

ASCOT

FINANCIAL STATEMENTS

For the year ended 31 March 2016



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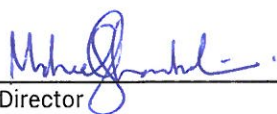


Statement of net assets
as at 31 March 2016

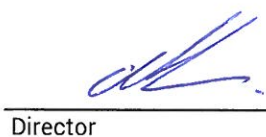
	Note	31 March 2016 \$	31 March 2015 \$
Current assets			
Cash and cash equivalent		158	768
Cash and cash equivalent - foreign currency account		25	193,852
Investments	8	28,086,995	22,600,602
Taxation receivable	15	14,471	123,020
Total assets		28,101,649	22,918,242
Current liabilities			
Sundry creditors		(20,092)	(129,256)
Total liabilities		(20,092)	(129,256)
Total net assets available for benefits to members		28,081,557	22,788,986
Liability for benefits		28,081,557	22,788,986

The Trustee of Ascot authorised these financial statements for issue on 8 June 2016.

For and on behalf of MCA Trustee Limited:



Director



Director

	Note	31 March 2016 \$	31 March 2015 \$
Investment activities			
Realised/unrealised change in fair value of investments	14	1,371,948	1,313,303
Interest income	12	126	524
Foreign currency gain		16	9
Total net investment income		1,372,090	1,313,836
Administration fees	4	(51,693)	(200,344)
Other expenses	13	(17,611)	(11,319)
Total investment expenses		(69,304)	(211,663)
Investment income before taxation and membership		1,302,786	1,102,173
Income taxation benefit	15	14,439	55,962
Investment income after taxation and before membership		1,317,225	1,158,135
Membership activities			
Contributions received in respect of members		4,579,596	9,884,940
Less retirement benefits		(604,250)	(2,002,085)
Net membership activities		3,975,346	7,882,855
Increase in net assets during the year		5,292,571	9,040,990
Net assets available for benefits			
Opening balance		22,788,986	13,747,996
Increase in net assets during the year		5,292,571	9,040,990
Closing balance		28,081,557	22,788,986

The accompanying notes form an integral part of these financial statements.

	Note	31 March 2016 \$	31 March 2015 \$
Cash flows from operating activities			
Cash was provided by:			
- Sale of investments		635,639	1,852,049
- Contributions received from and in respect of members		4,579,596	9,884,940
- Foreign currency gains		16	9
- Taxation received		123,020	119,462
- Interest income received		126	524
		<u>5,338,397</u>	<u>11,856,984</u>
Cash was applied to:			
- Purchase of investments		(4,750,085)	(9,448,584)
- Withdrawal benefits paid		(604,250)	(2,002,085)
- Taxation paid		(33)	(168)
- Other expenses		(178,466)	(268,866)
		<u>(5,532,834)</u>	<u>(11,719,703)</u>
Net cash flows from operating activities	16	(194,437)	137,281
Opening cash brought forward		194,620	57,339
Closing cash carried forward		<u><u>183</u></u>	<u><u>194,620</u></u>

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements
for year ended 31 March 2016**1 General information**

Ascot (the "Scheme") is registered by the Financial Markets Authority under the Superannuation Schemes Act 1989 (AS/1882). The Scheme was established for the principal purpose of providing retirement benefits to members. The Scheme is also an approved Qualifying Recognised Overseas Pension Scheme ("QROPS") under the UK Finance Act 2004 (QROPS 503780) with effect from 14 April 2011 and facilitates the transfer of UK pension funds to the Scheme from approved UK pension schemes.

The Scheme is governed by a trust deed (the "Trust Deed"). The Trust Deed for Ascot was executed on 10 February 2011 and amended on 29 September 2014.

The Scheme is domiciled in New Zealand. The address of its principal place of business is 41 Charlotte Street, Eden Terrace, Auckland 1021.

MCA Trustee Limited (1142836), ("Trustee") is the trustee of the Scheme. The Trustee was incorporated on 8 June 2001 in New Zealand. It is a member of the Financial Dispute Resolution scheme and is registered as a financial service provider (FSP 43621) under the Financial Service Providers Act 2008 ("FSPA"). The holding company of the Trustee is Aventine Group Limited (896866), which was incorporated in New Zealand on 26 March 1998.

The Trustee is also the Scheme's investment manager ("Investment Manager") and invests the Scheme's asset in SuperLife superannuation scheme ("SLSS"(AS/1068)). SLSS is registered by the Financial Market Authority (FMA) under the Superannuation Schemes Act 1989. SLSS's investment manager is SuperLife Limited ("SLL"). SLL has appointed a range of external investment managers and advisers for SLSS. SLL together with the range of investment managers appointed by SLL are defined as "investment manager(s)".

