

Ranfurly Superannuation Scheme

Financial Statements

For the year ended 31 March 2018

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Directory

Manager	Ranfurly Strategic Limited Level 1 26 Carlton Mill Road Christchurch 8014, New Zealand
Supervisor	Public Trust Ground level 100 Molesworth Street Wellington, New Zealand
Directors of the Manager	Christopher Wells Kenji Steven
Legal Advisors	DLA Piper New Zealand Chartered Accountants House 50-64 Customhouse Quay PO Box 2791 Wellington 6140
Auditor	BDO Christchurch Level 4 287-293 Durham Street North Christchurch, New Zealand
Established by Deed dated	14 March 2014
	As amended by Deed dated: 5 August 2015 23 November 2016 16 December 2016 26 May 2017
Registered as a Superannuation Scheme	SCH11231 24 November 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RANFURLY SUPERANNUATION SCHEME**

Opinion

We have audited the financial statements of Ranfurly Superannuation Scheme ("the Scheme"), which comprise the statement of net assets as at 31 March 2018, and the statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Scheme.

Directors' of the Licensed Managers Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Who we Report to

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state 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 and the Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

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



BDO Christchurch
Christchurch
New Zealand
30 July 2018

Statement of Changes in Net Assets

for the year ended 31 March 2018
in New Zealand Dollars

	Note	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Investment activities						
Investment income						
Interest income – loans and receivables		-	-	-	9	9
Net investment income		-	-	-	9	9
Expenses						
Bank fees and commissions			(84)	(35)	(2,554)	(2,673)
Management fees	5	(25,309)	(5,166)	(281)	(6,204)	(36,960)
Interest expense - liabilities at amortised cost		-	-	-	(575)	(575)
Establishment costs		(830)	(288)	-	-	(1,118)
Net changes in financial instruments held at fair value through profit or loss		(78,350)	(14,643)	(2)	(37,307)	(130,302)
Total expenses		(104,489)	(20,181)	(318)	(46,640)	(171,628)
Net decrease in net assets before membership activities		(104,489)	(20,181)	(318)	(46,631)	(171,619)
Membership activities						
Contributions						
Fund switches in	6	-	1,195,080	-	1,273,201	
Scheme transfers in		12,328,189	865,706	297,318	1,626,248	15,117,461
Withdrawals						
Authorised financial adviser fees	6	(14,446)	(3,919)	(85)	(3,602)	(22,052)
Member attributed taxation		(23,296)	(5,037)	-	(2,095)	(30,428)
Exit fees		-	-	-	(1,567)	(1,567)
Fund switches out		(1,938,362)	(222,532)	(307,387)	-	
Pension payments to members		(589,455)	-	-	(70,661)	(660,116)
Net membership activities		9,762,630	1,829,298	(10,154)	2,821,524	14,403,298
Net changes in assets available for benefits		9,658,141	1,809,117	(10,472)	2,774,893	14,231,679
Members funds at beginning of the year		-	-	-	-	-
Foreign currency reserve		106,152	68,494	10,472	-	185,118
Members funds at end of the year		9,764,293	1,877,611	-	2,774,893	14,416,797

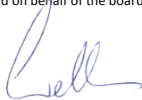
This statement is to be read in conjunction with the notes to the financial statements.

Statement of Net Assets

as at 31 March 2018
in New Zealand Dollars

	Note	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Financial Assets						
Cash and cash equivalents	7	55,409	10,483	-	142,579	208,471
Trade and other receivables	8	157,431	17,399	-	21,988	196,818
Financial instruments held at fair value through profit or loss	9	9,582,182	1,855,759	-	2,696,822	14,134,763
Total Financial Assets		9,795,022	1,883,641	-	2,861,389	14,540,052
Liabilities						
Trade and other payables		7,846	1,198	-	2,406	11,450
Member attributed taxation payable		23,207	4,832	-	2,090	30,129
Loans	10	-	-	-	82,000	82,000
Total Liabilities		31,053	6,030	-	86,496	123,579
Represented by:						
Net Assets available to pay benefits		9,763,969	1,877,611	-	2,774,893	14,416,473

