



Asteron Retirement Savings Plan

**Financial statements
for the financial year ended 31 March 2021**

Asteron Retirement Savings Plan

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Statement of changes in net assets for the financial year ended 31 March 2021

	Notes	31 March 2021 \$000's	31 March 2020 \$000's
Investment revenue			
Gain/(loss) on investments at fair value through profit or loss	5	12,342	(1,148)
Distribution income		518	930
Interest income		43	68
Management fee rebate	10	161	165
Administration fee rebate	10	269	264
		<u>13,333</u>	<u>15</u>
Less: Investment and other expenses			
Management fees	10	771	844
Administration fees	10	34	37
		<u>805</u>	<u>881</u>
Surplus/(deficit) before Membership activities		<u>12,528</u>	<u>(602)</u>
Membership activities			
Members' contributions	6	1,641	1,417
Benefits paid	7	(47,109)	(5,330)
Net benefits paid		<u>(45,468)</u>	<u>(3,913)</u>
(Cancellation)/issue of Members' benefits to settle PIE tax (payable)/rebate		(424)	171
Net Membership activities		<u>(45,892)</u>	<u>(3,742)</u>
Net decrease in promised retirement benefits allocated to Members' accounts		<u>(33,364)</u>	<u>(4,344)</u>

The above statement of changes in net assets should be read in conjunction with the accompanying notes.

Asteron Retirement Savings Plan

Statement of net assets as at 31 March 2021

	Notes	31 March 2021 \$000's	31 March 2020 \$000's
Assets			
Cash and cash equivalents	12	-	862
Financial assets designated as fair value through profit or loss	12	29,491	58,840
Investment and sundry receivable	12	36	37
Related party receivable	10, 12	197	834
PIE tax rebate receivable	9	74	351
Total assets		29,798	60,924
Less: Liabilities			
Cash payables		2,972	-
Related party cash payable	10	-	770
Related party payable	10	38	-
Sundry payables		186	188
Total liabilities (excluding net assets available for benefits)		3,196	958
Net assets available for benefits		26,602	59,966
Represented by:			
Liability for promised retirement benefits	8	26,602	59,966

The above statement of net assets should be read in conjunction with the accompanying notes.

The Directors of the Trustee, Asteron Retirement Investment Limited, approved these financial statements for issue on 25 June 2021.

For and on behalf of the Trustee
Asteron Retirement Investment Limited


Director


Director

Asteron Retirement Savings Plan

Statement of cash flows for the financial year ended 31 March 2021

	Notes	31 March 2021 \$000's	31 March 2020 \$000's
Cash flows from operating activities			
Cash was provided from:			
Members' contributions		1,646	1,469
Interest received		4	15
Rebates from Trustee and Administration and Investment Managers		489	-
		<u>2,139</u>	<u>1,484</u>
Cash was applied to:			
Benefits paid		(47,306)	(5,330)
Cancellation of Members' benefits to settle PIE tax payable		(147)	(171)
Payment to Trustee and Administration and Investment Managers		-	(679)
		<u>(47,453)</u>	<u>(6,180)</u>
Net cash outflow used in operating activities	11	<u>(45,314)</u>	<u>(4,696)</u>
Cash flows from investing activities			
Cash was provided from:			
Sale of investments		44,376	5,246
Cash was applied to:			
Purchases of investments		(2,126)	(640)
		<u>42,250</u>	<u>4,606</u>
Net cash inflow from investing activities		<u>42,250</u>	<u>4,606</u>
Net decrease in cash and cash equivalents		<u>(3,064)</u>	<u>(90)</u>
Opening cash and cash equivalents		92	182
Closing (cash payable)/cash and cash equivalents		<u>(2,972)</u>	<u>92</u>
(Cash payable)/Cash and cash equivalents consist of:			
Call deposits		-	862
Cash payable		(2,972)	-
Related party cash payable	10	-	(770)
(Cash payable)/Cash and cash equivalents at end of the year		<u>(2,972)</u>	<u>92</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Asteron Retirement Savings Plan

Notes to the financial statements

for the financial year ended 31 March 2021

1. Reporting entity

Asteron Retirement Savings Plan (the **Scheme**) is a defined contribution superannuation scheme. The Scheme is registered as a restricted and legacy superannuation scheme under the Financial Markets Conduct Act 2013 (**FMCA**).

The Scheme is closed to new Members and is being wound up effective 31 March 2021.

