# AMP KIWISAVER SCHEME

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 MARCH 2015

**AMP KIWISAVER SCHEME**
**CONTENTS**
**For the year ended 31 March 2015**

**AMP KIWISAVER SCHEME**
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**
**For the year ended 31 March 2015**

| | Notes | **2015 $000's** | 2014 $000's |
|---|---|---|---|
| **INCOME** | | | |
| Dividend and distribution income | | **1,777** | 1,431 |
| Interest income | | **1,762** | 836 |
| Net gains on financial assets at fair value through profit or loss | | **330,916** | 158,351 |
| **TOTAL INCOME** | | **334,455** | 160,618 |
| **EXPENSES** | | | |
| Member fees | | **6,713** | 7,656 |
| Administration fees | 10 | **12,335** | 9,927 |
| Management fees | 10 | **12,438** | 8,876 |
| Audit fees | 10 | **85** | - |
| Other expenses | 10 | **454** | - |
| **TOTAL EXPENSES** | | **32,025** | 26,459 |
| **NET PROFIT BEFORE TAX** | | **302,430** | 134,159 |
| Tax expense | | **-** | - |
| **NET PROFIT AFTER TAX** | | **302,430** | 134,159 |
| **MEMBERSHIP ACTIVITIES** | | | |
| **Contributions** | | | |
| Members' contributions | | **365,266** | 285,198 |
| Crown contributions | | **88,763** | 65,909 |
| Employer contributions | | **197,984** | 164,728 |
| Transfers from other superannuation schemes | | **35,229** | 1,019,819 |
| Members' PIE tax rebates | | **186** | 59 |
| **Total Contributions** | | **687,428** | 1,535,713 |
| **Withdrawals** | | | |
| Withdrawal benefits | | **88,661** | 71,600 |
| Transfers to other superannuation schemes | | **223,383** | 175,169 |
| Inland Revenue refunds | | **2,408** | 2,929 |
| Members' PIE tax withdrawals | | **29,160** | 17,415 |
| **Total Withdrawals** | | **343,612** | 267,113 |
| **NET CONTRIBUTIONS** | | **343,816** | 1,268,600 |
| **CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS** | | **646,246** | 1,402,759 |

These financial statements should be read in conjunction with the accompanying notes.



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**AMP KIWISAVER SCHEME**
**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**
**As at 31 March 2015**

| | Notes | 2015 $000's | 2014 $000's |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 8 | **75,911** | 46,706 |
| Financial assets at fair value through profit or loss | 3 | **3,551,656** | 2,931,090 |
| Receivables | 3 | **25,413** | 27,002 |
| **TOTAL ASSETS** | | **3,652,980** | 3,004,798 |
| **LIABILITIES** | | | |
| Payables | 4 | **28,612** | 26,676 |
| **TOTAL LIABILITIES** | | **28,612** | 26,676 |
| **AMOUNTS AVAILABLE FOR BENEFITS** | | **3,624,368** | 2,978,122 |
| **Represented by:** | | | |
| Opening balance | | **2,978,122** | 1,575,363 |
| Allocated to Member accounts | | **646,246** | 1,402,759 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | | **3,624,368** | 2,978,122 |

For and on behalf of AMP Services (NZ) Limited who authorised these financial statements as at the date below:

Director

9 JUNE 2015
Date

Director

These financial statements should be read in conjunction with the accompanying notes.



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**AMP KIWISAVER SCHEME**
**STATEMENT OF CASH FLOWS**
**For the year ended 31 March 2015**

| | Notes | **2015 $000's** | 2014 $000's |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Sale of financial assets at fair value through profit or loss | | **103,185** | 54,128 |
| Purchase of financial assets at fair value through profit or loss | | **(391,070)** | (275,787) |
| Interest received | | **1,759** | 832 |
| Administration, management and other expenses paid | | **(31,642)** | (26,029) |
| **NET CASH OUTFLOW FROM OPERATING ACTIVITIES** | 8 | **(317,768)** | (246,856) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Contributions received from Members | | **687,630** | 537,087 |
| Withdrawals paid to Members | | **(343,555)** | (266,790) |
| Net PIE tax received/(paid) | | **2,898** | (188) |
| **NET CASH INFLOW FROM FINANCING ACTIVITIES** | | **346,973** | 270,109 |
| Net increase in cash and cash equivalents | | **29,205** | 23,253 |
| Cash and cash equivalents at the beginning of the year | | **46,706** | 23,453 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | | **75,911** | 46,706 |

These financial statements should be read in conjunction with the accompanying notes.



