

AON KIWISAVER SCHEME

Financial Statements

For the Year Ended 31 March 2017

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Independent Auditor's Report

To the members of the Aon Kiwisaver Scheme

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Aon Kiwisaver Scheme (the "Scheme:") on pages 3 to 42:

- i. present fairly in all material respects the scheme's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply 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 2017;
- the statement of changes in net assets and cash flows for the year ended 31 March 2017; 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 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 Audit of the Registry as at 31st of March 2017. 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.



Other Information

The Manager of the Aon KiwiSaver Scheme ("the Manager"), on behalf of the Scheme, are responsible for the other information included in the Scheme's Annual Report. Other information may include the disclosures relating to corporate governance and statutory information. 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 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 report, or any of the opinions we have formed.



Responsibilities of the Manager for the financial statements

The Manager 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:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

This description forms part of our Independent Auditor's Report.

KPMG

Matthew Prichard

For and on behalf of

KPMG
Auckland

12 July 2017

AON KIWISAVER SCHEME

**Statement of Net Assets
As at 31 March 2017**

Note	Total of the Scheme	ANZ Fund		Milford Fund		Nikko Fund	
		Balanced	Cash	Growth	Balanced	Cash	
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
ASSETS							
Cash at Bank	1,938	106	10	572	72	29	
Unsettled Trades	122	-	-	14	-	-	
Receivable from Investment Funds	156	-	-	29	-	-	
Investments	431,236	27,546	3,991	114,662	7,467	1,331	
Total Assets	433,452	27,652	4,001	115,277	7,539	1,360	
Less LIABILITIES							
Sundry Creditors	550	34	6	123	9	2	
Benefits Payable	1,813	111	2	516	-	-	
Payable to other KiwiSaver Providers	8	1	-	2	-	-	
Payable to Investment Funds	45	31	2	-	11	1	
PIE Tax Payable	1,283	181	15	220	32	6	
Total Liabilities	3,699	358	25	861	52	9	
NET ASSETS AVAILABLE FOR BENEFITS	429,753	27,294	3,976	114,416	7,487	1,351	
Represented by:							
Members Accounts	429,753	27,294	3,976	114,416	7,487	1,351	

For and on behalf of the Manager, who authorised the issue of these financial statements on:

Janice Sengupta

Janice Sengupta
Director

27 June 2017

Date

Janet Hayden
Director

27 June 2017

Date

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Net Assets
As at 31 March 2017

Note	Russell Fund									
	LifePoints® 2015	LifePoints® 2017	LifePoints® 2035	LifePoints® 2045	LifePoints® 2055	LifePoints® Balanced	LifePoints® Conservative	LifePoints® Growth	LifePoints® Moderate	2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS										
Cash at Bank	6	36	30	(84)	1	772	243	74	71	
Unsettled Trades	-	1	2	-	-	-	36	69	-	
Receivable from Investment Funds	2	8	8	7	-	48	30	16	8	
Investments	4,900	17,479	15,587	14,053	288	98,938	75,531	31,152	18,311	
Total Assets	4,908	17,524	15,627	13,976	289	99,758	75,840	31,311	18,390	
Less LIABILITIES										
Sundry Creditors	6	22	19	19	-	146	102	39	23	
Benefits Payable	11	1	-	12	-	616	417	11	116	
Payable to other KiwiSaver Providers	-	-	-	-	-	1	3	1	-	
Payable to Investment Funds	-	-	-	-	-	-	-	-	-	
PIE Tax Payable	19	71	52	33	-	266	229	91	68	
Total Liabilities	36	94	71	64	-	1,029	751	142	207	
NET ASSETS AVAILABLE FOR BENEFITS	4,872	17,430	15,556	13,912	289	98,729	75,089	31,169	18,183	
Represented by:										
Members Accounts	4,872	17,430	15,556	13,912	289	98,729	75,089	31,169	18,183	

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Net Assets
As at 31 March 2016

Note	Total of the Scheme	ANZ Fund		Milford Fund		Nikko Fund	
		Balanced	Cash	Growth	Balanced	Cash	
	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
ASSETS							
	1,384	136	10	276	106	79	
Cash at Bank	99	-	-	-	-	-	
Unsettled Trades	130	-	-	26	-	-	
Receivable from Investment Funds	371,360	23,460	3,744	104,634	6,193	1,646	
Investments							
Total Assets	372,973	23,596	3,754	104,936	6,299	1,725	
Less LIABILITIES							
	570	37	6	116	10	2	
Sundry Creditors	957	100	20	208	-	36	
Benefits Payable	15	1	1	4	-	-	
Payable to other KiwiSaver Providers	49	27	2	-	18	2	
Payable to Investment Funds	1,739	92	18	465	33	9	
PIE Tax Payable							
Total Liabilities	3,330	257	47	793	61	49	
NET ASSETS AVAILABLE FOR BENEFITS	369,643	23,339	3,707	104,143	6,238	1,676	
Represented by:							
Members Accounts	369,643	23,339	3,707	104,143	6,238	1,676	

