



BCF KiwiSaver Scheme Annual Report

31 March 2016

BCF KiwiSaver Scheme

The Trustee is pleased to present the Annual Report of the BCF KiwiSaver Scheme (“Scheme”) for the year ended 31 March 2016.

The Report has been prepared in accordance with the KiwiSaver Act 2006, and includes information about the Scheme’s management, operation and financial performance for the year.

If you have any questions regarding this report please do not hesitate to contact Melville Jessup Weaver, the Administration Manager, on 0800 BCF INFO (0800 223 463).

Scheme Changes

There have been no amendments to the Scheme’s trust deed (‘Trust Deed’) in the period 1 April 2015 to 31 March 2016.

In addition, there have been no changes to the terms of offer of interests in the Scheme or the statement of investment policies and objectives (‘SIPO’) for the Scheme in the period 1 April 2015 to 31 March 2016.

The Trustee has been working through the requirements of the newly introduced Financial Markets Conduct Act (‘FMCA’). Both the Trust Deed and the SIPO have been updated to meet the new regulations but these new documents will not take effect until the Scheme transitions in September 2016. See the section on FMCA later in this report.

Membership Summary

The membership changes for the Scheme during the period were:

Year ended	31 March 2016	31 March 2015
<i>Contributing members</i>		
Members at start of year	320	271
New entrants over the year	127	104
Withdrawals during the year	-57	-55
Members at end of year	390	320
<i>Members on contribution holiday</i>		
Members at start of year	26	16
Members starting contribution holidays	14	12
Members ending contribution holidays	-3	-2
Members at end of year	37	26
<i>Members not contributing</i>		
Members at start of year	123	110
Members stopping contributions	42	40
Members restarting contributions	-40	-27
Members at end of year	125	123
Total members at end of year	552	469

Permitted Withdrawals

During the year ended 31 March 2016 the following permitted withdrawals were made from the Scheme:

Type of Withdrawal	Amount	Number of Members
First home purchase	\$32,502	2
Transfer Out	\$20,687	2
Death	\$22,047	2

Earnings on Member's Accounts

The Scheme's investment return for the period 1 April 2015 to 31 March 2016 was 2.08% net of tax and all expenses (except administration fees), reflecting the interest earned on the interest bearing deposits held for the Scheme during some or all of the year with each of ASB Bank Limited, Bank of New Zealand, TSB Bank Limited, ANZ and Westpac New Zealand Limited.

Financial Information

The following amounts were received in respect of the members during the year ended 31 March 2016:

Contribution Source	Amount	Number of Members
Member contributions	\$677,280	413
Employer contributions	\$395,008	305
Crown payments	\$168,997	409

No transfers were received from any Australian complying superannuation schemes.

As at the end of the Scheme year, the total value of members' accumulations was \$4,749,201 and there were 552 members with balances in their Scheme Accounts.

The total amount of fees (split between direct and indirect fees) that were charged to the Scheme by each of the following persons was as follows:

Fee Description	Direct	Indirect
Administration Manager	\$54,856	
Other ^		\$34,259

^Other relates to audit, taxation and legal fees and sundry expenses (see the Summary of Financial Statements on page 9).


As a restricted scheme for KiwiSaver Act 2006 ('KiwiSaver Act') purposes, the Scheme does not have a 'manager' as defined in the KiwiSaver Act. The Scheme also does not have an investment manager.

Trustee's Statement

The Trustee confirms that:

- All the benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed and the KiwiSaver Scheme Rules have been paid;
- The market value of the assets of the Scheme as at 31 March 2016 equalled the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 31 March 2016;
- There is a Scheme Provider Agreement between the Commissioner of Inland Revenue and Aon Hewitt (as the Trustee's delegate) that ceased 31 January 2016 and was replaced by Melville Jessup Weaver, effective 1 February 2016, covering the period of this Annual Report;
- Contributions received in respect of each member, including contributions received via Inland Revenue in respect of each member, have been applied in accordance with the terms of the Trust Deed and the KiwiSaver Act; and
- None of the Scheme's assets at the close of the financial year were invested directly or indirectly (in a way it would be reasonable for the Trustee to be aware of) in any employer who is a party to the Scheme or in any company or entity associated with any such employer.

The registration date of the most recent Prospectus of the Scheme as at the balance date of 31 March 2016 was 8 September 2015.



Trustee Director
31 August 2016



Trustee Director
31 August 2016

More Scheme Information

The most recent Prospectus, Financial Statements and other documents of, or relating to, the Scheme are filed on a public register at the Companies Office of the Ministry of Business, Innovation and Employment and available for public inspection (including at <http://www.business.govt.nz/companies> under Search Other Registers).

In addition, a member can receive, on request to the Administration Manager, a copy of the most recent Financial Statements and Auditor's Report, an estimate of the member's benefits or a copy of the most recent Prospectus relating to the Scheme.

During the year MJW were appointed Administration Manager, taking over from Aon on 1 February 2016.

Questions?