Asteron Retirement Investment Limited (**ARIL**) is the Trustee and Manager of the Scheme. ARIL has appointed Suncorp Corporate Services Pty Ltd (**SCS**) as the investment manager of the Scheme. ARIL has appointed Asteron Life Limited (**Asteron**) as the administration manager of the Scheme. ARIL, SCS and Asteron are companies within the Suncorp Group, with Suncorp Group Limited as the ultimate parent. ARIL has delegated responsibility for management oversight of the Scheme to Suncorp New Zealand's (**SNZ**) Chief Executive Officer (**CEO**). The SNZ CEO is supported to execute the responsibility by SNZ's Asset and Liability Committee (**ALCO**) and its sub-committees.

SCS has appointed Nikko Asset Management New Zealand Limited (Nikko AM NZ) as the sub-investment manager of the Scheme.

The Scheme was established by a trust deed dated 17 February 1982, and amended by deeds dated 19 August 1983, 9 July 1984, 25 October 1994, 19 October 1998 and 1 July 2003 (the **Previous Deed**). The Previous Deed was amended by substituting the provisions of the Previous Deed with all the provisions of a deed dated 25 November 2016 (the **Trust Deed**), in connection with the transition of the Scheme to the FMCA.

The registered office of the Trustee and Manager is Asteron Centre, Level 13, 55 Featherston Street, Wellington 6011, New Zealand.

2. Basis of preparation

The financial statements of the Scheme have been prepared on the historical cost basis unless the application of fair value measurements are required by the relevant accounting standards, such as the measurement of financial instruments at fair value through profit or loss.

Under NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans*, the Scheme is classified as a "Defined Contribution Plan".

Following the Directors of the Trustee's approval on 23 November 2020, the Scheme is being wound up effective 31 March 2021 with remaining investment balances to be paid out to members. The Scheme has commenced its wind-up procedures on 1 April 2021 and will complete the wind-up procedures by financial year ending 31 March 2022. As a result, the financial statements are therefore not prepared on a going concern basis, but the Scheme has continued to apply the requirements of NZ IFRS. This has not affected the classification and measurement of the assets and liabilities of the Scheme as the carrying amounts of assets are not overstated and liabilities represent the amount outstanding as at reporting date. Because the Scheme is not a going concern as at 31 March 2021, its investments, which are carried at fair value, will be sold to pay out Members and to settle remaining liabilities in relation to winding up procedures.

No accruals or provision has been recognised in relation to the costs expected to be incurred in winding up the Scheme as at 31 March 2021 as the obligating event has not occurred as at reporting date. Please refer to Note 18 for the winding up steps and payments to Members subsequent to the reporting date.

The financial statements for the year ended 31 March 2020 were prepared on a going concern basis and comparatives have not been restated.

These financial statements are presented in New Zealand dollars, which is the Scheme's functional and presentation currency, unless otherwise stated. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The accompanying statement of net assets has been prepared using the liquidity format of presentation.

3. Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (**NZ GAAP**). They comply with the New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**) and other applicable Financial Reporting Standards as appropriate for a profit-oriented entity. The financial statements have been prepared in accordance with the requirements of the FMCA. They also comply with International Financial Reporting Standards (**IFRS**).

4. Significant accounting policies

(i) Financial instruments

The Scheme invests in call deposits directly and in discounted securities, equities, debt securities and fixed interest securities through unit trusts. The investments, except for call deposits, are held on behalf of the Members by and in the name of the Trustee of the Scheme, ARIL. Call deposits are held on behalf of the Members by and in the name of Suncorp Group New Zealand Limited, a member of the Suncorp Group.

Asteron Retirement Savings Plan

Notes to the financial statements (continued)
for the financial year ended 31 March 2021

4. Significant accounting policies(continued)

(a) Classification

The Scheme's financial assets and financial liabilities are categorised as:

- **Financial assets and liabilities at fair value through profit or loss, which comprise:**

- *Financial instruments designated at fair value through profit or loss*

Financial instruments designated at fair value through profit or loss upon initial recognition are those that are managed, and their performance evaluated, on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Trustee to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition / derecognition

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention are recognised at trade date, being the date on which the Scheme commits to buy or sell the asset. Sales of trading securities and investments that are unsettled at balance date are included in receivables, unsettled purchase transactions are included in payables.

Financial assets are de-recognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the Scheme has transferred substantially all risks and rewards of ownership.