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Net Assets
As at 31 March 2016

Note	Russell Fund									
	LifePoints@ 2015	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	8	43	34	30	-	393	139	87	43	
	-	1	-	-	-	-	98	-	-	
	2	7	6	6	-	33	30	13	7	
	5,062	14,940	12,666	11,807	53	68,432	76,955	25,192	16,576	
	5,072	14,991	12,706	11,843	53	68,858	77,222	25,292	16,626	
	8	23	19	20	-	151	112	40	26	
	-	4	30	6	-	191	297	5	60	
	-	-	-	-	-	3	4	1	1	
	-	-	-	-	-	-	-	-	-	
	31	85	60	40	-	316	406	98	86	
	39	112	109	66	-	661	819	144	173	
	5,033	14,879	12,597	11,777	53	68,197	76,403	25,148	16,453	
	5,033	14,879	12,597	11,777	53	68,197	76,403	25,148	16,453	

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Changes in Net Assets
For the Year Ended 31 March 2017

	Note	ANZ Fund		Milford Fund		Nikko Fund	
		Balanced	Cash	Growth	Balanced	Cash	
Total of the Scheme		2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
INVESTMENT ACTIVITIES							
Gains on Investments		27,611	105	10,259	456	10	
Distribution Income		7,340	-	-	-	42	
Interest Income		3	-	1	-	-	
Investment Management Fees and Rebates		(2,827)	(15)	(823)	(49)	(6)	
Net Investment Gains		32,127	90	9,437	407	46	
OTHER EXPENSES							
Auditor's Remuneration - Audit Fees	10	78	1	20	1	-	
Administration Management Fees	11	1,096	10	294	38	18	
Consulting Fees	11	155	2	42	3	1	
Supervisor Fees		121	1	33	2	1	
Marketing and Printing Costs		64	-	17	1	-	
General Expenses		84	1	23	2	-	
Manager Contributions		(2)	-	-	-	-	
Total Other Expenses		1,596	15	429	47	20	
Profit before Membership Activities		30,531	75	9,008	360	26	
MEMBERSHIP ACTIVITIES							
Contributions		31,964	307	3,180	733	93	
Member Contributions		16,675	135	1,566	239	46	
Employer Contributions		5,850	49	467	64	21	
Crown Contributions		14,674	950	6,792	309	5	
Transfers in from Other KiwiSaver Schemes		3,351	314	895	197	46	
Switches In							
Total Contributions		72,514	926	12,900	1,542	211	

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Changes in Net Assets (Continued)
For the Year Ended 31 March 2017

	Note	ANZ Fund		Milford Fund		Nikko Fund	
		Balanced	Cash	Growth	Balanced	Cash	
Total of the Scheme			2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
MEMBERSHIP ACTIVITIES (Continued)							
Deduct:							
Transfers to other KiwiSaver Schemes		(22,401)	(198)	(7,002)	(375)	(62)	
Retirement		(7,703)	(228)	(1,524)	(110)	(190)	
Transfers to IRD		(37)	-	(8)	-	-	
Emigration		(424)	-	(47)	(33)	-	
Hardship Payments		(497)	(2)	(170)	-	-	
First Home Withdrawal		(5,246)	(84)	(1,807)	(34)	(21)	
Serious Illness		(350)	(2)	(167)	(3)	(2)	
Death Payments		(568)	(6)	(130)	-	-	
Mortgage Diversion		(2)	-	-	-	-	
Switches Out	11	(3,351)	(186)	(356)	(56)	(278)	
Member Fees	11	(967)	(9)	(182)	(9)	(3)	
Transfer Fees		(55)	(1)	(9)	-	-	
PIE Tax Expense		(1,334)	(16)	(233)	(33)	(6)	
Net Membership Activities		29,579	194	1,265	889	(351)	
Increase/(Decrease) in Net Assets During Year		60,110	269	10,273	1,249	(325)	
Net Assets Available for Benefits at Beginning of Year		369,643	3,707	104,143	6,238	1,676	
Net Assets Available for Benefits at End of Year		429,753	3,976	114,416	7,487	1,351	

