by members		(18,850,270)	(14,374,608)
Net cash flows from financing activities		30,433,198	44,599,816
Net increase /(decrease) in cash and cash equivalents		198,357	3,905,555
Cash and cash equivalents at the beginning of the period		26,863,584	21,482,435
Effect of exchange rate fluctuations on cash held		(299,584)	1,475,594
Cash and cash equivalents at the end of the period	5	26,762,357	26,863,584

Please read in conjunction with the attached notes set out on pages 5 to 16.

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

1. General Information

(a) Reporting Entity

These financial statements are for the Craigs Superannuation Scheme (the “Scheme”).

The Scheme was established under a Trust Deed dated 6 December 2016 and subsequently amended on 7 July 2017. The Scheme is a defined contribution scheme. The Scheme invests in a variety of equities and unit trusts in order to gain direct and indirect exposure to cash, bonds, equity and property markets.

The Scheme is registered under the Superannuation Schemes Act 1989 under the registration number SCH11748 (Superannuation Scheme). The financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

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

The Product Disclosure Statement for the Scheme was registered with the Companies Office on 15 March 2021.

The investment and administration activities of the Scheme are managed by Craigs Investment Partners Superannuation Management Limited (the “Manager”).

The New Zealand Guardian Trust Company Limited (the statutory trustee) is licenced under the Securities Trustees and Statutory Supervisors Act 2011.

The registered office of the Manager of the Scheme is 158 Cameron Road, Tauranga, New Zealand. The Scheme is domiciled in New Zealand.

(b) Statement of compliance

The financial statements have been prepared by the Manager in accordance with the Trust Deed, the Financial Reporting Act 2013, the Financial Markets Conduct Act 2013, the Superannuation Schemes Act 1989 and New Zealand Generally Accepted Accounting Practice (“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 also comply with International Financial Reporting Standards (“IFRS”).

The financial statements are prepared for the year ended 31 March 2021.

The financial statements were authorised for issue by the directors of Craigs Investment Partners Superannuation Management Limited on 17 June 2021.

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

1. General Information (continued)

(c) Basis of preparation

The financial statements are presented in New Zealand dollars, which is the Scheme's functional currency. All values are rounded to the nearest dollar.

The impacts of COVID-19 were assessed during the preparation of the financial statements. These included assessing whether there were any indicators effecting the Scheme's ability to operate as a going concern. No such indicators were identified that would negatively influence the Scheme as a going concern.

Except where noted in specific accounting policies below, the financial statements are prepared on a fair value basis.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of COVID-19 and the resulting estimates due to these uncertainties are mainly related to fair value measurement (refer notes 6 and 8). There are no other significant estimates and judgements in preparing these financial statements.

Accounting policies have been applied consistently across all the financial periods presented in these financial statements.

2. Summary of significant accounting policies

(a) Investments

Recognition and derecognition

Investment assets are recognised on the date that the Scheme becomes party to the contractual agreement (trade date). Investment assets are derecognised when the contractual rights to the cash flows expire or the Scheme has transferred substantially all risks and rewards of ownership.

Measurement

The Scheme measures its investment assets on a fair value basis, and carries them at their fair value, with changes recognised in the Statement of Changes in Net Assets. Investment assets are designated as fair value through profit or loss on initial recognition. The fair value of investments is based on their quoted market prices at the reporting date using last trade prices.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such funds.

(b) Other financial assets and liabilities

Other financial assets and liabilities, including cash and cash equivalents, receivables and payables, are initially recognised at fair value and subsequently carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value.

For cash flow statement presentation purposes, cash and cash equivalents comprise current accounts with banks, members' fund held by the Trustee, demand deposits and bank overdrafts (if any). Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Other financial assets are classified as loans and receivables.

Other financial liabilities are classified as financial liabilities at amortised cost.



Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

2. Summary of significant accounting policies (continued)

(c) Foreign currency transactions

Investments and other monetary assets and liabilities denominated in foreign currencies are translated to New Zealand dollars at the exchange rate ruling at the reporting date. Transactions in foreign currencies are recorded at the exchange rate ruling on the day. Foreign exchange gains and losses on investment assets are recognised together with other net changes in the fair value of investment assets in the Statement of Changes in Net Assets.