For and on behalf of the board of Ranfurly Strategic Limited who authorise these financial statements for issue on 30 July 2018:



Director: Christopher Wells



Director: Kenji Steven

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



Statement of Cash Flows

for the year ended 31 March 2018
in New Zealand Dollars

	Note	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Cash flows from operating activities						
Cash was provided from:						
Interest received		-	-	-	9	9
Loans received		-	-	-	82,000	82,000
Forward contract close out payments		-	-	-	6,556	6,556
Cash was applied to:						
Payment of management and administration fees		(18,655)	(4,152)	(160)	(7,783)	(30,750)
Interest expense		-	-	-	(142)	(142)
Net cash inflow/(outflow) from operating activities	15	(18,655)	(4,152)	(160)	80,640	57,673
Cash flows from investing activities						
Cash was provided from:						
Sale of/withdrawal of investments		2,380,009	228,267	303,021	58,935	2,970,232
Cash was applied to:						
Purchase of investments		(11,944,623)	(2,029,384)	(293,015)	(2,803,921)	(17,070,943)
Net cash inflow/(outflow) from investing activities		(9,564,614)	(1,801,117)	10,006	(2,744,986)	(14,100,711)
Cash flows from financing activities						
Cash was provided from:						
Member contributions or transfers in		12,328,189	865,706	297,318	1,626,020	15,117,233
Fund switches in		-	1,195,080	-	1,273,201	-
Cash was applied to:						
Member withdrawals		-	-	-	-	-
Authorised financial adviser fees		(14,441)	(4,105)	(80)	(3,602)	(22,228)
Member attributed taxation paid		(89)	(398)	(336)	(5)	(828)
Exit fees		-	-	-	(1,567)	(1,567)
Fund switches out		(1,936,342)	(223,142)	(308,797)	-	-
Pension payments to members		(591,246)	-	-	(70,661)	(661,907)
Prepaid fund establishment costs		(155,850)	(17,371)	65	(21,992)	(195,148)
Net cash (outflow)/inflow from financing activities	16	9,630,221	1,815,770	(11,830)	2,801,394	14,235,555
Net increase/(decrease) in cash and cash equivalents		46,952	10,501	(1,984)	137,048	192,517
Cash and cash equivalents at the beginning of the year						
Foreign exchange (losses)/gains on cash and cash equivalents		8,457	(18)	1,984	5,531	15,954
Cash and cash equivalents at the end of the year	7	55,409	10,483	-	142,579	208,471

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



Notes to the financial statements

1. GENERAL INFORMATION

Reporting entity The financial statements are for the reporting entity Ranfurlly Superannuation Scheme ('the Scheme') which is domiciled in New Zealand. The Scheme is a defined contribution Superannuation Scheme. It was originally established under a Trust Deed dated 14 March 2014 ('Trust Deed'). On 24 November 2016 the Scheme was registered as a Superannuation Managed Investment Scheme, under the Financial Markets Conduct Act 2013. The Supervisor of the Scheme from transition is Public Trust and the Manager is Ranfurlly Strategic Limited.

The Scheme is registered on Disclose SCH11231. The Trust Deed was amended on 23 November 2016, 16 December 2016 and 26 May 2017. The amendments of the Trust Deed and their impact are fully set out in the annual report to members for the year ended 31 March 2018.

The Scheme qualified as a recognised overseas pension scheme (QROPS) under HMRC regulation (QROPS number 900055) on the 1 July 2014. This means the Scheme is able to accept members qualifying UK pension transfers.

Under the Trust Deed member contributions are made in the manner specified in the member application. Members can choose to make additional contributions on a basis prescribed by the manager (there is no minimum contribution amount).

The financial statements are for the Scheme and its underlying Funds and represent the operating result for the year ended 31 March 2018.