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Changes in Net Assets (Continued) For the Year Ended 31 March 2017

Note	Russell Fund									
	Lifepoints® 2015 2017 \$000	Lifepoints® 2025 2017 \$000	Lifepoints® 2035 2017 \$000	Lifepoints® 2045 2017 \$000	Lifepoints® 2055 2017 \$000	Lifepoints® Balanced 2017 \$000	Lifepoints® Conservative 2017 \$000	Lifepoints® Growth 2017 \$000	Lifepoints® Moderate 2017 \$000	
	(210)	(383)	(169)	(503)	-	(6,112)	(5,254)	(735)	(764)	
	(519)	(75)	(65)	-	-	(1,138)	(1,827)	(303)	(1,118)	
	-	-	-	-	-	(22)	(7)	-	-	
	-	-	-	(140)	-	(62)	(74)	(31)	-	
	-	-	(11)	(14)	-	(149)	(121)	(12)	(1)	
	-	(122)	-	(315)	-	(1,194)	(1,186)	(319)	(43)	
	-	-	-	-	-	(68)	(106)	-	-	
	(61)	(31)	-	-	-	(97)	(87)	(27)	(52)	
	-	-	-	(1)	-	-	-	(1)	-	
	(77)	(152)	(79)	(226)	-	(636)	(398)	(453)	(139)	
	(9)	(22)	(20)	(37)	-	(436)	(124)	(55)	(29)	
	-	-	-	(1)	-	(33)	(7)	(2)	(1)	
	(21)	(72)	(53)	(34)	-	(277)	(241)	(92)	(71)	
	(413)	1,421	1,710	802	221	23,064	(5,208)	3,157	534	
	(161)	2,551	2,959	2,135	236	30,532	(1,314)	6,021	1,730	
	5,033	14,879	12,597	11,777	53	68,197	76,403	25,148	16,453	
	4,872	17,430	15,556	13,912	289	98,729	75,089	31,169	18,183	

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Changes in Net Assets
For the Year Ended 31 March 2016

Note	Total of the Scheme	ANZ Fund		Miford Fund		Nikko Fund	
		Balanced	Cash	Growth	Balanced	Cash	
	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
	16,665	1,096	120	9,033	493	2	
	6,046	-	-	-	-	55	
	13	2	-	4	-	-	
	(2,436)	(130)	(13)	(758)	(42)	(6)	
	20,288	968	107	8,279	451	51	
	52	3	1	14	1	1	
	919	58	9	273	15	4	
	217	14	2	63	4	1	
	105	7	1	31	2	-	
	75	5	1	22	1	-	
	138	9	1	41	2	-	
	(14)	(10)	-	-	(1)	-	
	1,492	86	15	444	24	6	
	18,796	882	92	7,835	427	45	
	30,107	1,963	259	3,993	463	97	
	15,800	882	133	2,063	222	51	
	6,587	279	52	611	66	22	
	8,564	510	28	2,031	84	51	
	4,243	445	413	595	107	284	
	65,301	4,079	885	9,293	942	505	
	18,796	882	92	7,835	427	45	
	30,107	1,963	259	3,993	463	97	
	15,800	882	133	2,063	222	51	
	6,587	279	52	611	66	22	
	8,564	510	28	2,031	84	51	
	4,243	445	413	595	107	284	
	65,301	4,079	885	9,293	942	505	

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Changes in Net Assets (Continued) For the Year Ended 31 March 2016

	Note	ANZ Fund		Milford Fund		Nikko Fund	
		Balanced	Cash	Growth	Balanced	Cash	
Total of the Scheme							
2016 \$000		2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	
(16,423)		(817)	(150)	(5,719)	(51)	(75)	
(5,712)		(354)	(325)	(1,193)	(27)	(175)	
(66)		-	-	(30)	-	-	
(97)		-	-	(40)	-	-	
(502)		(16)	(6)	(157)	(6)	(4)	
(3,619)		(139)	(65)	(1,417)	(11)	(66)	
(369)		(3)	(4)	(136)	-	-	
(392)		-	-	(168)	-	-	
(2)		-	-	-	-	-	
(4,243)		(845)	(60)	(937)	(59)	(44)	
(972)	11	(33)	(11)	(106)	(9)	(3)	
(47)	11	(1)	-	(4)	-	-	
(1,747)		(91)	(18)	(470)	(33)	(9)	
31,110		1,780	246	(1,084)	746	129	
49,906		2,662	338	6,751	1,173	174	
319,737		20,677	3,369	97,392	5,065	1,502	
369,643		23,339	3,707	104,143	6,238	1,676	