SLL is the Scheme's manager ("Manager"). SLL (911713) was incorporated in Auckland, New Zealand on 16 June 1998, it is a member of the Financial Dispute Resolution scheme and is registered as a financial service provider (FSP 42464) under the FSPA. The Manager is a subsidiary of NZX Limited. The Manager is also the promoter of the Scheme. The Trustee appoints and removes the Manager. The Trustee is independent of NZX Limited. The directors of Aventine Group are also directors of the Manager and the Trustee.

Some of the assets of SLSS are invested in the exchange traded funds of Smartshares Limited ("Smartshares"). Smartshares is also a subsidiary of NZX Limited.

The registrar of the Scheme is SuperLife Limited ("Registrar"). The custodian for the assets of the Scheme is MCA Trustee Limited.

The auditor of the Scheme is PricewaterhouseCoopers ("Auditor"). The Auditor is independent of the Trustee, the Manager and the Investment Manager and is registered on the public register of licensed auditors and registered audit firms under the Auditor Regulation Act 2011 (AUD811) without any conditions.

Benefits are paid under clause 10 of the Trust Deed. Where benefits are payable they may be paid as a lump sum or as a series of withdrawals, as determined by the members.

2 Basis of preparation**Basis of measurement**

The measurement base adopted is that of historical cost, modified by the revaluation of financial instruments at fair values at balance date through profit or loss.

Notes to the financial statements
for year ended 31 March 2016

2 Basis of preparation (continued)

Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZGAAP"), the requirements of the Financial Reporting Act 2013 and the Superannuation Schemes Act 1989. They comply with New Zealand International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS"). The External Reporting Board Standard A1 Accounting Standards Framework (for-profit Entities Update) outlines which suite of accounting standard entities in different tiers must follow. The Scheme is a Tier 1 reporting entity.

Going concern

The financial statements have been prepared on a going concern basis. The Trustee is not aware of any material uncertainty that may cast significant doubt on the Scheme's ability to continue as a going concern.

Functional and presentation currency

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

Critical accounting judgements and estimates in the preparation of financial statements

In preparing the financial statements to conform with NZ IFRS, management is required to make certain estimates, judgements and assumptions that affect reported income, expenses, assets and liabilities. The key judgements required in preparing these financial statements relate to the fair value determination of financial instruments. Refer to Note 3: Significant accounting policies for details.

3 Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in these financial statements:

(a) Financial instruments

(i) Classification

The Scheme classifies its financial assets and financial liabilities into the following categories in accordance with NZ IAS 39: Financial instruments: Recognition and Measurement.

Financial assets and liabilities designated as at fair value through profit or loss at inception: This include investments. These financial instruments are not classified as held for trading but are managed and performance are evaluated on a fair value basis in accordance with the Scheme's investment strategy.

Loans and receivables: These include cash and cash equivalents and cash and cash equivalents - foreign currency accounts.

Financial liabilities at amortised cost: These represent amounts payable to service providers, members' benefits and other accruals. These are measured at amortised cost and called Sundry creditors in the Statement of net assets.

(ii) Recognition, derecognition and measurement

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date). Financial assets and financial liabilities held at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of changes in net assets.

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Recognition, derecognition and measurement (continued)

Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all of the risks and rewards of ownership.

Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial instruments designated at fair value through profit or loss are presented in the Statement of changes in net assets within realised/unrealised change in fair value of investment in the period in which they arise.

(iii) Determination of fair value - financial instruments

The Scheme's financial instruments' fair value are determined based on the value provided by the Scheme's investment manager largely based on observable market data.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of net asset, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Scheme or the counterparty.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Scheme's trading activities.

(b) Cash and cash equivalents

Cash and cash equivalents ("Cash") includes, in addition to cash at bank, negotiable instruments, demand deposits and other highly liquid investments in which the Scheme may invest as part of its day-to-day cash management. Cash does not include accounts receivable or payable, or any borrowings subject to a term facility, or cash held with the investment manager.

(c) Sundry debtors

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

Impaired assets are assets where the present value of expected future cash flows discounted at the effective interest rate is less than the carrying value. If an asset is impaired the asset is written down to its estimated recoverable amount. The estimated recoverable amount is calculated as the present value of expected future cash flows discounted at the effective interest rate, and an impairment loss is recognised in the Statement of changes in net asset.

(d) Sundry creditors

Sundry creditors include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These are initially measured at fair value and subsequently at amortised cost.

(e) Translation of foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date. Foreign exchange gains and losses arising from translation are included in the statement of changes in net assets.