The Scheme comprises a portfolio of investment funds ("the Funds"). Notwithstanding the division of the Scheme into Funds, the Scheme is a single trust with the value of each member's interests in the Scheme, being and individual member's account value, is determined by reference to the value of units they hold in the Funds.

The Scheme Funds with funds under management as at 31 March 2018 were as follows:

- Ranfurlly Sterling Balanced Fund - denominated in pounds sterling
- Ranfurlly Sterling Conservative Fund - denominated in pounds sterling
- Ranfurlly New Zealand Dollar Balanced Fund - denominated in New Zealand dollars

Two other funds are available for investment, details of which can be found in the current product disclosure statement for the Scheme.

The financial statements were authorised for issue by the Directors of the Manager on 30 July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate to Tier 1 for-profit entities and the requirements of the Trust Deed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Significant accounting policies, estimates and judgements The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Scheme's accounting policies. There have been no use of estimates or judgements by the Manager during the financial reporting period.

The fair value of investments in other funds have been valued in accordance with the policies set out below. For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short term nature of these financial instruments.

Reporting Period and Comparative Financial Information The financial statements are for the year ended 31 March 2018, with no comparative financial information as the Scheme had no investors from commencement of the Scheme to 31 March 2017 and as such no investing activity. Comparatives would show nil balances from the commencement of the Scheme.

Functional and presentation currency These financial statements are presented in New Zealand dollars. The functional currency of the Scheme is New Zealand Dollars. The functional currency of the Scheme Funds is Great British pounds or New Zealand dollars. The presentation currency of the financial statements is New Zealand dollars. All amounts have been rounded to the nearest dollar.

Foreign currency Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date. Non-monetary items that are measured in terms of fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on monetary financial assets and liabilities are recognised together with other net changes in the Statement of Changes in Net Assets within Net changes in financial instruments held at fair value through profit and loss.

New accounting standards and interpretations not yet adopted A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Scheme has not early applied these new or amended standards in preparing these financial statements. The one new standard relevant to the Scheme and Funds is IFRS 9 Financial Instruments, which is discussed below.

NZ IFRS 9: Financial Instruments

The Scheme and Funds are required to adopt NZ IFRS 9 Financial Instruments from 1 January 2018. NZ IFRS 9 replaces NZ IAS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating the impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New accounting standards and interpretations not yet adopted (continued)

Classification of financial assets and financial liabilities

NZ IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characterised. The standard includes three principal classification categories for financial instruments: measured at amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVTPL'). It eliminates the existing NZ IAS 39 categories of held to maturity, loans and receivables and available for sale. NZ IFRS 9 largely retains the existing requirements in NZ IAS 39 for the classification of financial liabilities. However, although under NZ IAS 39 all fair value changes of liabilities designated at FVTPL are recognised in profit or loss, under NZ IFRS 9 these fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is present in OCI; and
- The remaining amount of change in the fair value is presented in profit or loss.

Based on the Fund's assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Funds. This is because:

- Financial instruments currently measured at FVTPL under NZ IAS 39 are designated into this category because they are measured on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under NZ IFRS 9.

Hedge accounting

NZ IFRS 9 incorporates new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. The Funds' do not apply hedge accounting, therefore the NZ IFRS 9 hedge accounting-related changes do not have an impact on the financial statements of the Funds'.

Impairment of financial assets

NZ IFRS 9 replaces the 'incurred loss' model in NZ IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measure at amortised cost or FVOCI, except for investments in equity instruments.

Under NZ IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Based on the Fund's assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Funds'. This is because:

- The majority of financial assets are held at FVTPL and the impairment requirements do not apply to such instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New accounting standards and interpretations not yet adopted (continued) **Transition**
NZ IFRS 9 will require extensive new disclosures, in particular about credit risk and ECL's. The Scheme and Funds have completed an analysis to identify data gaps against current processes and are designing the system and control changes that they believe will be necessary to capture the required data.