MEMBERSHIP ACTIVITIES (Continued)

Deduct:
 Transfers to other KiwiSaver Schemes
 Retirement
 Transfers to IRD
 Emigration
 Hardship Payments
 First Home Withdrawal
 Serious Illness
 Death Payments
 Mortgage Diversion
 Switches Out
 Member Fees
 Transfer Fees
 PIE Tax Expense
Net Membership Activities

Increase/(Decrease) in Net Assets During Year

Net Assets Available for Benefits at Beginning of Year

Net Assets Available for Benefits at End of Year

This statement is to be read in conjunction with the notes on pages 23 to 42

AON KIWISAVER SCHEME

Statement of Changes in Net Assets (Continued) For the Year Ended 31 March 2016

	Note	Russell Fund										
		Lifepoints® 2015	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
MEMBERSHIP ACTIVITIES (Continued)												
Deduct:												
Transfers to other KiwiSaver Schemes		(74)	(269)	(107)	(244)	-	(2,876)	(4,890)	(719)	(432)		
Retirement		(529)	(20)	-	-	-	(873)	(1,612)	(197)	(407)		
Transfers to IRD		-	-	-	-	-	(16)	(20)	-	-		
Emigration		-	-	-	-	-	(17)	(33)	(7)	-		
Hardship Payments		-	-	(15)	(24)	-	(134)	(132)	(6)	(2)		
First Home Withdrawal		(6)	-	(154)	(170)	-	(432)	(859)	(200)	(100)		
Serious Illness		-	(45)	-	(8)	-	(56)	(117)	-	-		
Death Payments		(22)	-	(1)	-	-	(45)	(123)	(21)	(12)		
Mortgage Diversion		-	-	-	(1)	-	-	-	(1)	-		
Switches Out	11	(88)	(205)	(240)	(108)	-	(640)	(642)	(303)	(72)		
Member Fees	11	(10)	(22)	(19)	(38)	-	(553)	(84)	(55)	(29)		
Transfer Fees		-	-	-	(1)	-	(34)	(4)	(2)	(1)		
PIE Tax Expense		(31)	(85)	(60)	(40)	-	(317)	(408)	(98)	(87)		
Net Membership Activities		(222)	1,859	1,579	1,213	51	23,065	(2,677)	2,406	2,019		
Increase/(Decrease) in Net Assets During Year		(15)	2,480	2,131	1,755	53	25,706	409	3,551	2,738		
Net Assets Available for Benefits at Beginning of Year		5,048	12,399	10,466	10,022	-	42,491	75,994	21,597	13,715		
Net Assets Available for Benefits at End of Year		5,033	14,879	12,597	11,777	53	68,197	76,403	25,148	16,453		

This statement is to be read in conjunction with the notes on pages 23 to 42

AON KIWISAVER SCHEME

Statement of Cash Flows (Continued)
For the Year Ended 31 March 2017

Note	Total of the Scheme	ANZ Fund		Milford		Nikko Fund	
		Balanced	Cash	Growth	Balanced	Cash	
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
	27,030	1,339	620	6,936	615	556	
	326	-	-	326	-	-	
	54,445	3,519	762	7,870	1,433	189	
	719	144	14	-	56	7	
	(27,808)	(2,324)	(156)	(608)	(874)	360	
	554	(30)	-	296	(34)	(50)	
	1,384	136	10	276	106	79	
	1,938	106	10	572	72	29	