(d) Investment income

Interest income is recognised in the Statement of Changes in Net Assets as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Income distributions from unit trusts are recognised in the Statement of Changes in Net Assets as dividend income on an entitlement basis. Dividends are recognised upon the securities applicable ex-date. Net changes in fair value of investment assets are recognised immediately in the Statement of Changes in Net Assets.

(e) Expenses

Expenses are recognised on an accrual basis.

(f) Net assets available for benefits

The net assets available for 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.

Issued units provide members with the right to require redemption for cash at the value proportionate to the members' share in the Scheme's net assets. These units are puttable instruments and are classified as equity as they meet all of the following criteria: (i) members are entitled to a pro rata share of the Scheme's net assets in the event of the Scheme's liquidation, (ii) apart from the contractual obligation of the issuer to redeem the instrument for cash or another financial asset, the instrument does not include contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions to the entity and (iii) the total expected cash flows attributable to the instrument over its life is based substantially on the profit or loss and changes in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the entity over the life of the instrument.

As members' contributions are received, they are held in trust by The New Zealand Guardian Trust Company Limited until the next trading day when they are transferred into the Scheme.

(g) New Standards and pronouncements relevant to the Scheme

There have been no new standards or pronouncements which have impacted the financial statements during the reporting period.

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

2. Summary of significant accounting policies (continued)

(h) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Goods and Services Tax ("GST")

The Scheme is not registered for GST. The Statement of Changes in Net Assets and the Statement of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statement of Net Assets are stated inclusive of GST.

3. Accounts receivable

	Note	2021	2020
Advance interest payments to closed members		669	593
Related party receivable	10(d)	2,026	260
		<u>2,695</u>	<u>853</u>

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

4. Taxation

Reconciliation of tax expense

	2021	2020
Profit for the period before taxation	25,016,828	(533,117)
Income tax using the Schemes tax rate of 28%	7,004,712	(149,273)
Non assessable (gains)/losses on investment assets	(6,027,283)	1,329,401
Foreign tax credits	(78,899)	(61,253)
Imputation credits	(97,674)	(77,897)
Taxation expense	800,856	1,040,978
<i>Represented by:</i>		
PIE tax paid	-	-
Current taxation	800,856	1,040,978
	800,856	1,040,978

Unrecognised deferred tax asset

There are no unrecognised deferred tax assets.

5. Cash and cash equivalents

	2021	2020
NZD cash at bank	2,393,722	4,404,913
AUD call account	538,081	513,314
GBP call account	22,596,041	20,675,065
USD call account	1,234,513	1,270,292
Total cash and cash equivalents	26,762,357	26,863,584

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

6. Investment assets

	2021	2020
NZ equities & listed unit trusts	14,539,387	8,193,774
Australian equities	10,087,133	5,219,952
Other international equities & listed unit trusts	78,256,708	52,247,575
NZ unlisted unit trusts (see note 10(a))	55,295,190	38,742,750
Total investment assets	158,178,418	104,404,051

The following investments exceeded 5% of the net assets available for benefits by the funds at 31 March 2021:

NZ unlisted unit trusts – QuayStreet Balanced Fund	9,589,910 5.19%	7,619,541 5.86%
NZ unlisted unit trusts – QuayStreet Fixed Interest Fund	15,555,774 8.42%	12,306,890 9.47%
NZ unlisted unit trusts – QuayStreet Growth Fund	9,700,514 5.25%	5,492,793 4.22%
Other international equities & listed unit trusts - JPMorgan American Investment Trust plc	9,824,096 5.32%	6,295,484 4.84%

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

31 March 2021	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss:				
Listed equities and unit trusts	102,883,228	-	-	102,883,228
Unlisted NZ unit trusts	-	55,295,190	-	55,295,190
NZ fixed interest securities	-	-	-	-
Total	102,883,228	55,295,190	-	158,178,418

31 March 2020	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss:				
Listed equities and unit trusts	65,661,301	-	-	65,661,301
Unlisted NZ unit trusts	-	38,742,750	-	38,742,750
NZ fixed interest securities	-	-	-	-
Total	65,661,301	38,742,750	-	104,404,051

There have been no changes to the fair value hierarchy classification of investments as a result of the impact of COVID-19 and the levels remains as disclosed above.