Translation differences on non-monetary financial assets and liabilities such as financial assets held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

3 Significant accounting policies (continued)

(f) Interest income

Interest revenue relating to investments on which interest is earned is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable to the individual investment.

(g) Dividend income

Dividend income from investments is recognised when the Scheme's right to receive the payment is established which is the ex-dividend date.

(h) Realised/unrealised change in fair value of investments

This item includes changes in the fair value of financial assets and liabilities as "held at fair value through profit or loss" and excludes interest and dividend income and expenses.

(i) Fees and expenses

The Scheme incurs fees and expenses from a range of services it receives from various service providers, including reimbursable expenses allowed by the Trust Deed. Fees are accrued as services are rendered.

(j) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The Scheme invests in SLSS, a Portfolio Investment Entity. The investment income allocated to the Scheme by SLSS is tax paid income. The Prescribed Investor Rate of the Scheme is 28%. The Trustee of the Scheme can choose to transfer deductible expenses to SLSS, and has chosen to, which will reduce the tax liabilities of the Scheme as a member of SLSS.

(k) Liability for benefits

The Trustee calculates the liability for benefits as the Scheme's present obligation to pay benefits to members. The liability for benefits is the amount shown in the Statement of net assets and is classified as financial liability as the members can redeem their investment in the Scheme at any time for cash equal to a proportionate share of the Scheme's net asset value. The value attributable to members is the residual value of the assets of the Scheme after all other liabilities have been deducted. The Scheme's withdrawal value is based on the same valuation principles as those applied in the financial statements.

(l) Goods and Services Tax (GST)

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

Notes to the financial statements
for year ended 31 March 2016

3 Significant accounting policies (continued)

(m) Comparatives

Certain prior year comparatives have been reclassified to conform with current period reporting.

(n) Changes in accounting policies

There have been no significant changes in accounting policies during the period. All policies have been applied on bases consistent with those used in the prior year.

(o) New accounting standard adopted

There were no new accounting standards adopted during the year that have a material impact to the financial statements.

(p) New accounting standard not yet adopted

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the Scheme's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The Scheme intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

There are no other new standards, amendments to standards and interpretations that are expected to have a material effect on the financial statements.

(q) Contributions

Individual members invest in the Scheme by way of lump sum payments and/or regular savings as they choose.

(r) Withdrawals

Withdrawals are recognised when the Manager has confirmed the validity of the member's application and has verified the conditions required for withdrawal eligibility.

(s) Impairment of financial assets

The Trustee assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the financial statements
for year ended 31 March 2016

4 Related party transactions

Related party fees

The administration fee deducted under the Scheme is a fixed charge per member of \$60 per annum net of tax. This is paid to the Manager.

Pension transfer costs are also charged for the processing of transfers of superannuation funds from other jurisdictions to members' accounts in Ascot. The costs incorporate charges made to members by the Manager for work carried out by the Manager and by members' third party advisers as agreed with the members.

Details of the fees paid or payable by the Scheme to the Manager are as follows:

	31 March 2016	31 March 2015
	\$	\$
Administration fees - fixed dollars	17,833	14,890
Pension transfer costs	33,860	185,454
	<u>51,693</u>	<u>200,344</u>

The Scheme invests all its assets in SLSS. The investment options available to the members are those made available by SLSS. The Scheme is related to SLSS by way of common directors with the manager of SLSS. The Manager of the Scheme is also the manager of SLSS. Under SLSS, the Manager receives fees of 0.2% of assets per annum as asset administration fees. These fees are not paid by the Scheme to the Manager directly, the returns credited to the Scheme are net of these fees.

Fees deducted under SLSS from realised/unrealised change in fair value of investments are as follows:

	31 March 2016	31 March 2015
	\$	\$
Administration fees - percentage of assets	50,653	37,398

Investment manager fees

The Scheme invests all its assets in SLSS. The Scheme does not pay any investment manager fees in respect of these investments directly. The returns credited to the Scheme are net of all investment manager fees.

The estimated investment manager fees deducted from realised/unrealised change in fair value of investments by the related investment managers were:

	31 March 2016	31 March 2015
	\$	\$
SLSS	<u>18,238</u>	<u>16,776</u>

Other related party transactions

As at 31 March 2016, there is a balance payable of \$14,342 to the Manager (31 March 2015: \$123,506). A tax benefit for \$14,438 from expense transfer to SLSS is receivable from SLSS (31 March 2015: \$122,852).

During the period, the Scheme's net contributions/withdrawals to/from SLSS total \$4,132,041 (31 March 2015: \$7,612,771).