Other financial assets and financial liabilities are recognised on the date on which they originated.

The Scheme derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(c) Measurement

Fair value for the various types of financial assets and financial liabilities is determined as follows:

- **Financial assets and liabilities at fair value through profit or loss**

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of changes in net assets.

- *Fair value in an inactive or unquoted market*

The fair values of financial assets and liabilities that are unquoted or not traded in an active market are determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of another substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Refer to note 4(xi) for details of financial assets where fair values are determined using valuation techniques.

- **Financial assets and liabilities at amortised cost**

Loans and receivables are measured initially at cost plus transaction costs and subsequently amortised using the effective interest rate method, less impaired losses if any. Such assets are reviewed at each balance date to determine whether there is objective evidence of impairment.

If any such indication of impairment exists, an impairment loss is recognised in the statement of changes in net assets as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impaired loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of changes in net assets.

Payables represent liabilities and accrued expenses owing by the Scheme at balance date. These are initially recognised at fair value, being the amounts payable.

Asteron Retirement Savings Plan

Notes to the financial statements (continued) for the financial year ended 31 March 2021

(c) Measurement (continued)

The Scheme only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses to all its receivables. Therefore the Scheme does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at the reporting date.

With the short time period and nature of the receivables, the Scheme does not anticipate any expected credit losses to be applicable to these assets.

(d) Income and expenses arising from financial assets at fair value through profit or loss

All investment income and investment expenses recognised in the statement of changes in net assets relate to financial assets at fair value through profit or loss.

(ii) Changes in fair value

Changes in fair value consists of realised and unrealised gains and losses and are recognised in the statement of changes in net assets. Realised gains and losses are derived from the sale of investments. Unrealised gains and losses are calculated from the change in fair value of investments held at balance date and the reversal of the prior year's unrealised gains and losses.

(iii) Liability for promised retirement benefits

The liability for promised retirement benefits is the Scheme's present obligation to pay benefits to Members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. All promised retirement benefits have been allocated or were available for allocation to Members' accounts.

(iv) Contributions and benefits

Contributions are recognised when due to the Scheme. Benefits are recognised when they are due to be paid.

(v) Income from investments

(a) Interest income is recognised on an accrual basis, being the effective interest income method.

(b) Distributions from unit trusts are recognised when they are due from the unit trusts.

(vi) Asset and liability recovery and settlement periods

The Scheme's assets and liabilities in the statement of net assets are expected to be recovered or settled no more than twelve months after the balance date, except for the financial assets held to meet the liability for promised retirement benefits. The liabilities for promised retirement benefits are mostly expected to be settled within twelve months after the balance date since the Scheme is being wound up effective 31 March 2021.

(vii) Tax

The Scheme is a Portfolio Investment Entity (PIE). PIEs are not subject to tax at the fund level and therefore the Scheme has no income tax expense or deferred tax assets or payables.

The PIE tax rules require that all taxable income/loss, deductible expenses and tax credits relating to a Member's investment are allocated to individual Members based on their investment in the Scheme. Tax is charged/rebated to each Member on their share of allocated net income/loss at their Prescribed Investor Rate (PIR) (as advised to the administration manager), adjusted for allocated tax credits. Applicable PIRs for Members are either 10.5%, 17.5% or 28% or 0% for trustees.

The Scheme allocates PIE taxable income/loss and tax credits to Members on a daily basis. The PIE tax payable/rebate is calculated, collected and paid to Inland Revenue on a quarterly basis. Income tax payable/rebate for each Member is met by cancelling/issuing the required number of units in the Members' accounts.

The Trustee is responsible for payment/receipt of all PIE tax payables/rebates on behalf of the Members of the Scheme to the Commissioner of Inland Revenue.

Asteron Retirement Savings Plan

Notes to the financial statements (continued) for the financial year ended 31 March 2021

(viii) New accounting standards and interpretations

Change in accounting policies and accounting standards adopted during the year

(a) Changes in accounting policies

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

(b) New accounting standards adopted

There have been no new reporting standards, amendments to standards and interpretations that became effective from 1 April 2020 and are applicable to the Scheme.