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

7. Reconciliation of net profit to net cash flows from operating activities

	2021	2020
Net profit/(loss) before membership activities after tax	24,215,972	(1,574,095)
<i>Non-cash items</i>		
Unrealised change in fair value	(24,717,540)	3,366,359
Foreign exchange losses/(gains)	299,584	(1,475,594)
<i>Movement in operating balances</i>		
Accounts payable and accruals	(149,469)	199,754
Accrued interest on term deposits	-	11,283
Accounts receivable	(1,842)	205
Taxation receivable/payable	(824,719)	853,289
Investment assets	(29,056,827)	(42,075,462)
Net cash flows from operating activities	<u>(30,234,841)</u>	<u>(40,694,261)</u>

8. Financial risk management

The Scheme's investment portfolio consists of investments in listed and unlisted unit trusts, equity securities and cash that it intends to hold for an indefinite period of time. Through the holding of these investments, the Scheme is exposed directly and also indirectly to a variety of financial risks including: credit, foreign exchange, interest rate, market price and liquidity risks. The risk management policies employed by the Scheme are discussed in the notes below.

Financial instruments of the Scheme comprise of investments in financial assets for the purpose of generating a return on investment made by members. In addition, the Scheme may have financial assets and liabilities in the form of cash and cash equivalents, receivables, and accounts payable and accrued expenses, which arise directly from its daily operations.

The Trust Deed requires the Manager to invest the Scheme's assets in accordance with relevant investment mandates. Asset allocation is determined by the Manager who manages the distribution of assets to achieve investment objectives. Divergence from target allocations and the composition of the portfolio is monitored by the Manager on a daily basis. The Manager reports on asset allocations to the Trustee on a monthly basis.

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

8. Financial risk management (continued)

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. The maximum credit risk is considered to be the carrying value of the assets set out in the Statement of Net Assets.

Where the Scheme invests in unit trusts managed by the related entity QuayStreet Asset Management Limited the investment strategies of these unit trusts ensure an appropriate diversification of investments so that the Scheme indirectly has no significant concentrations of counterparty or credit risk.

Cash and cash equivalents are held via a related entity, CIP Cash Management Nominees Limited in call and short term deposits with the ANZ Bank New Zealand Limited. CIP Cash Management Nominees Limited act as an agent. The credit rating of ANZ Bank New Zealand Limited is AA- according to Standard & Pools.

The credit risk disclosures have been prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held indirectly through unit trusts. Consequently the disclosure of credit risk in the notes does not fully represent the true credit risk profile of the Scheme.

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Scheme is directly exposed to foreign exchange risk as a result of its investments in foreign currencies.

The Scheme is indirectly exposed to foreign exchange risk as a result of investments in unit trusts, which in turn invest in financial instruments denominated in foreign currencies.

The foreign exchange risk disclosures have been prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held indirectly through unit trusts. As noted above, the Scheme's direct exposures are currently limited to their direct investment in international equity securities and cash held in foreign currencies. Consequently, the disclosure of foreign currency risk does not fully describe the true currency risk profile of the Scheme where the Scheme has significant investments in unit trusts, which also have exposure to the foreign currency markets.

In accordance with the Scheme's investment policy, the Manager monitors the Scheme's currency position on a regular basis through reviewing the Scheme's indirect foreign currency exposure.

The table below indicates the currencies to which the Scheme had significant exposure as at the end of the period. The table shows the effect of a reasonably possible movement in the foreign currency rate against the New Zealand Dollar on the Statement of Changes in Net Assets.

	Change against NZ (\$)	2021	2020
Australian Dollar	5%	531,261	286,663
Great British Pound	5%	3,193,168	2,351,110
US Dollar	5%	1,911,196	1,358,537

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

8. Financial risk management (continued)

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Scheme's interest bearing financial assets expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

Except for cash and cash equivalents, the majority of the Scheme's financial assets and liabilities are non-interest bearing. As a result, the Scheme is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

Cash and cash equivalents are held in a call account and receive the prevailing bank interest rate on credit balances. The weighted average interest rate on cash and cash equivalents as at 31 March 2021 was 0.07% (2020: 0.78%).

The interest rate risk disclosures have been prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held in unit trusts. Consequently the disclosure of interest rate risk in the notes does not fully represent the true interest rate risk profile of the Scheme.