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## 1. GENERAL INFORMATION

These financial statements are for the AMP KiwiSaver Scheme (the Scheme) for the year ended 31 March 2015 (balance date).

The Scheme is a defined contribution KiwiSaver Scheme domiciled in New Zealand and established under a Trust Deed dated 29 March 2007 between AMP Services (NZ) Limited (the Manager) and The New Zealand Guardian Trust Company Limited (the Trustee). It is currently governed by an amended and consolidated Trust Deed dated 12 September 2012.

The main purpose of the Scheme is to provide benefits to Members in accordance with the KiwiSaver Act 2006. It was registered on 30 March 2007 as a Default KiwiSaver Scheme.

The Scheme commenced operations on 1 July 2007 and Members were accepted into the Scheme from that date. The Scheme is a profit oriented reporting entity under the Financial Reporting Act 1993.

On 2 August 2013, the members of the AMP Wealth KiwiSaver Scheme were transferred into the AMP KiwiSaver Scheme per S119H of the KiwiSaver Act 2006. On 28 March 2014, the AMP KiwiSaver Scheme was reappointed as a Default KiwiSaver Scheme provider for a further seven year term commencing 1 July 2014.

The Manager of the Scheme is a wholly owned subsidiary of AMP Life Limited. The Manager's ultimate holding company is AMP Limited, a company incorporated in Australia. The Manager is incorporated and domiciled in New Zealand. The registered office of the Manager is located at Level 21, AMP Centre, 29 Customs Street West, Auckland.

The Scheme is comprised of various underlying funds (the Funds). Notwithstanding the division of the Scheme into Funds, the Scheme comprises a single trust fund with the value of the Members' interests in the Scheme determined by reference to the value of the units they hold in the Funds.

The Funds as at 31 March 2015 were as follows:

AMP Default Fund
Cash Fund
AMP Conservative Fund
AMP Moderate Fund
AMP Moderate Balanced Fund
AMP Balanced Fund
AMP Growth Fund
AMP Aggressive Fund
Nikko AM Balanced Fund*
ANZ Balanced Plus Fund
Fisher Balanced Fund

* This fund has been renamed and was previously known as Tyndall Balanced Fund.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that materially affect the financial statements are set out below.

### (a) Basis of preparation

These financial statements have been prepared in accordance with the Trust Deed governing the Scheme, the KiwiSaver Act 2006, the Financial Reporting Act 1993 and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable financial reporting standards as appropriate for profit oriented entities.

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

The financial statements have been prepared on a historical cost basis as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss. The going concern assumption has been applied.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**(a) Basis of preparation** *(continued)*
The Statement of Net Assets Available for Benefits is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

**(b) Investment entities**
These financial statements are the separate financial statements for the Scheme. Consolidated financial statements are not prepared for the Scheme, as it meets the definition of an investment entity and thus is not required to consolidate the assets and liabilities of its underlying investments. The Scheme's investments are accounted for at fair value through profit or loss.

**(c) Currency**
*Presentation currency*
The Scheme's Members are primarily located within New Zealand, with contributions and withdrawals to and from Members denominated in New Zealand Dollars (NZD). The performance of the Scheme is measured and reported to Members in NZD. The Manager considers the NZD as the currency that most faithfully represents the effect of the underlying events and conditions. The financial statements are presented in NZD, which is the Scheme's functional and presentation currency. All values are rounded to the nearest thousand dollars ($000's).