(ix) Cash and cash equivalents and statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

- (a) Operating activities include all transactions and other events that are not investing activities. Included within operating activities is non-cash dividend income received in the form of units as opposed to cash.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of investments. Investments can include securities not falling within the definition of cash. Included within investing activities are non-cash purchases of investments relating to distributions received in the form of units as opposed to cash.
- (c) Cash is considered to be cash on hand (including related party cash receivable/payable), current accounts in banks which are net of bank overdrafts, call deposits and short term investments which are convertible to cash within two working days.
- (d) Call deposits include amounts for day to day cash management as well as amounts for investment purposes. For the purpose of the statement of cash flows these have all been treated as cash or cash equivalents.
- (e) Cash payable is the overdraft balance of current accounts in banks and investment bank accounts.
- (f) There are no restrictions on cash or cash equivalents which would impact realisation of cash balances.

(x) Critical accounting estimates and judgements

The Scheme makes estimates and judgements that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

COVID-19 impacts and estimates impacted by these uncertainties are mainly related to fair value measurement.

The fair value measurement note, risk management notes and the unit prices of investment funds comprising the Scheme notes are impacted by critical accounting estimates and judgements.

(xi) Fair value hierarchy

Financial assets that are recognised and measured at fair value are categorised by a hierarchy which identifies the most significant input used in the valuation methodology:

- Level 1 - derived from quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2 - derived from either other quoted prices on an inactive market, or modelled using observable inputs.
- Level 3 - fair value measurement is not based on observable market data.

The Scheme's investments in financial instruments are all unit trusts and are valued in accordance with Level 2 of this fair value hierarchy using unit prices determined by Nikko AM NZ in respect of the unit trust investments held.

There have been no transfers between levels of the fair value hierarchy during the financial year ended 31 March 2021 or 31 March 2020.

There has been no changes to the fair value hierarchy classification of the investments as a result of COVID-19 and remain as disclosed in the note.

Asteron Retirement Savings Plan

Notes to the financial statements (continued)
for the financial year ended 31 March 2021

5. Gain/(loss) on investments at fair value through profit or loss	31 March 2021	31 March 2020
	\$000's	\$000's
Designated at fair value through profit or loss		
Realised gains on unit trusts	13,480	3,847
Unrealised losses on unit trusts	(1,138)	(4,995)
Total	12,342	(1,148)

6. Members' contributions	31 March 2021	31 March 2020
	\$000's	\$000's
Regular contributions	1,411	1,397
Other contributions	230	20
Total Members' contributions	1,641	1,417

7. Benefits paid	31 March 2021	31 March 2020
	\$000's	\$000's
Death	384	32
Retirement	36,574	3,468
Surrenders	8,857	880
Partial withdrawals	1,294	950
Total benefits paid	47,109	5,330

The retirement benefits paid for the year ended 31 March 2021 includes redemptions associated with the wind up of the Schemes.

8. Liability for promised retirement benefits	31 March 2021	31 March 2020
	\$000's	\$000's
Balance at beginning of the year	59,966	64,310
Surplus/(deficit) before Membership activities	12,528	(602)
Members' contributions	1,641	1,417
Benefits paid	(47,109)	(5,330)
(Cancellation)/issue of Members' benefits to settle PIE tax (payable)/rebate	(424)	171
Balance at end of the year	26,602	59,966

For information on guaranteed benefits and vested benefits refer to notes 14 and 15 respectively.

9. PIE tax rebate receivable

As a PIE the Scheme is obliged to calculate, collect and pay to/receive from Inland Revenue, the PIE tax payable/rebate for each of its Members at their individual PIRs on a quarterly basis.

During the year sufficient funds to settle the PIE tax payable/rebate for each Member were realised by way of cancellation/issuing of units from the Members' investments in the Scheme.

As at 31 March 2021, PIE tax of \$74,000 is receivable by the Scheme on behalf of Members (31 March 2020: \$351,000).

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Notes to the financial statements (continued) for the financial year ended 31 March 2021

10. Related parties

ARIL and Asteron are companies within the Suncorp Group, with Suncorp Group Limited as the ultimate parent. The Trustee of the Scheme is ARIL.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. This comprises the directors of ARIL, Asteron and the SNZ CEO. The Scheme has had no transactions or balances with the key management personnel during the year ended 31 March 2021 (31 March 2020: nil).

