

Craigs Investment Partners Superannuation Scheme

**Financial Statements
For the year ended 31 March 2018**

Craigs Investment Partners Superannuation Scheme

Statement of Changes in Net Assets

for the year ended 31 March 2018

	Note	2018	2017
INVESTMENT ACTIVITIES			
Investment Income			
Dividend and/or distribution income		4,109,408	3,968,885
Interest income		229,145	275,040
Net foreign exchange gain/(loss) (excluding investment assets)		1,611,102	(3,925,019)
Net changes in fair value of investment assets	3	19,903,997	14,596,435
Net investment income		25,853,652	14,915,341
Expenses			
Brokerage fees	10(a)	386,665	578,353
Management fees	10(c)	1,845,875	1,668,252
Audit fees - audit of financial statements	10(d)	8,500	8,500
- other assurance services (register audits)	10(d)	2,171	2,083
- other assurance services (trustee reporting and prospectus)	10(d)	-	4,905
Other operating expenses	10(d)	1,266	144,510
Total expenses		2,244,477	2,406,603
Net profit before membership activities		23,609,175	12,508,738
Taxation expense	4	2,300,157	616,778
Net profit before membership activities after tax		21,309,018	11,891,960
MEMBERSHIP ACTIVITIES			
Contributions received from members		1,664,962	39,105,218
Payments to members			
Transfers to other schemes		1,692,079	454,926
Death		-	182,945
Hardship		8,000	4,757
Court Order		21,523	-
Serious Illness		812,631	33,288
Withdrawals		39,601,305	8,964,463
Insurance premiums		178,893	193,893
Total payments		42,314,431	9,834,272
Net membership activities		(40,649,469)	29,270,946
Net increase/(decrease) in Net Assets during the year		(19,340,451)	41,162,906
Net assets available for benefits at the beginning of the year		287,066,570	245,903,664
Net assets available for benefits at the end of the year		267,726,119	287,066,570

Please read in conjunction with the attached notes set out on pages 5 to 15.



Craigs Investment Partners Superannuation Scheme
Statement of Net Assets
as at 31 March 2018

	Note	2018	2017
Assets			
Cash and cash equivalents	5	28,563,975	40,112,703
Accrued interest		2,284	9,480
Tax receivable		-	417,584
Investment assets	6	240,207,180	247,121,798
Total assets		<u>268,773,439</u>	<u>287,661,565</u>
Liabilities			
Accounts payable and accruals	10(d)	493,365	594,995
Tax payable		553,955	-
Total liabilities		<u>1,047,320</u>	<u>594,995</u>
Net assets available for benefits		<u>267,726,119</u>	<u>287,066,570</u>
Members' funds	9	<u>267,726,119</u>	<u>287,066,570</u>

On behalf of The New Zealand Guardian Trust Company Limited as Trustee who authorise the issue of these financial statements on 6 July 2018.

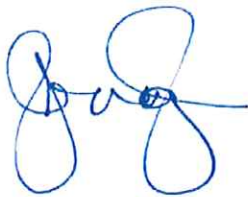
Director:



Date: 6/7/18



Director:



Date: 6/7/18

Please read in conjunction with the attached notes set out on pages 5 to 15.

Craigs Investment Partners Superannuation Scheme

Statement of Cash Flows

for the year ended 31 March 2018

	Note	2018	2017
Cash flows from operating activities			
Dividends and/or distributions received		4,109,408	3,968,885
Interest received		236,341	284,905
Sales of investment assets		53,140,948	27,835,451
Purchases of investment assets		(26,322,332)	(55,776,963)
Incomes taxes paid		(1,328,618)	(1,922,939)
Other operating expenses paid		(2,346,107)	(2,246,484)
Net cash flows from operating activities	7	27,489,640	(27,857,145)
Cash flows from financing activities			
Proceeds from contributions by members		1,664,962	39,105,218
Payments for withdrawals by members		(42,314,432)	(9,834,272)
Net cash flows from financing activities		(40,649,470)	29,270,946
Net increase /(decrease) in cash and cash equivalents		(13,159,830)	1,413,801
Cash and cash equivalents at the beginning of the year		40,112,703	42,623,921
Effect of exchange rate fluctuations on cash held		1,611,102	(3,925,019)
Cash and cash equivalents at the end of the year	5	28,563,975	40,112,703



Please read in conjunction with the attached notes set out on pages 5 to 15.