**(d) Financial instruments**
*(i) Classification*
The Scheme's financial instruments are categorised as:

(1) Financial assets at fair value through profit or loss
Financial assets designated at fair value through profit or loss upon initial recognition
These include financial assets that do not meet the definition of the category 'held for trading' and are therefore designated at fair value through profit or loss. These financial assets may be sold in the short term.

Financial assets and financial liabilities designated at fair value through profit or loss upon initial recognition are those that are managed and their performance is evaluated on a fair value basis in accordance with the risk management policies of the Scheme.

(2) Loans and receivables
These include non-derivative assets with fixed and determinable payments that are not quoted in an active market. These may include cash and cash equivalents, receivables for sale of financial assets and accrued income receivable.

*(ii) Recognition/derecognition*
The Scheme recognises financial instruments on the date they become party to the contractual agreement (trade date) and recognises changes in fair value from this date. Financial assets are derecognised when the right to receive cash flows from the asset has expired or the Scheme has transferred substantially all risks and rewards of ownership.

*(iii) Measurement*

(1) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are measured initially at fair value, being the consideration paid excluding any transaction costs which are expensed. After initial recognition, financial assets at fair value through profit or loss are revalued to fair value with changes in their fair value recognised in the profit or loss.

(2) Loans and receivables
Loans and receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses (if any). Such assets are reviewed at each balance date to determine whether there is objective evidence of impairment, for example, when payments or debts are more than 60 days overdue.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(continued)*

*(iv) Offsetting financial instruments*

Financial instruments are offset and the net amount reported in the Statement of Net Assets Available for Benefits when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term liquid financial assets with an original date of maturity up to 90 days and bank overdrafts.

Payments and receipts relating to the purchase and sale of financial assets at fair value through profit and loss are classified as cash flows from operating activities, as movements in the fair value of these financial assets represent the Scheme's main income generating activity.

### (f) Receivables

Receivables may include amounts for interest, dividends, distributions and fee rebates from underlying fund managers. Dividends and distributions are accrued when the right to receive payment is established (ex-date). Interest is accrued as at balance date from the time of last payment. Fee rebates are accrued as at balance date from the date of the last rebate period. Sales of financial assets that are unsettled at balance date are included in other receivables. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified. Amounts are generally received within 90 days of being recorded as receivable.

### (g) Payables

Payables may include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. Purchases of financial assets that are unsettled at balance date are included in other payables. Payables are initially recognised at fair value and subsequently measured at amortised cost.

### (h) Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Scheme and the income can be readily measured.

Dividend and distribution income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest rate method.

Net gains or losses on financial assets at fair value through profit or loss includes realised gains and losses on the disposal of financial assets and unrealised gains and losses arising from changes in the fair value of financial assets.

### (i) Expenses

Expenses are recognised on an accrual basis.

### (j) Income tax and other taxes

*(i) Portfolio Investment Entity ("PIE") Tax*

The Scheme qualifies as and has elected to be a Portfolio Investment Entity (PIE) for tax purposes.

Under the PIE regime, detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the Member and therefore the Scheme has no income tax expense recognised in the statement of changes in net assets available for benefits.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**(j) Income tax and other taxes** *(continued)*
*(i) Portfolio Investment Entity ("PIE") Tax (continued)*
The Manager attributes the taxable income of the Scheme to Members in accordance with the proportion of their interest in each Fund. The income attributed to each Member is taxed at the Member's prescribed investor rate (which is capped at 28%) and is recognised as a reduction or increase in the value of Member funds in the statement of changes in net assets available for benefits when the PIE tax is paid or received.

*(ii) Goods and Services Tax (GST)*
The Scheme is not registered for GST. All components of the financial statements are stated as inclusive of GST where applicable.

**(k) Contributions**
Contributions are recognised when the Manager has confirmed the validity of a Member's application details and instructions. Each Member contributes to the Scheme in accordance with the KiwiSaver Act 2006 and the Trust Deed and at a rate determined by the Member.