All related party balances are unsecured, and bear no interest.

Notes to the financial statements
for year ended 31 March 2016

5 Audit fees

For the financial year ended 31 March 2016, the audit fees of \$5,750 and registry audit fees of \$1,087 are paid or payable by the Scheme. The audit fees and registry audit fees for the financial year ended 31 March 2015 were \$5,750 and \$1,087 respectively.

6 Contingent liabilities and capital commitments

There are no material contingent liabilities or capital commitments as at 31 March 2016 (31 March 2015: Nil).

7 Subsequent events

Guy Elliffe and John Williams were appointed as directors of the Manager on 9 May 2016.

There have been no other material events after balance date that require adjustment to or disclosure in the financial statements.

8 Investments

The Scheme invests in investment funds set up by the investment manager. The available investment funds are Sector Funds, Managed Funds, ETF Funds and an Ethical Fund. The Sector Funds are the Cash Fund, the NZ Bonds Fund, the Overseas Bonds Fund, the Overseas Non-government Bonds Fund, the Property Fund, the NZ Shares Fund, the Australian Shares Fund, the Overseas Shares Currency Hedged Fund, the Overseas Shares (Unhedged) Fund, the Emerging Markets Fund, the Gemino Fund, the UK Cash Fund, the UK Income Fund and the UK Shares/Property Fund. The Managed Funds are SuperLife³⁰, SuperLife⁶⁰, SuperLife⁸⁰, SuperLife^{Income} and SuperLife¹⁰⁰. The Managed Funds invest in one or more Sector Funds in the proportions decided by the investment manager. These proportions may change from time to time at the discretion of the investment manager depending on its view of the current investment markets. There is only one Ethical Fund, Ethica. The ETF Funds are the Aust Resources ETF Fund, the Aust Midcap ETF Fund, the US Growth ETF Fund, the US Value ETF Fund, the US Midcap ETF Fund and the US Small ETF Fund. There are also a range of mixes of the Funds.

Investment in the UK Cash Fund is disclosed as Cash and cash equivalents - foreign currency accounts in the Statement of net assets as it meets the definition of cash and cash equivalent.

Investments by Fund represent investments in the Sector Funds, ETF Funds and Ethical Fund. The investments by Managed Fund have been broken down to the Sector Funds for these Financial Statements.

8 Investments (continued)

	31 March 2016	31 March 2015
	\$	\$
(a) Investments by Fund		
Cash	1,627,518	1,276,225
New Zealand bonds	844,584	761,678
Overseas bonds (formerly know as Overseas govt. bonds)	138,961	137,654
Overseas non-govt. bonds	377,202	357,282
Property	961,457	483,501
New Zealand shares	943,793	814,098
Australian shares	539,686	526,405
Overseas shares currency hedged	385,181	318,015
Overseas shares (unhedged)	1,266,902	1,020,657
Emerging markets	468,275	423,568
SuperLife ^{Income}	1,401,639	1,247,688
SuperLife ³⁰	4,631,116	3,841,398
SuperLife ⁶⁰	3,316,493	1,695,590
SuperLife ⁸⁰	1,653,212	186,594
SuperLife ¹⁰⁰ (formerly known as SuperLife Growth)	888,355	655,224
Ethica	943,643	502,943
Gemino	34,970	56,329
UK cash	5,955,700	6,117,323
UK income	326,273	327,975
UK shares/property (formerly known as UK Growth)	1,243,892	1,850,455
Australian MidCap ETF	10,745	-
Aust Resources ETF	68,979	-
US Midcap ETF	14,514	-
US Value ETF	14,965	-
US Small ETF	14,358	-
US Growth ETF	14,582	-
Total investments	28,086,995	22,600,602
(b) Investments by geographical location		
New Zealand	8,748,237	6,733,377
United Kingdom	6,756,910	8,682,626
United States of America	5,818,367	2,628,313
Australia	2,831,535	1,761,700
Europe	1,320,039	957,342
Rest of the world	2,611,907	1,837,244
Total investments	28,086,995	22,600,602

9 Financial risk and management objectives and policies**(a) Introduction**

The Scheme is directly and indirectly exposed to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk and credit risk arising from the financial instruments it holds. Risk is inherent in the Scheme's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Scheme's objective in managing risk is the protection of members' interests. The process of risk management is critical to the Scheme's continuing viability. It is also recognised that each member directly manage their own investment risk by the determination of their investment strategy and how their account balance is invested from the options available. The Trustee's role is to manage the investment risks within each of the investment options.

The Scheme is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of investment assets held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Scheme to transfer investment assets might be temporarily impaired.