CASH FLOWS FROM INVESTING ACTIVITIES

Cash provided from

Sale of Investments
Investment Management Rebates

Cash applied to

Purchase of Investments
Investment Fees
Net Cash Flows from Investing Activities

Net Increase/(Decrease) in Cash Held

Cash at Beginning of Year

Cash at End of Year

This statement is to be read in conjunction with the notes on pages 23 to 42

AON KIWISAVER SCHEME

Statement of Cash Flows
For the Year Ended 31 March 2017

Note	Russell Fund									
	LifePoints@ 2015	LifePoints@ 2025	LifePoints@ 2035	LifePoints@ 2045	LifePoints@ 2055	LifePoints@ Balanced	LifePoints@ Conservative	LifePoints@ Growth	LifePoints@ Moderate	
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
	319	1,216	1,016	911	26	17,294	1,726	2,009	1,215	
	110	495	536	493	10	9,896	740	929	570	
	55	203	181	173	2	3,648	207	320	192	
	-	178	374	482	147	1,968	1,168	1,487	691	
	1	-	-	-	-	1	1	-	-	
	-	186	-	14	36	477	383	442	84	
	485	2,278	2,107	2,073	221	33,285	4,225	5,187	2,752	
	200	386	169	509	-	5,817	5,155	740	815	
	519	75	65	-	-	1,103	1,812	303	1,011	
	-	-	-	-	-	24	7	-	-	
	-	-	-	140	-	62	75	31	-	
	-	-	11	14	-	149	118	12	1	
	-	122	30	302	-	1,100	1,175	308	43	
	-	-	-	-	-	60	105	-	-	
	61	31	-	-	-	102	96	27	52	
	-	-	-	1	-	-	-	1	-	
	9	22	20	38	-	460	112	55	29	
	-	1	-	1	-	35	5	2	1	
	33	86	60	41	-	327	418	99	89	
	1	2	2	2	-	8	10	3	2	
	14	42	36	33	-	205	204	71	45	
	3	9	8	8	-	46	48	16	10	
	2	5	4	4	-	23	23	8	5	
	1	3	1	1	-	9	11	4	3	
	1	3	3	3	-	18	19	6	5	
	77	152	79	226	-	636	398	453	139	
	921	939	488	1,323	-	10,184	9,791	2,139	2,250	
	(436)	1,339	1,619	750	221	23,101	(5,566)	3,048	502	

Net Cash Flows from/(used in) Operating Activities 4

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Cash Flows (Continued)
For the Year Ended 31 March 2016

Note	Total of the Scheme	ANZ Fund		Milford		Nikko Fund	
		Balanced	Cash	Balanced	Growth	Balanced	Cash
	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
	23,357	1,912	552	6,923	206	339	
	302	-	-	302	-	-	
	52,050	3,486	788	5,488	876	452	
	548	109	13	-	31	5	
	(28,939)	(1,683)	(249)	1,737	(701)	(118)	
	259	63	1	(60)	19	39	
	1,125	73	9	336	87	40	
	1,384	136	10	276	106	79	

CASH FLOWS FROM INVESTING ACTIVITIES

Cash provided from
Sale of Investments
Investment Management Rebates

Cash applied to
Purchase of Investments
Investment Fees
Net Cash Flows from Investing Activities

Net Increase/(Decrease) in Cash Held

Cash at Beginning of Year

Cash at End of Year

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Cash Flows
For the Year Ended 31 March 2016

	Russell Fund											
	LifePoints@ 2015	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	LifePoints@ 2016	
Note	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES												
<i>Cash provided from</i>												
Member Contributions	300	1,054	873	795	1	14,032	2,764	1,944	1,547			
Employer Contributions	125	468	480	453	1	8,103	1,393	880	548			
Crown Contributions	69	210	180	189	-	3,979	365	361	204			
Transfer from other KiwiSaver Providers	5	593	301	277	-	2,571	1,057	655	401			
Bank Interest Received	-	-	-	-	-	2	3	1	1			
Manager Contributions	-	-	-	-	-	1	-	1	1			
Switches In	17	180	341	134	49	373	668	176	461			
	516	2,505	2,175	1,848	51	29,061	6,250	4,018	3,163			
<i>Cash applied to</i>												
Transfer to other KiwiSaver Providers	74	265	107	238	-	2,723	4,772	716	392			
Retirement	529	20	-	-	-	870	1,504	197	415			
Transfers to IRD	-	-	-	-	-	13	20	7	-			
Emigration	-	-	-	-	-	60	32	32	-			
Hardship Payments	-	-	15	24	-	134	134	6	2			
First Home Withdrawal	6	-	124	170	-	423	932	200	100			
Serious Illness	-	45	-	8	-	56	117	-	-			
Death Payments	-	-	1	-	-	39	129	21	12			
Mortgage Diversion	-	-	-	1	-	-	-	1	-			
Member Fees	10	22	19	38	-	502	109	55	29			
Transfer Fees	-	-	-	1	-	30	7	2	1			
PIE Tax Paid	72	146	90	54	-	398	824	136	158			
Auditor's Remuneration - Audit fees	1	2	2	2	-	7	12	4	2			
Administration Management Fees	13	33	28	26	-	124	190	56	36			
Consulting Fees	2	6	5	5	-	21	35	10	6			
Supervisor Fees	2	4	3	3	-	15	23	7	4			
Marketing and Printing Costs	1	3	2	2	-	11	17	5	3			
General Expenses	2	5	5	2	-	20	29	8	5			
Switches Out	88	205	240	108	-	640	642	303	72			
	800	756	641	683	-	6,086	9,528	1,734	1,237			
Net Cash Flows from/(used in) Operating Activities	(284)	1,749	1,534	1,165	51	22,975	(3,278)	2,284	1,926			