Changes in accounting policies resulting from the adoption of NZ IFRS 9 will generally be applied retrospectively, except as described below.

- The Scheme will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of NZ IFRS 9 will be recognised in net assets attributable to Unitholders.
- The following assessments have to be made by the Scheme on the basis of facts and circumstances that exist at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

Presentation of cash flows The following are definitions of terms used in the Statement of Cash Flows:

Operating Activities - Include all transactions and other events that are not investing or financing activities.

Investing Activities - Include all activities related to the acquisition and disposal of current and non-current investments any other non-current assets.

Financing Activities - Include all activities relating to contributions, withdrawals and PIE tax.

Financial Instruments A financial instrument is recognised when the Scheme becomes a party to the contractual provisions of the instrument. Financial instruments are derecognised if the Scheme's contractual rights to the cash flows from the instrument expire or if the Scheme transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. The estimated fair value of the Scheme's financial instruments equals their carrying values. Accordingly no comparison is made between the fair values and carrying values for any class of financial instrument.

Loans and receivables

Cash and cash equivalents and trade and other receivables are classified as 'loans and receivables' and are initially measured at fair value, then subsequently measured at amortised cost.

Investments designated at fair value

Investments in unithised funds are designated financial assets at fair value through profit or loss upon initial recognition. The financial assets can be classified as such, as the Scheme manages its investments and makes purchase and sale decisions based on their fair value and in accordance with the investment strategy. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment. Gains and losses arising from changes in the fair value are presented in the Statement of Changes in Net Assets.

Liabilities at amortised cost

Loans and trade and other payables are classified as 'liabilities at amortised cost'. Trade and other payables include liabilities and accrued expenses owed by the Scheme that are unpaid at balance date. Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in trade and other payables. Trade and other payables and loans are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

Held for trading financial instruments at fair value through profit or loss

Held for trading financial instruments at fair value through profit or loss comprise foreign exchange contracts. The use of these contracts by the New Zealand Dollar Balanced Fund within the Scheme is limited to the risk management of their investments. Foreign exchange contracts are used as economic hedges for equity investments. Therefore, they are accounted for on the same basis as those investments and the contracts are measured at fair value both upon initial recognition and subsequently. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets when they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income recognition	Net realised and unrealised gains and losses are recognised in the profit and loss in the period in which they occur and at the prevailing market value. Income is recognised to the extent that it is probable that the economic benefits will flow to the Scheme and the Funds and can be readily measured and verified.
Liability for promised retirement benefits	The liability for promised retirements benefits is the Scheme's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the fair value of the assets and the fair value of the liabilities at balance date.
Expenses	All expenses of the Scheme other than Management fees are paid by the Manager and not passed through the Scheme. Expenses such as accounting, audit and other professional fees incurred by the Scheme are also paid by the Manager and not passed through the Scheme with the exception of investment and withdrawal fees in underlying funds. Refer to note 5 for additional detail.

The current management fees paid are:

	Net Fee	GST	GST Incl
Manager	1.00%	0.00%	1.00%
Total	1.00%		1.00%

Income tax	The Scheme qualifies as, and has elected to be a zero-rate portfolio investment entity ('PIE') for the purposes of the Income Tax Act 2007. Under the PIE regime, income is effectively taxed in the hands of the member at varying rates and therefore the Scheme has no tax expense or deferred tax assets or liabilities. Under the PIE regime, 'notified investors' pay a zero rate of tax if all income of the Scheme is derived outside New Zealand.
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Goods and Services tax	The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.
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3. FINANCIAL ASSETS & FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Classification	<p>The Fund classifies its investments in unit trusts, and derivatives, as financial assets or financial liabilities at fair value through profit or loss. This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.</p> <p>Financial assets and liabilities held for trading Derivatives are categorised as held for trading. The Fund does not classify any derivatives as hedges in a hedging relationship.</p> <p>Financial assets and liabilities designated at fair value through profit or loss at inception Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.</p> <p>The Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.</p>
Recognition	Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities 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.
De-recognition	Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.
Measurement	Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Changes in Net Assets within net gains on financial instruments at fair value in the period in which they arise. This includes both realised and unrealised gains and losses. Note 9 details how fair value measurements are derived.