**(l) Withdrawals**
Withdrawals are recognised when the Manager has confirmed that a Member meets the conditions required for withdrawal eligibility. Withdrawals are paid on or after a Member's qualifying date for retirement. Early withdrawals are permitted for first home purchase, significant financial hardship, serious illness, permanent emigration, and death.

**(m) Members' funds**
Each unit issued confers an equal interest in that Fund of the Scheme to which the unit relates. A unit does not confer any rights or interests in the individual investments of the Fund or Scheme to the Member.

Members have various rights under the KiwiSaver Act 2006. The rights, obligations and restrictions attached to each unit, within a Fund, are identical in all respects.

**(n) Amounts available for benefits**
Amounts available for benefits is the Scheme's present obligation to pay benefits to Members and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities.

**(o) Significant judgements and estimates**
The Manager makes estimates and judgements regarding the future of the Scheme. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**(p) New accounting standards and interpretations**
*(i) Changes in accounting policy and disclosures*
The accounting policies adopted are consistent with those of the previous financial year except as follows:
The Scheme has adopted the following new and amended NZ IFRS standards and interpretations as of 1 April 2014:

NZ IAS 32 Amendments to NZ IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Investment Entities – Amendments to NZ IFRS 10, IFRS 12 and NZ IAS 27
Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)

The adoption of these standards did not have a material impact on the financial statements of the Scheme.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (p) New accounting standards and interpretations *(continued)*

*(ii) Accounting standards issued but not yet effective*

Initial application of the following standards and interpretations are not expected to have any material impact on the financial statements of the Scheme:

| Standard/Interpretation | Application date of standard | Application date for the Scheme |
|---|---|---|
| Amendments to NZ IFRSs arising from the Annual Improvements Project (2010-2012) | 1 July 2014 | 1 April 2015 |
| Amendments to NZ IFRSs arising from the Annual Improvements Project (2011-2013) | 1 July 2014 | 1 April 2015 |
| Fair Value Disclosures by Retirement Benefit Plans – Amendments to NZ IAS 26 | 1 January 2015 | 1 April 2015 |
| Amendments to NZ IFRS's arising from The Annual Improvements Project (2012-2014) | 1 January 2016 | 1 April 2016 |
| 2014 Omnibus Amendments to NZ IFRS | 1 April 2015 | 1 April 2015 |
| NZ IFRS 15 Revenue from Contracts with Customers | 1 January 2017 | 1 April 2017 |
| NZ IFRS 9 (2014) | 1 January 2018 | 1 April 2018 |

## 3. FINANCIAL ASSETS

| Financial assets designated at fair value through profit or loss: | 2015 $000's | 2014 $000's |
|---|---|---|
| AMP Capital NZ Cash Fund | **65,947** | 61,261 |
| AMP Capital Diversified Fund 1 * | **1,219,076** | 1,194,571 |
| AMP Capital Diversified Fund 2 * | **221,337** | 167,973 |
| AMP Capital Diversified Fund 3 * | **254,283** | 177,930 |
| AMP Capital Diversified Fund 4 * | **372,469** | 262,457 |
| AMP Capital Diversified Fund 5 * | **587,250** | 436,344 |
| AMP Capital Diversified Fund 6 * | **454,358** | 346,904 |
| AMP Capital Diversified Fund 7 * | **206,092** | 161,509 |
| Nikko AM Balanced Fund ** | **18,382** | 13,684 |
| ANZ Balanced Plus Fund | **129,919** | 91,295 |
| Fisher Institutional Balanced Fund | **22,543** | 17,162 |
| **Total financial assets at fair value through profit or loss** | **3,551,656** | 2,931,090 |

* Financial assets exceeding 5% of net assets available for benefits.
** This investment fund has been renamed and was previously known as Tyndall Balanced Fund.