Craigs Investment Partners Superannuation Scheme

Notes to the Financial Statements

for the year ended 31 March 2018

1. General Information

(a) Reporting Entity

These financial statements are for the Craigs Investment Partners Superannuation Scheme (the "scheme").

The scheme was established under a Trust Deed dated 18 December 2006 under an umbrella Trust Deed. The umbrella Trust Deed was rescinded on 21 September 2012 and a new Trust Deed was established on 21 September 2012 which was subject to an amendment on 19 October 2012 and 8 September 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 was registered under the Superannuation Schemes Act 1989 under the registration number AS/16422 (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.

On 30 November 2016, the Scheme transitioned from the Securities Act 1978 to the Financial Markets Conduct Act 2013. Following this transition the Scheme has been closed to new members. The Scheme is governed by an amended and restated Trust Deed dated 29 November 2016 which was subject to an amendment dated 8 September 2017.

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 Financial Markets Supervisors Act 2011.

The New Zealand Guardian Trust Company Limited has appointed Citibank N.A. as custodian for certain assets.

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 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 2018.

The financial statements were authorised for issue by the directors of the Trustee on 6 July 2018.



Craigs Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

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.

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. There are no significant estimates and judgements in preparing these financial statements.

The 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 Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

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 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.

Members' interests provide members with the right to require redemption for cash at the value equal to the members' share in the scheme's net assets. These interests are puttable instruments and are classified as equity as they meet all of the following criteria: (i) members are entitled to their 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 interpretations not yet adopted

The following new standard has been issued, but is not effective for the current period and has not been early adopted. The entity does not plan to early adopt this standard and it is not expected to have any significant impact on the financial statements for the Scheme.

- NZ IFRS 9 Financial Instruments effective for period ended 31 March 2019. This standard introduces new requirements for the classification and measurement of financial assets based on the business model in which they are held and the characteristics of their contractual cash flows.



Craigs Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

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. Net changes in fair value of investment assets

	2018	2017
Realised change in fair value	3,299,423	55,265
Unrealised change in fair value	16,604,574	14,541,170
Net changes in fair value of investment assets	19,903,997	14,596,435



Craigs Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

4. Taxation

	2018	2017
Reconciliation of tax expense		
Profit for the year before taxation	23,609,175	12,508,738
Income tax using the schemes tax rate of 28%	6,610,569	3,502,447
Non assessable (gains)/losses on investment assets	(3,767,740)	(2,748,719)
Recognition of previously unrecognised tax losses	(142,110)	-
Foreign tax credits	(253,291)	-
Imputation credits	(147,271)	(136,950)
Taxation expense	2,300,157	616,778
<i>Represented by:</i>		
Tax paid	857,635	758,888
Current taxation	1,442,522	(142,110)
	2,300,157	616,778

Unrecognised deferred tax asset

Deferred tax assets have not been recognised in respect of the following items:

	2018	2017
Opening balance 1 April	142,110	-
Prior period adjustment for unrecognised tax losses	-	-
Current year tax losses	-	142,110
Recognition of previously unrecognised tax losses	(142,110)	-
Closing balance 31 March	-	142,110

Tax losses relate to foreign currency translation losses on financial arrangements. Deferred tax assets have not been recognised in respect of these losses.

5. Cash and cash equivalents

	2018	2017
Members' Funds held by Trustee	72,497	82,512
NZD cash at bank	8,161,961	8,987,136
AUD call account	387,692	413,819
GBP call account	16,457,911	26,164,504
USD call account	3,275,914	3,779,732
NZD term deposit	208,000	685,000
Total cash and cash equivalents	28,563,975	40,112,703

Members' funds held by Trustee represent member contributions which are being held by the Trustee in a separate bank account until the next trading day.