4. NET CHANGES IN FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Fair Value through profit or loss - designated					
International equity unitised funds	6,532,883	822,798	-	1,886,019	9,241,700
International fixed interest unitised funds	3,049,299	1,032,961	-	835,551	4,917,811
Fair Value through profit or loss - held for trading					
Foreign exchange contracts	-	-	-	(24,748)	(24,748)
Net changes in fair value of financial instruments through profit or loss	9,582,182	1,855,759	-	2,696,822	14,134,763

5. MANAGEMENT AND ADMINISTRATION FEES

Scheme Member Accounts are not charged directly for management of the Scheme however an annual management fee of 1% is charged to each Ranfurly Investment Fund by Ranfurly Strategic Limited and reduces the net investment returns of each Fund. The management fee is currently up to 1% per annum of the Net Asset Value accrued weekly by the Administration Manager on behalf of the Manager. The amounts paid to Ranfurly Strategic Limited have been detailed in the Related Parties note 17 in the notes to the financial statements.

Administration charges including administration and registry, audit, custody, financial statements, hedging advisory, legal, regulatory and supervisor fees are currently met by Ranfurly Strategic Limited from the management fees received from the Scheme.

Other charges are met by the Ranfurly Funds in relation to making an investment or withdrawal from underlying funds.

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Management Fees Year Ended 31-Mar-18 \$
Management Fees	25,309	5,166	281	6,204	36,960

Management Fees as at 31 March 2018 of \$11,017 were payable to Ranfurly Strategic Limited, included in total trade and other payables.

6. CONTRIBUTIONS AND WITHDRAWALS

Contributions are received from members directly or from other superannuation schemes. Contributions are accounted for on a cash basis.

Contributions for the year ended 31 March 2018 were received from the following sources:

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Contributions					
Fund switches in	-	1,195,080	-	1,273,201	-
Transfers from other schemes	12,328,189	865,706	297,318	1,626,248	15,117,461
Total contributions	12,328,189	2,060,786	297,318	2,899,449	15,117,461
Scheme members	32	5	0	12	49
Members who received benefits					3

Withdrawals from the scheme are made to pay authorised pension payments (including lump sum withdrawals) and Fees. Fees associated with withdrawals from the scheme are deducted from members accounts as a redemption of investment units during the period.

Withdrawals for the year ended 31 March 2018 were as follows:

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Withdrawals					
Authorised financial adviser fees	14,446	3,919	85	3,602	22,052
Exit fees	-	-	-	1,567	1,567
Member attributed taxation	23,296	5,037	-	2,095	30,428
Fund switches out	1,938,362	222,532	307,387	-	-
Pension payments to members	589,455	-	-	70,661	660,116
Total withdrawals	2,565,559	231,488	307,472	77,925	714,163

7. CASH AND CASH EQUIVALENTS

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Cash - pounds sterling	55,408	10,483	-	14,281	80,172
Cash - New Zealand dollar	-	-	-	128,298	128,298
Total cash and cash equivalents	55,408	10,483	-	142,579	208,470

The carrying amount of these assets best represent their maximum credit exposure at balance date.

Cash balances equivalent to \$80,172 (NZD) are held on call with Bank of New Zealand Limited paying interest at OCR and an additional New Zealand dollar cash balance of \$128,298 held with OM Financial Limited.

8. TRADE AND OTHER RECEIVABLES

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Prepaid fund establishment costs	157,430	17,399	-	21,988	196,817
Total trade and other receivables	157,430	17,399	-	21,988	196,817

Prepaid establishment fees are amortised over a 60 month period commencing 6 months after the first unitisation of the Fund.