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Statement of Cash Flows (Continued)
For the Year Ended 31 March 2016

Note	Russell Fund										
	Lifepoints® 2015	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016	Lifepoints® 2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	790	632	577	508	-	1,957	7,001	-	1,176	-	784
	-	-	-	-	-	-	-	-	-	-	-
	460	2,345	2,092	1,666	51	24,562	3,716	3,388	2,680	2,680	2,680
	10	25	21	20	-	94	148	44	28	44	28
	320	(1,738)	(1,536)	(1,178)	(51)	(22,699)	3,137	(2,256)	(1,924)	(1,924)	(1,924)
	36	11	(2)	(13)	-	276	(141)	28	2	2	2
	(28)	32	36	43	-	117	280	59	41	41	41
	8	43	34	30	-	393	139	87	43	43	43

CASH FLOWS FROM INVESTING ACTIVITIES

Cash provided from
Sale of Investments
Investment Management Rebates

Cash applied to
Purchase of Investments
Investment Fees

Net Cash Flows from Investing Activities

Net Increase/(Decrease) in Cash Held

Cash at Beginning of Year

Cash at End of Year

This statement is to be read in conjunction with the notes on pages 23 to 42



AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

1. General information

Scheme description

Aon KiwiSaver Scheme (the "Scheme") is a defined contribution scheme originally established by a Trust Deed dated 28th March 2007 by Superannuation Management Nominees Limited and Aon New Zealand. On 28 September 2012, Aon Saver Limited and Public Trust entered into a Trust Deed which replaced the original deed. The Scheme is domiciled in New Zealand and the address of the registered office is Level 16, 29 Customs Street West, Auckland.

The Scheme is a Reporting Entity under the Financial Reporting Act 2013 and is registered under the KiwiSaver Act 2006 with registration number KSS/10021. The Scheme is an Issuer for the purposes of the Financial Reporting Act 2013. The Scheme is a managed investment scheme called the "Aon KiwiSaver Scheme" with scheme number SCH10860.

The Manager of the Scheme is Aon Saver Limited (the "Manager") since inception. The Manager's parent company is Aon Holdings New Zealand. The Supervisor of the Scheme is Public Trust (the "Supervisor") appointed on 28 September 2012 by a Deed of Retirement and Appointment of Trustee. The administration services is outsourced to Link Market Services Limited since 1 August 2016.

Funding arrangement

The Scheme is a profit oriented entity. Under the Trust Deed contributions are made by members of the Scheme, their employers and the Crown. Members can choose to contribute either 3%, 4% or 8% of gross salary or wage. Members may from time to time make additional voluntary contributions to the Scheme. Employers are required to contribute 3% of members' gross salary or wage to the Scheme. Employer contributions are reduced by Employer Superannuation Contribution Tax ("ESCT"). The Crown also makes a member tax credit contribution of 50% of Member contributions during the year up to a maximum of \$521.43.

Termination terms

The Trust Deed sets out the basis on which the Scheme can be terminated.

Retirement benefits

Member benefits are locked into the Scheme until the later of the date for reaching the qualifying age for New Zealand Superannuation or the date on which the Member has been a member of any KiwiSaver scheme or a member of a Complying Superannuation Fund for a period of five years. Retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership reduced by any deductions or withdrawals that have been made.

Amendment to the Trust Deed

On 9 August 2016 the Trust Deed was amended to incorporate provisions required for a managed investment scheme as set out in the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014.

There have been no other amendments to the Trust Deed during the year.



AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

2. Basis of preparation

Statement of Compliance

The financial statements of the Scheme have been prepared in accordance with the Trust Deed governing the Scheme, the KiwiSaver Act 2006, the Financial Reporting Act 2013, and 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 financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the Scheme is a Tier 1 for profit entity.

The Scheme comprises fourteen investment funds, namely, ANZ Balanced Fund, ANZ Cash Fund, Milford Active Growth Wholesale Fund, Russell LifePoints 2015 Fund, Russell LifePoints 2025 Fund, Russell LifePoints 2035 Fund, Russell LifePoints 2045 Fund, Russell LifePoints 2055 Fund, Russell LifePoints Balanced Fund, Russell LifePoints Conservative Fund, Russell LifePoints Growth Fund, Russell LifePoints Moderate Fund, Nikko Balanced Fund and Nikko Cash Fund. The financial statements have been prepared at the investment fund level as the liabilities of the individual investment funds are limited to the assets of each investment fund. Therefore, assets of one investment fund could not be used to meet the liabilities of another.