The following table demonstrates the sensitivity of the Scheme's Statement of Changes in Net Assets and increase/(decrease) in the net asset value of the Scheme to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the Statement of Changes in Net Assets is the effect of the assumed changes in interest rates on changes in fair value of investments, based on revaluing the floating rate financial assets at 31 March:

	Change in interest rate %	2021	2020
Change in interest income for one year based on floating rate financial assets	1%	16,848	113,618

(d) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities. The Scheme is exposed to daily cash redemptions of members' funds. Accordingly, all material investments are readily convertible to cash in normal market conditions. Investments in unit trusts are redeemable on demand. The redemption amount is set at the net tangible asset value of each unit, which is set regularly.

Accounts payable have no contractual maturity date, but are typically settled within 30 days or within the timeframe as set out in the Trust Deed.

In accordance with the Scheme's investment policy, the Manager monitors the Scheme's liquidity position through the regular review of cash flow information, which highlights current and known future levels of redemptions.

The Scheme has not experienced a higher number of client withdrawals as a result of COVID-19 nor have further withdrawal restrictions been imposed on members, other than those which continue to be required under the Superannuation Schemes Act 1989. The Scheme remains appropriately liquid, having considered the liquidity of the underlying investments and level of potential withdrawals.

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

8. Financial risk management (continued)

(e) Market price risk

Market price risk is the risk that the value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices.

Of the investments in unlisted unit trusts that the Scheme holds, the majority are managed by the related entity, QuayStreet Asset Management Limited. These unit trusts invest in financial instruments, taking positions in traded and over-the-counter instruments to take advantage of short-term market movements in the bond, equity and property markets.

All securities held within these unit trusts present a risk of loss of capital. The Manager of these unit trusts moderates this risk through careful selection of securities and other financial instruments within specific limits.

Market price risk is managed directly by the Manager by ensuring that all activities are transacted in accordance with relevant investment mandates, overall investment strategy and within approved limits. The Manager monitors the overall market positions of the Scheme and underlying unit trusts on a regular basis.

The following table demonstrates the sensitivity of the Scheme's Statement of Changes in Net Assets and increase/(decrease) in the net asset value of the Scheme to a reasonably possible change in the prices of the underlying listed equity securities or unit trusts, with all other variables held constant. The sensitivity of the Statement of Changes in Net Assets is the effect of the assumed changes in the prices of the underlying listed equity securities or unit trusts on changes in fair value of investments at 31 March:

	Change in price %	2021	2020
Change in fair value of investments	5%	7,908,921	5,220,203

Following the impact of COVID-19 and the resulting volatility in financial markets the Manager has reviewed this price risk sensitivity analysis and at the date of this report believe the price range sensitivity remains appropriate.

9. Members' funds

The Scheme's capital is represented by members' funds. The Scheme's objectives when managing capital are to provide returns for members through both capital growth and income. The Scheme does this by investing in accordance with its investment policy. Investment decisions are guided by the mandate included in the investment statement and prospectus.

The Scheme strives to invest the members' funds in investments that meet the Scheme's objectives while maintaining sufficient liquidity to meet members' redemptions.

The Scheme does not have any externally imposed capital requirements. Members' funds may be redeemed on dates as the Manager shall from time to time determine, subject to any restrictions imposed by the Superannuation Schemes Act 1989.

Expected cash outflow cannot be reliably estimated given that the Scheme does not have sufficient historical redemption rates to predict the expected outflow profile.

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

10. Related party transactions

(a) Nature of Relationships

Craigs Investment Partners Superannuation Management Limited is the Manager of the Scheme.

Craigs Investment Partners Limited, parent company of the Manager, effects trades on behalf of the Scheme and collects brokerage. For the period ended 31 March 2021 the brokerage fees amounted to \$442,832 (2020: \$486,680). As at 31 March 2021 \$55,230 was payable to the Manager (2020: \$39,743).

The Scheme invests into the unit trusts managed by QuayStreet Asset Management Limited (referred to as the "underlying investment entities"). The Trustee of the Scheme is also trustee of the underlying investment entities. The Trustee of the Scheme and associated companies of the Manager of the Scheme receive fees from the underlying investment entities. However, the fees which both the Manager (including associated entities) and Trustee receive from the Scheme are reduced by the fees received from the underlying investment entities. There is no cumulative effect of fees charged by the Scheme and the underlying investment entities.