If you have any questions please direct them to:

BCF KiwiSaver Scheme Administration Team

Melville Jessup Weaver
Level 5, 40 Mercer Street
P O Box 11330, Wellington 6142
Phone: 0800 BCF INFO (0800 223 463) or
Phone: 04 499 0277
Email bcfkiwisaver@mjlw.co.nz

Complaints

If you have a complaint about your investment in the Scheme or about the Trustee, you should contact the Complaints Officer. They will investigate your concerns promptly and fairly. You may contact the Complaints Officer to make a complaint by telephone, by email or in writing to the address below.

The Complaints Officer

BCF KiwiSaver Scheme

Phone 0800 BCFINFO (0800 223 463) or 04 499 0277
Email bcfkiwisaver@mjlw.co.nz

You may also contact the Trustee at:

The Directors

Arotahi Trust Limited
5 Noel Rogers Place, Milson
Palmerston North 4414
Phone 0800 80 88 33

Both the Trustee and BCF Limited have entered into contracts with Financial Services Complaints Limited ('FSCL'), which operates an independent dispute resolution scheme approved by the Ministry of Consumer Affairs. If you make a complaint then we have 40 working days to respond to that complaint. If you are not satisfied by the response to the complaint, then you may refer the matter to FSCL, whose contact details are:

Financial Services Complaints Limited

4th Floor, 101 Lambton Quay
PO Box 5967
Lambton Quay
Wellington 6145
Phone 0800 347 257 or 04 472 3725
Email info@fscl.org.nz

Using the services of FSCL is entirely free to you as a member of the Scheme.

Who is involved in providing the Scheme?

Trustee

The Trustee of the Scheme is Arotahi Trust Limited. The directors of Arotahi Trust Limited as at 31 March 2016 were:

- Kevin Cedric Sorensen
- Maurice Allen Hall
- John McKay Mason

Kevin Cedric Sorensen replaced Barry Giles Pinker as Trustee since the last annual report. There have been no subsequent changes to its directors.

Promoters

BCF Limited ('Promoter') and each of its directors are the promoters of the Scheme. The directors of the Promoter as at 31 March 2016 were:

- Peter John Bishop
- Charles Basil Dunn
- Brian Steven Johnston
- Anthony Graham Senior
- Graeme Murray Turley
- Lincoln David Turley

There were no changes to the Promoter's directors during the period covered by this Annual Report (1 April 2015 to 31 March 2016) and there have been no subsequent changes to its directors.

Administration Manager

Melville Jessup Weaver

Level 5, 40 Mercer Street

PO Box 11330

Wellington 6142

Auditor

KPMG

18 Viaduct Harbour Avenue

PO Box 1584

Auckland 1140

Solicitor

Chapman Tripp

10 Customhouse Quay

PO Box 993

Wellington 6140

Related Party Transactions

During the current year all expenses were paid by the Scheme.

There has been no trustee remuneration paid during the year. There are three directors for Arotahi Trust Limited, the Trustee. None of these directors are members of the Scheme.

The Scheme holds no investments in any employer company.

Financial Markets Conduct Act

The Financial Markets Conduct Act 2013 (FMCA) comes into full effect on 1 December 2016. The Act introduces a number of new governance requirements for superannuation schemes. The Trustees have been working through the processes required to comply with the Act.

These include:

- A review of the Trust Deed
- A review of the Statement of Investment Policy and Objectives (SIPO)
- The appointment of the Licensed Independent Trustee
- The development of the Product Disclosure Statement and Other Material Information document to replace the current Investment Statement

The Trustees intend to transition to the Act on 13 September 2016. Formal notification to members (under clause 30 of Schedule 4 of the Financial Markets Conduct Act 2013) has been included in the distribution of this annual report and benefit statements. Members will not notice any changes in terms of operation of the Scheme and there will be no impact on members' benefit entitlements. The significant consequence of the Act is an increase in the compliance reporting and monitoring with the FMA.

Kevin Sorensen was appointed as the Licensed Independent Trustee on 28 May 2016.

Communications during the year ahead

There are a few regular events where the Administration Manager will need to contact members.

- Annually in July / August, members personal benefit statements will be posted to members' home address, along with The Scheme's Annual Report.
- Annually in June, an email will be sent to members reminding them of the Member Tax Credit benefit available to KiwiSaver members.
- The website will be updated quarterly with details of benefit entitlements.

It is important that members keep their contact details (both postal address and email address) updated with the Administration Manager.

Summary of Financial Statements

The following is a summary of the financial statements for the Scheme in respect of the years ended 31 March 2012, 2013, 2014, 2015 and 2016. The Scheme has been in operation since 1 April 2011.