(b) Risk management structure

The Scheme's investment manager is responsible for identifying and controlling risks relevant to its mandates. The Trustee oversees the investment manager and is ultimately responsible for the overall risk management approach within the Scheme.

(c) Risk measurement and reporting system

The risks are measured using a method that reflects the expected impact on the results and net assets available for benefits of the Scheme from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed in the respective risk categories below.

(d) Risk mitigation

The Scheme has investment guidelines that set out its overall strategies are set out in the Prospectus and are summarised in the Investment Statement.

(e) Market risk

Market risk is the risk of loss arising from exposure to interest rate risk, currency risk and equity price risk. The Scheme's disclosures have been prepared on the Scheme's direct holdings in SLSS and on a full look through basis to account for investments held indirectly through other managed funds.

Market risk is incurred by the Scheme through trading activities and the holding of financial instruments. A typical transaction may be exposed to a number of different market risks.

The Scheme is exposed to indirect market risks through its investments with SLSS.

(i) Interest rate risk

The Scheme is directly and indirectly exposed to interest rate risk as future interest rate movements will affect net current values of fixed interest assets. Interest rate risk management activities are undertaken by the investment managers in accordance with the investment mandates set by the Trustee. The intention is not necessarily to hold these assets to maturity but to realise and purchase similar assets as part of the ongoing management of the portfolio.

The Scheme is also directly and indirectly exposed to interest rate risk on its floating interest assets that exposes the Scheme to cash flow and interest rate risk.

9 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

The Scheme's total exposure to interest rate risks as at year end is as follows:

	31 March 2016	31 March 2015
	\$	\$
Direct exposure to interest rate risk		
Floating interest holdings	183	194,620
Indirect exposure to interest rate risk		
Fixed interest holdings	9,741,785	6,844,452
Floating interest holdings	5,955,700	6,568,366
	<u>15,697,668</u>	<u>13,607,438</u>

A 1% increase/decrease in the interest rate would have a total adverse/favourable impact on the value of the Scheme's net assets as follows:

	31 March 2016	31 March 2015
	\$	\$
Direct exposure to interest rate risk		
Floating interest holdings	-	-
Indirect exposure to interest rate risk		
Fixed interest holdings	394,766	272,046
Floating interest holdings	-	-
	<u>394,766</u>	<u>272,046</u>

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7: Financial Instruments Disclosures and the differences could be significant.

(ii) Currency risk

The Scheme has direct exposure to foreign exchange rate changes on the cash and cash equivalent - foreign currency account. It is also indirectly affect by the impact of foreign exchange changes on investments in the investment managers who are invested in non-New Zealand denominated securities.

The following table sets out the Scheme's exposure to currency risk as at the year end:

	31 March 2016	31 March 2015
	\$	\$
Direct exposure to currency risk		
United Kingdom (GBP)	25	193,852
Total foreign currency exposure	25	193,852
Total foreign currency hedging	-	-
Net foreign currency exposure	<u>25</u>	<u>193,852</u>

A 10% increase in the value of the New Zealand dollar would have an adverse impact on the value of the Scheme's net assets of \$2. A 10% decrease in the value of the New Zealand dollar would have an favourable impact on the value of the Scheme's net assets of \$3.

Notes to the financial statements
for year ended 31 March 2016

9 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(ii) Currency risk (continued)

As at 31 March 2015, the same analysis was performed under the assumption of 1% change in currency. A 1% increase in the value of the New Zealand dollar would have an adverse impact on the value of the Scheme's net assets of \$1,919. A 1% decrease in the value of the New Zealand dollar would have an favourable impact on the value of the Scheme's net assets of \$1,958.

	31 March 2016	31 March 2015
	\$	\$
Indirect exposure to currency risk		
Europe (EURO)	1,320,039	957,342
America (USD)	5,818,367	2,628,313
United Kingdom (GBP)	6,756,910	8,682,626
Australia (AUD)	2,831,535	1,761,700
Japan (YEN)	452,543	389,756
China (YUAN)	159,164	110,780
India (INR)	150,052	106,596
Brazil (BRL)	46,013	45,273
Canada (CAD)	202,309	92,901
South Korea (WON)	67,158	97,217
Taiwan (TWD)	105,497	88,813
South Africa (RAND)	73,797	56,334
Others	1,355,373	849,573
Total foreign currency exposure	19,338,757	15,867,224
Total foreign currency hedging	(5,678,000)	(3,651,969)
Net foreign currency exposure	13,660,757	12,215,255

The above analysis reflects the underlying currency risks held by the investment managers. The underlying currency risks are hedged by the investment manager. Total investments covered by the investment manager's hedge are \$5,678,000 (2015: \$3,651,969).