Measurement base

The measurement base adopted is that of historical cost modified by the revaluation of investments which are measured at fair values at balance date.

Functional and presentation currency

These financial statements are presented in New Zealand Dollars ("NZD") because that is the currency of the primary economic environment in which the Scheme operates. Where indicated, financial information presented in NZD has been rounded to the nearest thousand.

Classification of assets and liabilities

The assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

3 Summary of Significant Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Scheme

On 24 July 2014, the External Reporting Board ("XRB") issued the complete NZ IFRS 9 (NZ IFRS 9 (2014)). The mandatory effective date of NZ IFRS 9 is for annual periods beginning on or after 1 January 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

NZ IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under NZ IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

The Scheme intends to adopt NZ IFRS 9 (2014) in the financial statements for the annual period beginning on 1 April 2018. The Manager does not expect the standard to have a material impact on the financial statements.

Investment income

Interest income and distribution income from unutilised investments is recognised in the Statement of Changes in Net Assets using the effective interest method to the extent that it is probable that the economic benefits will flow to the Scheme and the Income can be readily measured.

Gains or losses on investments are calculated as the difference between fair value at sale (using trade date) or at year end, and the fair value previously reported. This includes both realised and unrealised gains and losses.

Income and expenses

All income and expenses are accounted for on an accrual basis.



AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

3 Summary of Significant Accounting Policies (Continued)

Taxation

The Scheme is a Portfolio Investment Entity ('PIE'). Under the PIE regime detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the members and therefore income tax expense is not recognised by the Scheme. The tax liability arising on income is allocated to members and satisfied by the cancellation of units held in the Scheme. As a consequence, deferred tax is also not recognised.

Members of the Scheme have the option to choose Portfolio Investor Rates ('PIR') of 10.50%, 17.50% or 28%.

The taxable income, deductible expenses and tax credits are attributed to members in accordance with their proportionate interests in their investment option, and recognised as part of Membership Activities in the Statement of Changes in Net Assets Available for Benefits.

Net taxation receivable or payable on behalf of the members under the PIE regime is recognised in the Statement of Net Assets Available for Benefits.

Financial instruments

(i) Classification

The Scheme classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by the Scheme at fair value through profit or loss at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are 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 Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Manager has determined that all financial assets and financial liabilities of the Scheme are designated at fair value through profit and loss with the exception of cash at bank, unsettled trades and receivables which are classified as loans and receivables and payables which are classified as other liabilities.

(ii) Recognition and derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership. All realised gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised in the Statement of Changes in Net Assets.

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

(iii) Measurement

Financial assets and liabilities held 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 asset or financial liability. 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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer a liability takes place either:

- > In the principal market of the asset or liability.
- > In the absence of a principal market, in the most advantageous market for the asset or liability.
- > The principal or most advantageous market must be accessible by the Scheme.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming market participants act in their economic best interest.

Receivables

Receivables do not carry any interest and are short-term in nature and are stated at amortised cost.

Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These financial liabilities are stated at amortised cost.

Goods and Services Tax (GST)

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

Promised retirement benefits

The amount held for promised retirement benefits is the Scheme's obligation to pay benefits to members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the recognised liabilities as at balance date.

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

3. Summary of Significant Accounting Policies (continued)

Contributions and benefits

Contributions are recognised in the Statement of Changes in Net Assets when they are received. Benefits are recognised in Statement of Changes in Net Assets when they become payable or are paid.

Statement of Cash Flows

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

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

Investing activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

Cash at bank includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to a very small risk of changes in value.

Transfers in and transfers out

Transfers in are recognised in the Statement of Changes in Net Asset when they are received. Transfers out are recognised in the Statement of Changes in Net Assets when they become payable or are paid.

Capital risk management

The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its members and maximise the Scheme's members value. The Scheme is not subject to any externally imposed capital requirements.

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits.

The Scheme achieves this through obtaining contributions from members and employers and investing these into financial assets.

Critical judgement and accounting estimates

The Manager has applied its judgement in selecting the accounting policy to designate financial assets and financial liabilities through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as unit prices are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However as with all investments, their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Manager has to apply its judgement as to what constitutes observable prices. For further details please refer to Note 7 (Total Investments at Fair Value).