The Scheme is new, having opened in December 2016. The costs incurred by Ranfurly Strategic Limited to establish the Scheme were reimbursed by the Funds on a cost activity basis. There is a risk there will be insufficient demand for the Scheme to make it economically viable and it will be wound up. If it is wound up the costs of establishing and winding up the Scheme will be expensed and deducted fully from the net funds available for member benefits. The establishment costs are disclosed in the Product Disclosure Statement.

9. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Fair Value through profit or loss - designated					
International equity unitised funds	6,532,883	822,798	-	1,886,019	9,241,700
International fixed interest unitised funds	3,049,299	1,032,961	-	835,551	4,917,811
Fair Value through profit or loss - held for trading					
Foreign exchange contracts	-	-	-	(24,748)	(24,748)
Total financial investments at fair value through profit or loss	9,582,182	1,855,759	-	2,696,822	14,134,763
At the 31 March the notional value of forward exchange contracts were:	-	-	-	2,655,679	2,655,679

The Scheme maintains an active hedging policy designed to economically hedge returns of the underlying funds back to the currency in which the Fund is denominated. Hedge accounting has not been used in the preparation of these financial statements. The Scheme uses OMF Financial Limited ("OMF") to execute margin foreign exchange contracts and deliverable foreign exchange contracts. For margin foreign exchange contracts OMF can unilaterally reduce the size of the margin foreign exchange contract if the Scheme's margin balance falls below an agreed minimum amount. To date, OMF has not established a minimum amount for the Scheme and OMF have not exercised that right. No assets of the Scheme were pledged as collateral or security against the margin account.

The Manager has appointed Penrich Capital UK Limited to manage the hedging of currency exposure. The Manager has arranged a revolving credit facility with Penrich Capital UK Limited to fund the margin requirement and any daily unrealised mark to market loss on forward currency contracts.

Cash receipts from OMF and payments to OMF were reported on a net basis in the Statement of Cash Flows because the turnover is quick, the amounts are large and the maturities are short.

NZ IFRS 13 requires the Scheme to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

Assets designated as fair value through profit or loss comprising of international equity and international fixed interest unitised funds have been valued using redemption prices, which are based on the valuation of the underlying investments, as supplied by the managers of the underlying funds and are included in level two of the fair value hierarchy.

Fair values for assets and liabilities that are held for trading comprising of forward foreign exchange contracts have been determined using valuation techniques using market observable inputs which are included in level two of the fair value hierarchy. The fair values have been calculated from spot exchange rates and forward points supplied by WM/Reuters.

9. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Level 2					
Financial assets held at fair value through profit or loss	9,582,182	1,855,759	-	2,721,570	14,159,511
Held for trading financial instruments at fair value through profit or loss	-	-	-	(24,748)	(24,748)
Total	9,582,182	1,855,759	-	2,696,822	14,134,763

There were no transfers between levels in the period.

Financial assets at fair value through profit or loss exceeding 5% of the net assets available for benefits of each Fund at 31 March 2018 is detailed below.

	Sterling Balanced Fund \$	Sterling Conservative Fund \$	Sterling Cash Fund \$	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Baillie Gifford Long Term Global	895,593	-	-	258,400	1,153,993
Baillie Gifford Managed Fund	5,637,290	822,798	-	1,627,619	8,087,707
Baillie Gifford Sterling Aggregate Bond Fund	3,049,299	1,032,961	-	835,551	4,917,811
Total	9,582,182	1,855,759	-	2,721,570	14,159,511

10. REVOLVING CREDIT FACILITY

	New Zealand Dollar Balanced Fund \$	Total Scheme Year Ended 31-Mar-18 \$
Penrich Capital UK Limited	82,000	82,000
Total loans	82,000	82,000

The Manager has appointed Penrich Capital UK Limited to manage the hedging of currency exposure. The Manager has arranged a revolving credit facility with Penrich Capital UK Limited to fund the margining requirement and any daily unrealised mark to market loss on forward currency contracts.