A 10% increase in the value of the New Zealand dollar would have an adverse impact on the value of the Scheme's net assets of \$1,241,887. A 10% decrease in the value of the New Zealand dollar would have an favourable impact on the value of the Scheme's net assets of \$1,517,862.

As at 31 March 2015, the same analysis was performed under the assumption of 1% change in currency. A 1% increase in the value of the New Zealand dollar would have an adverse impact on the value of the Scheme's net assets of \$120,943. A 1% decrease in the value of the New Zealand dollar would have an favourable impact on the value of the Scheme's net assets of \$123,386.

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7: Financial Instruments and the differences could be significant.

(iii) Equity price risk

All equity investments present a risk of loss of capital often due to factors beyond an investment managers control such as competition, regulatory changes, commodity price changes and changes in general economic climate, domestically and internationally. The investment managers mitigates this risk through stock selection and diversification, daily monitoring of the Scheme's market position and adherence to the investment mandate set by the Trustee. The maximum price risk resulting from financial instruments is determined by their fair value.



Notes to the financial statements
for year ended 31 March 2016

9 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(iii) Equity price risk (continued)

The Scheme's indirect exposure to equity price risk and the effect of a 10% increase/decrease in equity price on the value of the Scheme's net assets are detailed in the table below.

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7: Financial Instruments and the differences could be significant.

	31 March 2016	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	2,034,940	203,494	(203,494)
New Zealand shares	2,482,114	248,211	(248,211)
Australian shares	1,850,160	185,016	(185,016)
Overseas shares currency hedged	1,731,347	173,135	(173,135)
Overseas shares (unhedged)	3,369,903	336,990	(336,990)
Emerging markets	921,046	92,105	(92,105)
	<u>12,389,510</u>	<u>1,238,951</u>	<u>(1,238,951)</u>

As at 31 March 2015, the same analysis was performed under the assumption of 1% change in equity price, and the impact on the value of the Scheme's net assets are details in the table below.

	31 March 2015	Impact given 1% increase in equity price	Impact given 1% decrease in equity price
	\$	\$	\$
Property	1,037,756	10,378	(10,378)
New Zealand shares	1,592,174	15,922	(15,922)
Australian shares	1,234,898	12,349	(12,349)
Overseas shares currency hedged	1,035,045	10,350	(10,350)
Overseas shares (unhedged)	3,534,519	35,345	(35,345)
Emerging markets	753,392	7,534	(7,534)
	<u>9,187,784</u>	<u>91,878</u>	<u>(91,878)</u>

(f) Liquidity risk

In accordance with the Scheme's policy, the Manager monitors the Scheme's liquidity position on a daily basis. Liquidity management is designed to ensure that the Scheme has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal levels of withdrawals. The Manager regularly monitors market volatility and withdrawal levels to establish the Scheme's appropriate liquidity level. In the event of abnormal levels of withdrawals, timing of payments may depend on the ability of the particular Fund to realise its underlying investments on a timely basis.

The Scheme holds financial assets that are highly liquid. Members are able to transfer their balances to other registered superannuation schemes subject to approval by the Trustee. Generally only those registered superannuation schemes with similar withdrawal provisions will be approved for such transfers. In addition, specified members are entitled to receive benefits on ceasing employment. A maturity analysis is not presented for the liability for promised retirement benefits to members because members can transfer out of the Scheme at any time, or become eligible for a resignation benefit, making the liability repayable on demand.

All other financial liabilities of the Scheme are due within twelve months.

Notes to the financial statements
for year ended 31 March 2016

9 Financial risk and management objectives and policies (continued)

(g) Credit risk

The maximum credit risk of the Scheme is the carrying value of the financial assets. The significant counterparty of the Scheme is its investment manager. While the investment manager represents a concentration of credit risk, the investment manager has a significantly diversified portfolio and a number of counterparties with whom its investments are held on behalf of the Scheme.

The analysis below summarises the credit quality of the Scheme's direct and indirect exposure rated externally by Standard & Poor's or Moody's, or internally by the investment managers. The investment managers internal credit rating process comprises analysing the issuing company's financial statements. An estimate is then made as to what rating the security might attain if it were to seek an external rating.

	31 March 2016	31 March 2015
	%	%
Direct exposure to credit risk (excludes the Scheme's investments with the investment manager)		
AAA	-	-
Indirect exposure to credit risk		
AAA	9	49
AA	61	19
A	12	15
BBB	12	13
BB	-	-
Unrated	6	4
	<u>100</u>	<u>100</u>

The quality of the "Unrated" underlying debt securities is monitored by the investment manager.