Summary Statement of Changes in Net Assets

	2016 NZ\$	2015 NZ\$	2014 NZ\$	2013 NZ\$	2012 NZ\$
Investment Revenue					
Interest Received	177,380	121,272	34,305	7,478	1,400
Use of Money Interest	83				
	177,463	121,272	34,305	7,478	1,400
OTHER EXPENSES					
Audit Fees	11,270	10,063	-	(5,750)	5,750
Taxation Advice	1,725	4,646	-	-	-
Legal Fees	20,125	4,675	-	-	-
Sundry Expenses	1,139	11,376	1,381	1,483	113
	34,259	30,760	1,381	(4,267)	5,863
Change in Net Assets before Taxation and Membership Activities	143,121	90,512	32,924	11,745	(4,463)
Tax Expense	24,734	21,899			
Change in Net Assets after Taxation and before Membership Activities	118,470	68,613	32,924	11,745	(4,463)
MEMBERSHIP ACTIVITIES					
Contributions					
Member Contributions	677,280	616,573	482,910	314,708	178,577
Employer Contributions	395,008	361,744	281,937	177,832	98,680
Crown Tax Credits	168,997	141,142	114,029	93,176	12,905
Kickstart	18,000	84,000	45,000	42,000	242,000
Transfers In	90,768	25,456	90,707	-	8,501
Total Contributions	1,350,053	1,228,915	1,014,583	627,716	540,663
KiwiSaver Administration Fee	54,856	17,609	14,056	12,011	4,975
Death Payment	22,047	2,151	6,035	-	-
First Home Withdrawal	32,502	37,162	-	-	-
Invalid Enrolment	-	987	-	-	-
Transfers Out	20,687	7,498		7,442	-
Net Membership Activities	1,219,961	1,163,508	994,492	608,263	535,688
Net Increase in Net Assets during the year	1,338,431	1,232,121	1,027,416	620,008	531,225
Allocated to Member Accounts	4,749,201	3,410,770	2,178,649	1,151,233	543,158

Summary Statement of Cash Flows

	2016 NZ\$	2015 NZ\$	2014 NZ\$	2013 NZ\$	2012 NZ\$
Cash flows from Operating Activities					
Net Cash Flows from Operating Activities	1,173,980	1,144,584	991,733	617,825	543,158
Cash Flows used in Investing Activities					
Net Cash Flows used in Investing Activities	(912,256)	(886,784)	(2,100,000)	-	-
Net Increase/ (Decrease) in Cash Held	261,724	257,800	(1,108,267)	617,825	543,158
Opening Cash	310,516	52,716	1,160,983	543,158	-
Cash at End of Year	572,240	310,516	52,716	1,160,983	543,158

Summary Statement of Net Assets

	2016 NZ\$	2015 NZ\$	2014 NZ\$	2013 NZ\$	2012 NZ\$
Total Assets at end of year	4,778,771	3,425,930	2,182,004	1,161,278	543,158
Liabilities other than for accrued benefits at end of year	(29,570)	(15,160)	(3,355)	(10,045)	(11,933)
Net Assets Available for Benefits	4,749,201	3,410,770	2,178,649	1,151,233	531,225
Total Tangible Assets	4,778,771	3,425,930	2,182,004	1,161,278	543,158

Additional Disclosures

The Scheme is a profit-oriented entity and the full financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The full financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Scheme has made an explicit and unreserved statement of compliance with NZIFRS in note 2 of its full Financial Statements.

The presentation currency is New Zealand dollars and amounts have been rounded to the nearest dollar.

Full financial statements for the Scheme, that comply with the Financial Reporting Act 1993 and cover the period 1 April 2015 to 31 March 2016 were authorised by the Trustee on 25 July 2016 and registered under that Act on 18 August 2016.

The full Financial Statements for each period presented have been audited and the auditor's reports on those financial statements (dated 9 August 2016, 23 July 2015, 22 August 2014, 6 September 2013 and 26 September 2012) have not referred to any fundamental uncertainty and are unmodified.

The summary financial statements contained in this Annual Report have been taken from and are a summary of the Scheme's full financial statements dated 25 July 2016 and, as such, do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as is provided by the full financial statements.

The summary financial statements have been prepared in compliance with the Financial Reporting Standard No.43 - Summary Financial Statements and clause 5 of Schedule 6 of the Securities Regulations 2009.



Independent auditor's report on the summary financial statements

To the members of the BCF KiwiSaver Scheme

The accompanying summary financial statements on pages 9 to 10, which comprise the summary statement of net assets as at 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 and the summary statements of changes in net assets and cash flows for the years then ended and notes, are extracted from the audited financial statements of the BCF KiwiSaver Scheme (the "Scheme") for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012. We expressed an unmodified audit opinion on those financial statements in our reports for each of those years. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our reports on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the BCF KiwiSaver Scheme.

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

Manager's responsibility for the financial statements

The Manager is responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements* and that comply with the requirements of clause 5 of Schedule 6 of the Securities Regulations 2009.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Our firm has also provided other services to the Scheme in relation to prospectus reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme. These matters have not impaired our independence as auditor of the Scheme. The firm has no other relationship with, or interest in, the Scheme.

Opinion

In our opinion, the summary financial statements have been correctly derived from the audited financial statements of the BCF KiwiSaver Scheme for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements in accordance with FRS-43 *Summary Financial Statements* and complies with the requirements of clause 5 of Schedule 6 of the Securities Regulations 2009.

1 September 2016

Auckland

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