Loan terms:

- Interest rate - OCR per annum, payable monthly.
- Loan limit - \$500,000
- Repayment terms - agreed at each drawdown.

11. MEMBERS BENEFITS

Net assets available to pay benefits All available funds are allocated to members accounts. The Scheme does not have separate employer accounts and does not have any reserve funds.

Guaranteed benefits No guarantees have been made in respect of any part of the liability for accrued benefits.

12. FINANCIAL ASSETS AND LIABILITIES

Accounting classification and fair values The estimated fair value of the Scheme's financial instruments equals their carrying values. This applies to cash and cash equivalents and investments held at fair value through profit or loss. Accordingly no comparison is made between the fair values and carrying values for any class of financial instrument.

13. FINANCIAL RISKS

Financial risk management The Scheme may be exposed to credit risk, liquidity risk, market price risk, foreign currency risk, interest rate risk and operational risks through the investments and cash that it holds. This note presents information about the Scheme's exposure to these risks, the Scheme's policies and procedures for managing such risks, and the Scheme's management of capital. The risks disclosures have been prepared on the Scheme Fund's direct holding and not on a full look through to account for investments held indirectly through other managed funds.

Risk management framework The Scheme's investment managers and the Supervisor have agreed guidelines which along with the member direction determine how the portfolio invests. The guidelines establish the target bands for each Fund's portfolio. Compliance with the guidelines is monitored by the Manager.

14(A). CREDIT RISK

Credit risk represents the risk that the counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Scheme to incur a financial loss. Credit risk exists on the following assets held by the Scheme:

Cash and cash equivalents of the Scheme are the Scheme's accounts held with Bank of New Zealand, and margin bank accounts at OM Financial Limited ("OMF").

Credit risk is the risk that Bank of New Zealand fails to discharge its obligation to return deposit balances when demanded by the Scheme. Whilst the credit risk here is concentrated with one banking institution, the Manager does not consider this to be a material risk given Bank of New Zealand's credit rating of (AA-).

The New Zealand Dollar Balanced Fund executes foreign exchange contracts with OMF. There is a risk that OMF will fail to deliver when foreign exchange contracts are exercised by the Fund. Margin accounts with OMF are held by OMF on trust in one of OMF's client bank accounts where OMF acts as a bare trustee. OMF is subject to regulatory oversight from FMA. OMF has no external credit rating. The Manager does not consider this risk to be a material risk.

14(B). SETTLEMENT RISK

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

14(C). LIQUIDITY RISK

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

14(D). MARKET PRICE RISK

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The investment manager considers the volatility of the fair value of investments in portfolios to be in the 6.5% range. This is based on the weighted average of the considered volatility on underlying funds which range from 0.03% - 16.19%. As at 31 March 2018 an increase or decrease in the fair value of portfolios was as follows:

	Sterling Balanced Fund	Sterling Conservative Fund	Sterling Cash Fund	New Zealand Dollar Balanced Fund	Total Scheme Year Ended 31-Mar-18
	\$	\$	\$	\$	\$
Financial assets held at fair value through statement of changes in net assets	9,582,182	1,855,759	-	2,696,822	14,134,763
Sensitivity analysis					
6.5% increase in prices	10,157,113	1,967,105	-	2,858,631	14,982,849
6.5% decrease in prices	9,007,251	1,744,413	-	2,535,013	13,286,677

14(E). FOREIGN CURRENCY RISK

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

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

At 31 March 2018, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% (which is the Manager's assessment of a reasonable movement with regard to historical volatility) with all other variables held constant, the impact on the statement of changes in net assets would have been as follows:

14(E). FOREIGN CURRENCY RISK (CONTINUED)