Related Party	Transaction \$000's
Asteron	Related party receivable
(Related company of Trustee and administration manager of the Scheme)	\$197 (31 March 2020: \$Nil)
	Related party cash payable
	\$Nil (31 March 2020: \$770)
	The Scheme does not have its own operating bank account, therefore the related party cash balances represents cash owed to/receivable from Asteron by the Scheme.
ARIL (Trustee)	Management and administration fees
	\$805 (31 March 2020: \$881)
	Management and administration fee rebate
	\$430 (31 March 2020: \$429)
	Related party payable
	\$38 (31 March 2020: \$Nil)
	Related party receivable
	\$Nil (31 March 2020: \$834)

Audit fees are paid by Asteron on behalf of the Scheme. The audit fee for the year ended 31 March 2021 is \$16,500 (31 March 2020: \$17,100). Registry reasonable assurance engagement fees are paid by ARIL on behalf of the Scheme. The fee of \$10,450 for the year ended 31 March 2020 engagement (for both ASP and ARSP) was paid during the year ended 31 March 2021. Registry audit fee is \$10,000 for the year ended 31 March 2021 (for both ASP and ARSP) engagement to be paid by the year ended 31 March 2022.

11. Reconciliation of net movement in promised retirement benefits allocated to Members' accounts to net cash flow from operating activities

	31 March 2021	31 March 2020
	\$000's	\$000's
Net decrease in net promised retirement benefits allocated to Members' accounts	(33,364)	(4,344)
Add/(less) items classified as investing activities:		
(Gain)/loss on investments at fair value through profit or loss	(12,342)	1,148
Add/(less) movement on other working capital items :		
Decrease in interest receivable	1	-
Decrease/(increase) in PIE tax rebate receivable	277	(343)
Decrease/(increase) in related party receivable	667	(227)
Increase in sundry payables	(2)	54
Less non-cash income:		
Distribution and interest income	(551)	(984)
Net cash outflow used in operating activities	(45,314)	(4,696)

Asteron Retirement Savings Plan

Notes to the financial statements (continued) for the financial year ended 31 March 2021

12. Risk management

As part of Suncorp Group Limited, SNZ legal entity Boards have adopted the Suncorp Group's Enterprise Risk Management Framework, policy and processes to identify and manage the exposure to key risks created by the use of financial instruments (credit risk, market price risk, interest rate risk, liquidity risk and capital management).

Underpinning all risk management activities are the following principles:

- A common language and approach to implement effective risk management across the activities of the Suncorp Group (which include the operation of the Scheme)
- Risk management activities are as sophisticated as the risks they are designed to manage
- Regular updating of the risk profiles for all material risks inherent in activities of the SNZ entities (including risks related to the operation of the Scheme)
- Use of consistent methodology and clear ownership of risks
- Use of objective measurement of risk where appropriate
- The use of indicators and other reporting mechanisms to analyse risk

Risk management roles and responsibilities

The Boards of the relevant legal entities comprising SNZ are responsible for overseeing the processes used to identify, evaluate and manage the exposure to risks.

SNZ's Senior Leadership team is accountable for implementing and assessing the effectiveness of the processes used to identify, evaluate and manage risks.

SNZ's Senior Leadership team is supported by the SNZ Chief Risk Office which provides guidance and advice on risk, compliance, governance and regulatory matters.

Suncorp Group's internal audit function is responsible for providing independent, objective assurance to management and boards that risk practices and internal controls are functioning as intended.

Financial risk management

The Scheme's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business and the operational risks are an inevitable consequence of being in business. The Scheme's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Scheme's financial performance.

The Scheme's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Scheme regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Scheme does not apply a look through approach when assessing risk.

(i) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Scheme by failing to discharge an obligation.

Financial instruments which potentially subject the Scheme to credit risk consist of cash, receivables and unit trust investments.

Contracts have been entered into with various counterparties, who have appropriate credit ratings, in accordance with the tactical and strategic limits laid down in policies reviewed by the Trustee. The Scheme does not require collateral or other security. The Scheme is subject to credit losses in the event of non-performance by the counterparties to all financial instruments, however losses are not expected to occur.

The maximum exposure to credit risk of the Scheme's financial instruments at both 31 March 2021 and 31 March 2020 is equal to their carrying amount.

Asteron Retirement Savings Plan

Notes to the financial statements (continued) for the financial year ended 31 March 2021

(ii) **Concentration of credit risk**

The Scheme places its investments with a large range of corporate and financial institutions. Investment strategies are carefully balanced so that there is no significant concentration of credit risk in any one financial institution.