(b) Transactions with the Manager

All related party transactions are conducted on commercial terms and conditions.

(c) Management fees

Under the terms of the Trust Deed, the Manager is entitled to receive management fees, calculated by reference to the daily gross asset value of the Scheme and is inclusive of the trustee fee of \$81,106 (2020: \$61,119) and Citibank N.A fee. Fees paid directly for the period are disclosed in the Statement of Changes in Net Assets as \$1,051,478 (2020: \$765,620). As at 31 March 2021 \$101,126 was recognised as payable to the Manager in the Statement of Net Assets (2020: \$71,508). The Manager is entitled to receive up to 1.25% of the value of all member accounts per annum of the gross asset value of the Scheme, determined upon each valuation day.

Craigs Investment Partners Limited, the parent company of the Manager, received fees of \$439,248 (2020: \$329,409) via the QuayStreet Funds from members of this Scheme on behalf of the Manager. Fees are deducted by the cancellation of investment units in the underlying unit trusts. These fees are reflected in the change in fair value of investment assets in the Statement of Changes in Net Assets.

(d) Reimbursement of expenses

The Manager reimburses the Scheme for bank charges. For the year ended 31 March 2021 this was \$14,327 (2020: \$16,134). As at 31 March 2021, \$2,026 (2020: \$260) remained outstanding.

Under the terms of the Trust Deed, the Manager and the Trustee are entitled to be reimbursed for expenses such as audit fees, legal fees and postage expenses. For the year ended 31 March 2021 these were \$24,673 (2020: \$16,364). These expenses have been charged to the Scheme and are reflected in the accounts payable and accruals of the Scheme. As at 31 March 2021 the Scheme had a payable to the Manager for other payables of \$49,741 (2020: \$244,315).

Where the actual expenses paid by the Manager are higher than those charged to the Scheme, the Manager is able to carry amounts forward to be recovered in future periods. As at 31 March 2021, there was no carry-forward amount owing to the Manager (2020: nil).

Craigs Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2021

10. Related party transactions (continued)

(e) Directors interests

Directors and key management personnel of the Manager, Craigs Investments Partners Superannuation Management Limited, along with their families and other prescribed interests have investment holdings of \$358,664 as at 31 March 2021 (2020: \$284,701), and during the period made no contributions to (2020: Nil) and no withdrawals from (2020: Nil) the Scheme. These related party transactions are conducted on standard commercial terms and conditions.

11. Subsequent Events

No significant events have occurred since the end of the reporting period which would impact on the Statement of Net Assets as at 31 March 2021 or on the results and cash flows of the Scheme for the year ended on that date.



Independent Auditor's Report

To the members of Craigs Superannuation Scheme

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of Craigs Superannuation Scheme (the 'scheme') on pages 2 to 16:

- i. present fairly in all material respects the scheme's financial position as at 31 March 2021 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of net assets as at 31 March 2021;
- the statement of changes in net assets and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Our firm has also provided other services to the scheme in relation to taxation and other assurance services. Subject to certain restrictions, partners and employees of our firm may also deal with the scheme on normal terms within the ordinary course of trading activities of the business of the scheme. These matters 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 in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the members as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

As disclosed in Note 6 of the Financial Statements, the Scheme has investment assets of \$158.1 million.

Investments are the Scheme's main assets, and existence and valuation of these investments is the most important aspect of preparing the financial statements.

As described in Note 6, the Schemes investments include:

- Listed equities;
- Listed unit trusts;
- Unlisted unit trusts; and
- Fixed interest securities.

The investment portfolio in total, due to its materiality in the context of the financial statements as a whole, is our most significant area of audit focus.

Our audit procedures included:

- Documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the custodian by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- Agreeing the valuation of listed equities, listed unit trusts and fixed interest securities to independent third-party confirmations;
- Agreeing the valuation of unlisted unit trusts to the redemption value per unit as reported by the individual Fund Managers;
- For cash accounts and term deposits, agreeing the closing book value to bank confirmations; and
- Consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available.

We did not identify any material differences from our procedures.



Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent 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 members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Manager for the financial statements

The Manager, on behalf of the scheme, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- 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 independent 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 NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Keaney.

For and on behalf of

KPMG

Tauranga

17th June 2021