	Sterling Balanced Fund	Sterling Conservative Fund	Sterling Cash Fund	New Zealand Dollar Balanced Fund	Total Scheme Year Ended 31-Mar-18
	\$	\$	\$	\$	\$
NZD					
Net monetary assets	(23,207)	(4,832)	-	-	(28,039)
GBP					
Net monetary assets	-	-	-	36,269	36,269
Net non-monetary assets	-	-	-	2,721,570	2,721,570
Derivatives (notional value)	-	-	-	(2,655,679)	(2,655,679)
Sensitivity analysis					
Net NZD					
5% increase in currency	1,105	231	-	-	1,336
5% decrease in currency	(1,221)	(264)	-	-	(1,485)
Net GBP					
5% increase in currency	-	-	-	(2,695)	(2,695)
5% decrease in currency	-	-	-	2,430	2,430

14(F). INTEREST RATE RISK

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

Interest income benefits do not accrue to members on cash and cash equivalent balances, hence interest rate risk is not applicable to these investments. Interest rate risks do however arise for certain asset classes in the investment portfolio disclosed in note 7. Returns and/or capital values for investment in cash of fixed income securities will vary as interest rates changes. Interest rate changes also have effects on share markets and property markets.

15. RECONCILIATION OF NET LOSS BEFORE MEMBERSHIP ACTIVITIES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Sterling Balanced Fund	Sterling Conservative Fund	Sterling Cash Fund	New Zealand Dollar Balanced Fund	Total Scheme Year Ended 31-Mar-18
	\$	\$	\$	\$	\$
Net profit/(loss) attributable to unitholders	(104,489)	(20,181)	(318)	(46,631)	(171,619)
Adjustments for:					
Non cash items					
Net changes in fair value through profit or loss	78,350	14,643	2	37,307	130,302
Movements in other working capital					
Increase / (decrease) in accounts payable	7,808	1,386	157	7,964	17,315
Increase / (decrease) in loans	-	-	-	82,000	82,000
Net cash inflow/(outflow) from operating activities	(18,331)	(4,152)	(159)	80,640	57,998

16. RECONCILIATION OF NET MEMBER ACTIVITIES (FINANCING LIABILITIES) TO NET CASH FLOWS FROM FINANCING ACTIVITIES

	Sterling Balanced Fund	Sterling Conservative Fund	Sterling Cash Fund	New Zealand Dollar Balanced Fund	Total Scheme Year Ended 31-Mar-18
	\$	\$	\$	\$	\$
Net membership activities	9,762,630	1,829,298	(10,154)	2,821,524	14,403,298
Adjustments for:					
Non cash items					
Movements in other working capital					
Increase / (decrease) in taxation payable	23,207	4,832	-	2,090	30,129
(Increase) / decrease in prepaid establishment costs	(155,615)	(18,360)	(1,676)	(22,220)	(197,871)
Net cash inflow/(outflow) from financing activities	9,630,222	1,815,770	(11,830)	2,801,394	14,235,556

17. RELATED PARTIES

Ranfurly Strategic Limited is the Scheme's manager and Public Trust is the supervisor of the Scheme.

During the year, fees totalling \$36,960 were paid to Ranfurly Strategic Limited for the management of the Scheme. As at 31 March 2018 \$11,017 was owing to Ranfurly Strategic Limited.

Public Trust is entitled to a fee for the services it provides as supervisor and custodian of the Scheme of 0.08% per annum of the Scheme's gross asset value, subject to a minimum fee of NZ\$43,000 per annum. The Fee is paid by the Manager out of their management fee.

During the year, fees totalling \$32,000 were paid to Public Trust by the Manager for the supervision and custody of the Scheme. As at 31 March 2018, there is no sum owed to the supervisor by the Scheme.

18. AUDIT FEES

BDO Christchurch is entitled to a fee for the services they provide as auditor of the Scheme. The fee for the audit of the financial statements amounted to \$15,700 including GST. The fee is paid by the Manager out of their management fee.

19. CONTINGENT LIABILITIES & COMMITMENTS

The Scheme has no material commitments or contingencies at 31 March 2018.

20. EVENTS SUBSEQUENT TO REPORTING DATE

There are no other significant events that have occurred after the reporting date that require recognition or additional disclosure in these financial statements.