The following table gives credit exposures by financial asset category:

	31 March 2021 \$000's	31 March 2020 \$000's
Cash and cash equivalents	-	862
Investment and sundry receivable	36	37
Related party receivable	197	834
	<u>233</u>	<u>1,733</u>

The Scheme is indirectly exposed to credit risk by investing in unit trusts which invest in a range of underlying securities. The following table gives the breakdown of investments in Nikko AM NZ unit trusts by financial asset category:

	31 March 2021 \$000's	31 March 2020 \$000's
Nikko AM Global Equity Unhedged Fund	9,552	16,506
Nikko AM Wholesale Core Equity Fund	6,002	13,384
Nikko AM Wholesale NZ Cash Fund	4,975	11,294
Nikko AM Wholesale Property Fund	2,588	3,157
Nikko AM Wholesale NZ Bond Fund	2,481	5,661
Nikko AM Global Equity Hedged Fund	2,039	4,520
Nikko AM Wholesale Option Fund	968	2,506
Nikko AM Wholesale Global Bond Fund	886	1,812
	<u>29,491</u>	<u>58,840</u>

The Scheme's investments which exceed 5% of the net assets are:

	31 March 2021		31 March 2020	
	%	\$000's	%	\$000's
Nikko AM Global Equity Unhedged Fund	36%	9,552	28%	16,506
Nikko AM Wholesale Core Equity Fund	23%	6,002	22%	13,384
Nikko AM Wholesale NZ Cash Fund	19%	4,975	19%	11,294
Nikko AM Wholesale Property Fund	10%	2,588	9%	3,157
Nikko AM Wholesale NZ Bond Fund	9%	2,481	8%	5,661
Nikko AM Global Equity Hedged Fund	8%	2,039	5%	4,520

(iii) **Market risk**

Market risk is the risk that the fair value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted within mandates, overall investment strategy and within approved limits.

Market price risk sensitivity

If the prices of the unit trust investments held by the Scheme at balance date had moved by 5% with all other variables held constant, the impact in the statement of changes in net assets would have been as follows:

	31 March 2021 \$000's	31 March 2020 \$000's
5% increase in prices of unit trust investments	1,475	2,942
5% decrease in prices of unit trust investments	(1,475)	(2,942)

The impact of COVID-19 caused the Manager to review the adequacy of the price risk sensitivity analysis. Given the expected long term investment timeframe of Members investments in the Scheme, the Manager felt that, in line with the prior year, 5% remained an adequate indication of risk for the current period. Short term volatility may be greater than this for certain funds.

Asteron Retirement Savings Plan

Notes to the financial statements (continued) for the financial year ended 31 March 2021

(a) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to a change in foreign exchange rates. Movements in the New Zealand dollar may affect both the cash flows and market values of investments denominated in foreign currencies.

The Scheme is indirectly exposed to currency risk through the unit trusts it invests in as some of the unit trusts hold investments denominated in foreign currencies. There is no direct exposure to currency risk for the Scheme. The Scheme places reliance on the tactical and strategic limits in the investment policies in place for the Scheme for the management of the currency risk in respect of these financial instruments.

(b) **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 change in market interest rates.

The Scheme is indirectly exposed to interest rate risk through the unit trusts it invest in as these are revalued at market value on a continuous basis. There is no direct exposure to interest rate risk for the Scheme. The Scheme places reliance on the tactical and strategic limits in the investment policies in place for the Scheme for the management of the interest rate risk in respect of these financial instruments.

(iv) **Liquidity risk**

Liquidity risk is the risk that the Scheme is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay Members and creditors. Where there is a timing difference between the Scheme's cash flow commitments and the receipts of funds, the Trustee has the right to realise investments in order to permit withdrawals from the Scheme.

If by reason of exceptional circumstances the Trustee in good faith forms the opinion that it is impractical or would be materially prejudicial to the interest of the Members for the Trustee to realise investments in order to permit withdrawals from the Scheme, then the Trustee may give a written notice of withdrawal suspension to any Member who gives or has given Notice of Withdrawal. Such a notice has the effect of suspending the operation of all withdrawal notices until such time as the Trustee withdraws this notice. In terms of managing the liquidity risk, the Trustee acts on the direction of the administration manager in respect of all payments made by the Scheme.

The Scheme has not experienced a higher number of unit holder withdrawals, due to COVID-19, compared to the prior period. No illiquid investments have been identified by the Manager in the Scheme as a result of COVID-19. The Manager believes the Scheme remains appropriately liquid considering the liquidity of the underlying investments and level of potential withdrawals. The Scheme is being wound up effective 31 March 2021 with remaining investment balances paid out to Members and wind-up procedures completed from 1 April 2021 onwards.