Craigs Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

6. Investment assets

	2018	2017
NZ equities & listed unit trusts	12,645,496	14,509,430
Austalian equities & unlisted unit trusts	7,260,462	10,049,144
Other international equities & listed unit trusts	116,495,432	119,160,095
NZ unlisted unit trusts (see note 10(a))	103,454,596	99,964,175
NZ Fixed Interest	351,194	3,438,954
Total investment assets	240,207,180	247,121,798

The following direct investments exceeded 5% of the net assets available for benefits by the funds at 31 March 2018:

QuayStreet Funds – Balanced Fund	36,084,297 13.5%	35,918,382 12.5%
QuayStreet Funds – Growth Fund	17,975,954 6.7%	16,302,995 5.7%

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 2018	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss:				
Listed equities and unit trusts	136,401,389	-	-	136,401,389
Unlisted NZ unit trusts	-	103,454,597	-	103,454,597
NZ fixed interest securities	226,480	124,714	-	351,194
Total	136,627,869	103,579,311	-	240,207,180
31 March 2017	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss:				
Listed equities and unit trusts	143,718,669	-	-	143,718,669
Unlisted NZ unit trusts	-	99,964,175	-	99,964,175
NZ fixed interest securities	2,052,997	1,385,957	-	3,438,954
Total	145,771,666	101,350,132	-	247,121,798



Craig's Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

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

	Note	2018	2017
Net profit/(loss) before membership activities after tax		21,309,018	11,891,960
<i>Non-cash items</i>			
Unrealised change in fair value	3	(16,604,574)	(14,541,170)
Accrued interest on term deposits		7,196	(10,129)
Foreign exchange losses/(gains)		(1,611,102)	3,925,019
<i>Movement in operating balances</i>			
Deferred tax asset		-	-
Accounts payable and accruals		(101,630)	160,118
Taxation receivable/payable		971,539	(1,113,758)
Investment assets		23,519,193	(28,169,185)
Net cash flows from operating activities		27,489,640	(27,857,145)

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. The Scheme provides members the flexibility to build a portfolio of investments from an extensive list of Investment Options to suit their risk profile and investment objectives. The manager reports on investments to the Trustee on a monthly basis.

(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, as set out in Note 6, 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 were 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. From November 2016 these are now held directly with the ANZ Bank New Zealand Limited. The credit rating of ANZ Bank New Zealand Limited is AA- according to Standard & Poors.

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.

Craigs Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

8. Financial risk management (continued)

(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 year. 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 (\$)	2018	2017
Australian Dollar	5%	382,408	523,148
Great British Pound	5%	4,231,162	4,879,186
US Dollar	5%	2,580,301	2,576,031



Craigs Investment Partners Superannuation Scheme Notes to the Financial Statements (continued)

for the year ended 31 March 2018

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 2018 was 0.46% (2017: 0.35%).

Short-term deposits are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited. The weighted average interest rate on short-term deposits was 3.6% as at 31 March 2018 (2017: 3.6%).

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 %	2018	2017
Change in interest income for one year based on floating rate financial assets	1%	498,141	785,828

(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.



Craigs Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

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.

The scheme holds the majority of its investments in unlisted unit trusts 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 %	2018	2017
Change in fair value of investments	5%	13,434,933	14,357,599

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 last 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 Financial Markets Conduct Act 2013.

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 Investment Partners Superannuation Scheme

Notes to the Financial Statements (continued)

for the year ended 31 March 2018

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 year ended 31 March 2018 the brokerage fees amounted to \$386,665 (2017: \$578,353).

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 \$146,634 (2017: \$211,387) and Citibank N.A. custody fee. Fees paid directly for the period are disclosed in the Statement of Changes in Net Assets as \$1,845,875 (2017: \$1,668,252). 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 \$974,352 (2017: \$874,917) 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

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 2018 these were \$11,937 (2017: \$159,998). These expenses have been charged to the scheme and reflected in the accounts payable and accruals of the scheme.

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 2018, there was no carry-forward amount owing to the manager (2017: \$Nil).

(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 \$376,442 (2017: \$309,718) in the Scheme. There have been no contributions or withdrawals in the current year. 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 2018 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 Investment Partners Superannuation Scheme

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Craigs Investment Partners Superannuation Scheme (the Scheme) on pages 2 to 15:

- i. Present fairly in all material respects the Scheme's financial position as at 31 March 2018 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.

We have audited the accompanying financial statements which comprise:

- The statement of net assets as at 31 March 2018;
- The statements 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 (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 (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.



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);
- 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-6/>

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

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

For and on behalf of



Tauranga

6 July 2018