The following table sets out the calculated direct and indirect credit exposure of the Scheme.

	31 March 2016	31 March 2015
	\$	\$
Investments	15,697,485	13,412,818
Cash and cash equivalents	158	768
Cash and cash equivalent - foreign currency account	25	193,852
	<u>15,697,668</u>	<u>13,607,438</u>

None of these assets are impaired nor past due.

Notes to the financial statements
for year ended 31 March 2016
10 Financial instruments
(a) Financial instruments by category

The table below provides reconciliation of the line items in the Scheme's Statement of net assets to the categories of financial instruments for 31 March 2016.

	31 March 2016			
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments	28,086,995	-	-	28,086,995
Cash and cash equivalent	-	183	-	183
Total assets	<u>28,086,995</u>	<u>183</u>	<u>-</u>	<u>28,087,178</u>
Liabilities				
Sundry creditors	-	-	(20,092)	(20,092)
Liability for benefits	-	-	(28,081,557)	(28,081,557)
Total liabilities	<u>-</u>	<u>-</u>	<u>(28,101,649)</u>	<u>(28,101,649)</u>

The table below provides reconciliation of the line items in the Scheme's Statement of net assets to the categories of financial instruments for 31 March 2015.

	31 March 2015			
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments	22,600,602	-	-	22,600,602
Cash and cash equivalent	-	194,620	-	194,620
Total assets	<u>22,600,602</u>	<u>194,620</u>	<u>-</u>	<u>22,795,222</u>
Liabilities				
Sundry creditors	-	-	(129,256)	(129,256)
Liability for benefits	-	-	(22,788,986)	(22,788,986)
Total liabilities	<u>-</u>	<u>-</u>	<u>(22,918,242)</u>	<u>(22,918,242)</u>

Notes to the financial statements
for year ended 31 March 2016

10 Financial instruments (continued)

(b) Fair value of financial instruments

The Scheme's investments are recorded at fair value as investments in the Statement of net assets, with changes in fair value recorded as realised/unrealised changes in fair value of investments in the Statement of changes in net assets.

While in some cases, a degree of judgement was required in establishing fair values, the fair values recorded in the Statement of net assets and the changes in fair values recorded in the Statement of changes in net assets were based on the policies and processes the Scheme employed.

According to NZ IFRS 13: Fair Value Measurement, a three level hierarchy of disclosures is required for assets and liabilities measured at fair value. The three levels are defined below:

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 data (unobservable inputs).

There were no transfers between level 1, level 2 and level 3 during the year.

The Scheme's level 2 investments are investments in funds of a managed scheme with the Scheme's investment manager. These investment funds are not traded on an active market and their fair value is determined using valuation techniques. The value is based primarily on the latest available redemption price of the respective funds.

The following table presents the Scheme's investments that are measured at fair value by the different asset types.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Investments				
Cash	-	7,878,665	-	7,878,665
New Zealand bonds	-	3,545,895	-	3,545,895
Overseas bonds	-	2,592,403	-	2,592,403
Overseas non-govt. bonds	-	1,680,522	-	1,680,522
Property	-	2,034,940	-	2,034,940
New Zealand shares	-	2,482,114	-	2,482,114
Australian shares	-	1,850,160	-	1,850,160
Overseas shares currency hedged	-	1,731,347	-	1,731,347
Overseas shares (unhedged)	-	3,369,903	-	3,369,903
Emerging markets	-	921,046	-	921,046
Total investments	-	28,086,995	-	28,086,995

Notes to the financial statements
for year ended 31 March 2016
10 Financial instruments (continued)
(b) Fair value of financial instruments (continued)

The following table presents the Scheme's investments measured at fair value at 31 March 2015.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment				
Cash	-	7,728,190	-	7,728,190
New Zealand bonds	-	3,048,277	-	3,048,277
Overseas bonds	-	137,654	-	137,654
Overseas non-govt. bonds	-	2,498,697	-	2,498,697
Property	-	1,037,756	-	1,037,756
New Zealand shares	-	1,592,174	-	1,592,174
Australian shares	-	1,234,898	-	1,234,898
Overseas shares currency hedged	-	1,035,045	-	1,035,045
Overseas shares (unhedged)	-	3,534,519	-	3,534,519
Emerging markets	-	753,392	-	753,392
Total investments	-	22,600,602	-	22,600,602

(c) Assets and liabilities not carried at fair value but for which fair value is disclosed

The carrying amounts of financial assets and liabilities not measured at fair value are considered to be reasonable approximations of their fair values as at 31 March 2016 and 31 March 2015.