All of the Scheme's financial liabilities have a maturity of less than 30 days.

(v) **Capital risk management**

The Scheme's objectives when managing capital are to provide returns for Members through capital growth and income. The Scheme does this by investing in a diversified portfolio of financial assets.

The Scheme undertakes to invest the contributions and accumulation value of the Members in investments that meet the Scheme's objectives while maintaining sufficient liquidity to meet Member withdrawals.

13. **Contingent liabilities and capital commitments**

There were no contingent liabilities or capital commitments as at 31 March 2021 (31 March 2020: nil).

14. **Guaranteed benefits**

No guarantees have been made in respect of any part of the liability for promised retirement benefits (31 March 2020: \$0).

15. **Vested benefits**

Vested benefits equate to the total promised retirement benefits in the Scheme as at balance date. Under the conditions of the Scheme, vested benefits are not conditional on continued Membership.

16. **Funding arrangement**

Each Member contributes on the basis specified in their application form or as agreed thereafter with the Trustee. There are no mandatory contributions or restrictions.

Asteron Retirement Savings Plan

Notes to the financial statements (continued)
for the financial year ended 31 March 2021

17. Unit prices of investment funds comprising the Scheme

Unit prices of the investment funds comprising the Scheme at the beginning and end of the year were:

	31 March 2021	31 March 2020
	Redemption Price	Redemption Price
	\$	\$
Deposit	11.641	11.567
NZ Fixed Interest	3.744	3.683
International Fixed Interest	3.931	3.756
NZ Equity	6.574	5.276
International Equity	4.775	3.399
NZ Property	7.254	5.511
Managed Conservative	3.967	3.576
Managed Neutral	4.454	3.736
Managed Growth	4.827	3.900

18. Events occurring after balance date

Subsequent to 31 March 2021, the investment balances in the Scheme have been converted to cash and will be paid out to qualifying Members. Since 31 March 2021, \$388,000 has been paid out to Members. The remaining balance of Member funds, including interest to the date of payment, will be paid out by the conclusion of the Scheme's wind-up, either to the qualifying Members or to the Inland Revenue Department if the Members are not contactable.

There were no other events post 31 March 2021 which would require adjustment to the amounts reflected in the 31 March 2021 financial statements or disclosures thereto.



Independent Auditor's Report

To the members of Asteron Retirement Savings Plan

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of Asteron Retirement Savings Plan (the 'Scheme') on pages 1 to 13, present fairly, in all material respects, the Scheme's financial position as at 31 March 2021 and its financial performance and cash flows for the year ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

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



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Scheme in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Our firm has also provided other services to the Scheme in relation to our reasonable assurance engagement over the 31 March 2021 registry of the Scheme. 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.



Emphasis of matter - going concern

We draw attention to Note 2 to the financial statements, which describes that the going concern basis of preparing the financial statements has not been used given the Scheme is being wound up effective 31 March 2021 with remaining investment balances to be paid out to members and wind-up procedures to be completed from 1 April 2021 onwards. Our opinion is not modified in respect of this matter.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. Except for the matter described in the emphasis of matter - going concern, we summarise below those matters and our key audit procedures to address those matters in order that the members, as a body, may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

Refer to notes 4 and 12 to the financial statements for disclosures on Investments. The Scheme's investments are considered a key audit matter due to their significance to the financial statements as a whole (the portfolio of investments makes up 99% of the Scheme's total assets).

Our audit procedures included:

- documenting our understanding of the processes the Scheme has in place to record investment transactions including fair value of the investment portfolio. This included evaluating the control environment in place at the investment manager and custodian through review of their control reports and related assurance opinions issued by an independent auditor;
- agreeing investment holdings and investment fair value to external confirmations received from the investment scheme manager; and
- consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available.



Other information

The Directors of the Trustee, on behalf of the Scheme, are responsible for the other information included in the Scheme's Annual Report. Other information includes the Trustee report and other disclosures relating to management of the Scheme and corporate governance. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent auditor's report and for no other purpose.



To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors of the Trustee for the financial statements

The Directors of the Trustee, on behalf of the Scheme, are responsible for:

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



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

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

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

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

For and on behalf of

KPMG
Auckland

28 June 2021