As at balance date, the AMP Default Fund has a 100% holding in the AMP Capital Diversified Fund 1. The AMP Capital Diversified Fund 1 is a unit trust domiciled in New Zealand. It is managed by AMP Capital Investors (New Zealand) Limited and its place of business is 113-119 The Terrace, Wellington. The Scheme has no contractual arrangements with its underlying investments to provide financial support and has not made, nor intends to make, any commitments to provide financial or other support.

**3. FINANCIAL ASSETS** *(continued)*

| | **2015 $000's** | 2014 $000's |
|---|---|---|
| **Loans and receivables** | | |
| Cash and cash equivalents | **75,911** | 46,706 |
| Receivables | **25,413** | 27,002 |
| **Total loans and receivables** | **101,324** | 73,708 |
| | | |
| **Total financial assets** | **3,652,980** | 3,004,798 |
| | | |
| **Analysis of receivables** | | |
| Fee rebates receivable from underlying fund managers | **204** | 147 |
| Contributions receivable from Members | **1,890** | 2,092 |
| PIE tax receivable | **23,319** | 24,763 |
| **Total receivables** | **25,413** | 27,002 |

**4. FINANCIAL LIABILITIES**

| | **2015 $000's** | 2014 $000's |
|---|---|---|
| **Financial liabilities measured at amortised cost** | | |
| Payables | **28,612** | 26,676 |
| **Total financial liabilities** | **28,612** | 26,676 |
| | | |
| **Analysis of payables** | | |
| Management fees payable to the Manager | **1,228** | 913 |
| Withdrawals payable to Members | **380** | 323 |
| PIE tax payable | **26,894** | 25,440 |
| Other expenses payable | **42** | - |
| Audit fees payable | **68** | - |
| **Total payables** | **28,612** | 26,676 |

**5. VESTED BENEFITS**

Vested benefits are benefits, the rights to which, under the conditions of the Scheme are not conditional on continued membership. The vested benefits as at 31 March 2015 are $3,624,368,000 (2014: $2,978,122,000).

**6. GUARANTEED BENEFITS**

No guarantees have been made in respect of any part of the amounts available for benefits (2014: nil).

**7. CAPITAL MANAGEMENT**

The Scheme's capital is represented by redeemable units with no par value and is reflected as amounts available for benefits in the Statement of Net Assets Available for Benefits. In accordance with the accounting policies and the risk management policies in note 9, the Scheme endeavours to invest contributions received in appropriate investments whilst maintaining sufficient liquidity to meet any withdrawal requests. The terms and conditions attached to units in the Scheme can be found in note 2(m).

## 8. CASH AND CASH EQUIVALENTS

| | 2015 $000's | 2014 $000's |
|---|---|---|
| Cash at bank - Trading bank account | **72,335** | 46,029 |
| Cash at bank - PIE tax bank account | **3,576** | 677 |
| | **75,911** | 46,706 |

**Reconciliation of net profit after tax to net cash outflow from operating activities:**

| | 2015 $000's | 2014 $000's |
|---|---|---|
| **Net profit after tax** | **302,430** | 134,159 |
| Reinvested investment income | **(1,780)** | (1,435) |
| Net gains on financial assets at fair value through profit or loss | **(330,916)** | (158,351) |
| Sale of financial assets at fair value through profit or loss | **103,185** | 54,128 |
| Purchase of financial assets at fair value through profit or loss | **(391,070)** | (275,787) |
| Net change in operating cash payables | **383** | 430 |
| **Net cash outflow from operating activities** | **(317,768)** | (246,856) |

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### (a) Financial risk management objectives, policies and processes

The Scheme may be exposed to credit risk, market risk (including unit price risk, foreign exchange risk and interest rate risk) and liquidity and cash flow risk arising from the financial instruments it holds.

The Manager is responsible for identifying and controlling the risks that arise from these financial instruments. The Manager agrees policies for managing each of the risks identified below.

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

The Manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Scheme, as well as the level of risk that the Scheme is willing to accept. This information is prepared and reported to relevant parties within the Manager on a regular basis as deemed appropriate, including key management personnel and appropriate committees.