11 Capital management

The Scheme's capital is represented by the net assets available for benefits held by the Scheme on behalf of its members and is reflected in the Statement of net assets under liability for benefits. In accordance with the accounting policies and the risk management policies in Note 9: Financial risk and management objectives and policies, the Scheme endeavours to invest the contributions received in appropriate investments whilst maintaining sufficient liquidity to meet any withdrawal requests and all other present and future obligations.

The Scheme is not subject to any externally imposed capital requirements.

12 Interest income

	31 March 2016	31 March 2015
	\$	\$
Cash and cash equivalents	126	524
Total interest income	126	524

Notes to the financial statements
for year ended 31 March 2016

13	Other expenses	31 March 2016	31 March 2015
		\$	\$
	Filing fees and FMA Levy	10,759	2,153
	Prospectus register	-	2,327
	Registry audit fees	1,086	1,087
	Audit fees	5,750	5,750
	Bank fees	16	2
	Total other expenses	17,611	11,319

14 **Realised/unrealised change in fair value of investments (by Fund)**
Refer Note 8: Investments for the description of investments by Fund.

	31 March 2016	31 March 2015
	\$	\$
Cash	40,609	29,695
New Zealand bonds	38,379	44,343
Overseas bonds (formerly know as Overseas govt. bonds)	2,877	10,305
Overseas non-govt. bonds	1,662	25,335
Property	93,973	98,549
New Zealand shares	155,271	8,574
Australian shares	29,351	46,907
Overseas shares currency hedged	(8,836)	46,685
Overseas shares (unhedged)	44,964	171,254
Emerging markets	(10,996)	56,835
SuperLife income	37,154	59,621
SuperLife 30	183,660	196,506
SuperLife 60	134,305	168,330
SuperLife 80	62,357	8,270
SuperLife ¹⁰⁰ (formerly known as SuperLife Growth)	45,434	43,372
Ethica	78,616	52,303
Gemino	(784)	(12,859)
UK cash	332,153	124,562
UK income	20,990	28,452
UK shares/property (formerly known as UK Growth)	96,066	106,264
Aust MidCap ETF	745	-
Aust Resources ETF	(4,421)	-
US Midcap ETF	(486)	-
US Value ETF	(35)	-
US Small ETF	(642)	-
US Growth ETF	(418)	-
Total realised/unrealised change in fair value of investment assets	1,371,948	1,313,303

Notes to the financial statements
for year ended 31 March 2016

15 Taxation

	31 March 2016	31 March 2015
	\$	\$
Investment surplus before taxation	1,302,786	1,102,173
Less: tax paid income	(1,371,948)	(1,313,303)
Add: expenses transferred	17,595	11,265
Taxable loss	(51,567)	(199,865)
Tax charge at the standard tax rate of 28%	14,439	55,962
Income tax benefit	14,439	55,962
Taxation receivable/(payable)		
Opening balance brought forward	123,020	186,352
Current tax benefit for the year	14,439	55,962
Tax refund received	(123,021)	(119,462)
Withholding tax paid	33	168
Taxation receivable	14,471	123,020

16 Reconciliation of increase in net assets for year to net cash flows from

	31 March 2016	31 March 2015
	\$	\$
Increase in net assets during the year	5,292,571	9,040,990
Add/(less) non cash items:		
- Unrealised change in fair value of investments	(1,371,948)	(1,313,303)
Add/(less) movements in other working capital items:		
- Sale of investments	635,639	1,852,049
- Purchase of investments	(4,750,085)	(9,448,584)
- (Decrease) / increase in sundry creditors	(109,163)	(57,203)
- Decrease / (increase) in taxation receivable	108,549	63,332
Net cash flows from members' activities	(194,437)	137,281



Independent Auditor's Report

to the members of Ascot

Report on the Financial Statements

We have audited the financial statements of Ascot (the "Scheme") on pages 3 to 23, which comprise the statement of net assets as at 31 March 2016, the statement of changes in net assets and the cash flow statement for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible on behalf of the Scheme for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Scheme's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We are independent of the Scheme. Other than in our capacity as auditor and providers of related assurance services, we have no relationships with, or interests in, the Scheme.



Independent Auditor's Report

Ascot

Opinion

In our opinion, the financial statements on pages 3 to 23:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the net assets of the Scheme as at 31 March 2016, and its change in net assets and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2016:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Scheme as far as appears from an examination of those records.

Restriction on Use of our Report

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state to the Scheme's members those matters which 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.

A handwritten signature in blue ink, reading 'Priyanka Wane Gowen'.

Chartered Accountants
8 June 2016

Auckland