Concentration of risk arises when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentration of risk, the Manager monitors the Scheme's exposure to ensure concentrations of risk remain within acceptable levels and reduces exposure to manage excessive risk concentrations when they arise.

### (b) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part under a contract. The Scheme's cash and cash equivalents and receivables are not past due or impaired. The carrying amount of these assets best represents their maximum credit risk exposure at balance date.

Cash and cash equivalents are held with registered banks with high financial strength.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

### (c) Market risk

Market risk is the risk that the Scheme's profit or loss will fluctuate as a result of changes in market conditions. Three components of market risk have been identified for the Scheme: unit price risk, foreign exchange risk and interest rate risk.

These risks are managed by ensuring that all activities are transacted in accordance with established mandate limits and investment strategies.

The Scheme invests primarily in units in managed investment funds, either single-sector or diversified portfolios of domestic or international securities. This reduces the impact of a particular security underperforming.

*(i) Unit price risk*

Unit price risk is the risk that the Scheme's profit or loss will fluctuate as a result of changes in the unit price.

The table below shows the impact on the Statement of Changes in Net Assets Available for Benefits and Statement of Net Assets Available for Benefits due to a reasonably possible change in the unit price with all other variables held constant:

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Increase/ (decrease) on profit before tax** | **Increase/ (decrease) on amounts available for benefits** | Increase/ (decrease) on profit before tax | Increase/ (decrease) on amounts available for benefits |
| | **$000's** | **$000's** | $000's | $000's |
| Unit price change: | | | | |
| +10% | **355,166** | **355,166** | 293,109 | 293,109 |
| -10% | **(355,166)** | **(355,166)** | (293,109) | (293,109) |

*(ii) Interest rate risk*

Interest rate risk is the risk that the Scheme's profit or loss will fluctuate as a result of changes in interest rates.

The Scheme's exposure to interest rate risk primarily arises from changes in interest rates applicable to cash and cash equivalents.

The Manager actively monitors interest rate risk exposure and takes actions as necessary. This includes regular review of interest rates applicable to cash balances. The Scheme has no significant direct investments subject to interest rate risk. The Scheme's exposure to interest rate risk is not deemed to be significant.

*(iii) Foreign exchange risk*

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Scheme has no direct investments subject to foreign exchange risk although some of its underlying investments may be subject to such risk.

### (d) Liquidity and cash flow risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy its financial obligations. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

### (d) Liquidity and cash flow risk *(continued)*

Due to the nature of a superannuation scheme, it is unlikely that a significant number of Members would exit at the same time. However, to control liquidity risk, the Scheme invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme invests within established limits to ensure there is no concentration of risk.

Payables have no contractual maturities but are typically settled within 30 days. Receivables outstanding at balance date are due to be settled within 90 days of balance date.

Due to the short term nature of these instruments the carrying value approximates fair value. The effect of discounting is not significant as there is little difference between undiscounted and discounted cash flows.

### (e) Fair values of financial instruments

The fair value of financial instruments traded in active markets is based on their quoted market prices at balance date without any deduction for future estimated selling costs.

The fair value of units held in managed investment funds is determined by reference to published exit prices, being the redemption price established by the underlying fund.

NZ IFRS 7 *Financial Instruments: Disclosures* require fair value measurements to be disclosed by the source of inputs, using a three level hierarchy:
Level 1 – quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Scheme's financial assets at fair value through profit or loss are classified as being Level 2 as they are measured using inputs that are directly observable at balance date (2014: Level 2).

## 10. RELATED PARTIES

The Manager of the Scheme is a wholly owned subsidiary of AMP Life Limited. The Manager's ultimate holding company is AMP Limited, a company incorporated in Australia.

Management fees charged by the Manager during the year are shown separately in the Statement of Changes in Net Assets Available for Benefits. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash. Management fees payable to the Manager are disclosed within note 4. The Manager pays the underlying fund managers' fees, which includes investment management fees.

No related party debts have been written off or forgiven during either the current or prior year.

## 10. RELATED PARTIES *(continued)*

### Administration and Management Fees:

Under the terms of the Trust Deed, the Manager is entitled to administration and management fees.

Effective 1 July 2014 there was a restructuring of fees and expenses within the Scheme. The monthly member fee was reduced from $2.95 per month to $1.95 per month. The Default Fund administration fee was reduced from 0.35% to 0.15% and the Default Fund management fee was increased from 0.184% to 0.20%.

The fee rates are as follows:

| | Administration Fee | | Management Fee | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | %pa | %pa | %pa | %pa |
| **Fund** | | | | |
| AMP Default Fund | 0.150 | 0.350 | 0.200 | 0.184 |
| Cash Fund | 0.525 | 0.525 | 0.200 | 0.200 |
| AMP Conservative Fund | 0.525 | 0.525 | 0.350 | 0.350 |
| AMP Moderate Fund | 0.525 | 0.525 | 0.450 | 0.450 |
| AMP Moderate Balanc`ed Fund | 0.525 | 0.525 | 0.500 | 0.500 |
| AMP Balanced Fund | 0.525 | 0.525 | 0.500 | 0.500 |
| AMP Growth Fund | 0.525 | 0.525 | 0.508 | 0.508 |
| AMP Aggressive Fund | 0.525 | 0.525 | 0.600 | 0.600 |
| Nikko AM Balanced Fund ** | 0.525 | 0.525 | 0.550 | 0.550 |
| ANZ Balanced Plus Fund | 0.525 | 0.525 | 0.550 | 0.550 |
| Fisher Balanced Fund | 0.525 | 0.525 | 0.600 | 0.600 |

** This fund has been renamed and was previously known as Tyndall Balanced Fund.

### Other Expenses

The Manager and Trustee may recover costs and expenses such as audit costs, printing and postage, legal fees, and system costs charged by third parties. The Scheme adopted the practice of recovering these expenses from the Funds on 1 July 2014.

### Trustee Fees:

The Trustee is entitled under the Trust Deed to be paid an annual fee, calculated daily and payable quarterly in arrears, as the Trustee and Manager may agree from time to time.

The Trustee fee, to a maximum of 0.05% per annum (2014: 0.05%), is included in the Administration Fee disclosed above and paid by the Manager.

Trustee fees for the year ended 31 March 2015 amounted to $941,557 (2014: $704,898).

### Audit Fees:

Audit fees for the year ended 31 March 2015 amounted to $73,992, of which $23,047 related to other assurance services (2014: $72,680, of which $22,655 related to other assurance services).

All related party transactions are conducted on normal commercial terms and conditions.

## 11. CONTINGENT ASSETS, LIABILITES AND COMMITMENTS

There are no contingent assets, liabilities or commitments as at balance date (2014: nil).

## 12. CHANGES TO THE TRUST DEED

There have been no changes to the Trust Deed during the year.

## 13. EVENTS AFTER BALANCE DATE

There have been no significant events since 31 March 2015 that require disclosure in these financial statements (2014: nil).

Chartered accountants

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## Independent Auditor's Report

## To the Members of the AMP KiwiSaver Scheme

## Report on the Financial Statements

We have audited the financial statements of the AMP KiwiSaver Scheme (the "Scheme") on pages 1 to 14, which comprise the statement of net assets available for benefits of the Scheme as at 31 March 2015 and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Scheme's Members, as a body, in accordance with the Superannuation Schemes Act 1989, the Financial Reporting Act 1993, the KiwiSaver Act 2006 and the Trust Deed governing the Scheme. Our audit has been undertaken so that we might state to the Scheme's Members those matters 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.

### Manager's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

We provide other assurance services and agreed upon procedures to the Scheme. We have no other relationship with, or interest in, the Scheme.

### Opinion

In our opinion, the financial statements on pages 1 to 14:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Scheme as at 31 March 2015 and its financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the Scheme as far as appears from our examination of those records.

9 June 2015
Wellington