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

4. Reconciliation of Net Cash Flows from Operating Activities to Increase in Net Assets

	Total	ANZ Balanced	ANZ Cash	Milford Fund	Nikko Balanced	Nikko Cash	Russell LifePoints® 2015	Russell LifePoints® 2025
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
Increase in Net Assets	60,110	3,955	269	10,273	1,249	(325)	(161)	2,551
Non-cash items:								
Gains on Investments	(27,611)	(1,906)	(105)	(10,259)	(456)	(10)	(157)	(834)
Distribution Income	(7,340)	-	-	-	-	(42)	(147)	(470)
Interest Income	-	-	-	-	-	-	-	-
Investment Management Fees	2,487	-	-	1,151	-	-	21	79
Movements in other working capital items:								
Increase in Receivable from Investment Funds	(26)	-	-	(3)	-	-	-	(1)
(Decrease)/Increase in Sundry Creditors	(20)	(3)	-	7	(1)	-	(2)	(1)
Increase/(Decrease) in Benefits Payable	856	11	(18)	308	-	(36)	11	(3)
Decrease in Payable to other KiwiSaver Providers	(7)	-	(1)	(2)	-	-	-	-
(Decrease)/Increase in Payable to Investment Funds	(4)	4	-	-	(7)	(1)	-	-
Decrease in PIE Tax Payable	(456)	89	(3)	(245)	(1)	(3)	(12)	(14)
Items classified as investing activities:								
Investment Management Rebates	(326)	-	-	(326)	-	-	-	-
Investment Management Fees	719	144	14	-	56	7	11	32
Net cash flows from/(used in) operating activities	28,362	2,294	156	904	840	(410)	(436)	1,339



AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

4. Reconciliation of Net Cash Flows from Operating Activities to Increase in Net Assets

	Russell LifePoints® 2035	Russell LifePoints® 2045	Russell LifePoints® 2055	Russell LifePoints® Balanced	Russell LifePoints® Conservative	Russell LifePoints® Growth	Russell LifePoints® Moderate
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
Increase in Net Assets	2,959	2,135	236	30,532	(1,314)	6,021	1,730
Non-cash items:							
Gains on Investments	(1,014)	(1,137)	(11)	(5,962)	(2,440)	(2,442)	(878)
Distribution Income	(395)	(351)	(5)	(2,466)	(2,201)	(759)	(504)
Interest Income	-	-	-	-	-	-	-
Investment Management Fees	82	81	1	485	300	180	87
Movements in other working capital items:							
Increase in Receivable from Investment Funds	(2)	(1)	-	(15)	-	(3)	(1)
(Decrease)/Increase in Sundry Creditors	-	(1)	-	(5)	(10)	(1)	(3)
Increase/(Decrease) in Benefits Payable	(30)	6	-	425	120	6	56
Decrease in Payable to other KiwiSaver Providers	-	-	-	(2)	(1)	-	(1)
(Decrease)/Increase in Payable to Investment Funds	-	-	-	-	-	-	-
Decrease in PIE Tax Payable	(8)	(7)	-	(50)	(177)	(7)	(18)
Items classified as investing activities:							
Investment Management Rebates	27	25	-	159	157	53	34
Investment Management Fees	-	-	-	-	-	-	-
Net cash flows from/(used in) operating activities	1,619	750	221	23,101	(5,566)	3,048	502

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

4. Reconciliation of Net Cash Flows from Operating Activities to Increase in Net Assets

	Total	ANZ	Mifford	Nikko	Nikko	Nikko	Russell	Russell
	2016	2016	2016	2016	2016	2016	2016	2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Increase in Net Assets	49,906	2,662	6,751	1,173	174	(15)	2,480	
Non-cash items:								
Gains on Investments	(16,665)	(1,096)	(9,033)	(493)	(2)	(125)	(391)	
Distribution Income	(6,046)	-	-	-	(55)	(137)	(385)	
Interest Income	(1)	(1)	-	-	-	-	-	
Investment Management Fees	2,147	-	1,056	-	-	22	70	
Movements in other working capital items:								
(Increase)/Decrease in Receivable from Investment Funds	(15)	-	(1)	-	-	-	(1)	
Increase in Sundry Creditors	195	11	17	5	1	2	9	
Increase in Benefits Payable	608	100	99	-	36	-	4	
(Decrease)/Increase in Payable to other KiwiSaver Providers	-	-	-	-	-	-	-	
Increase in Payable to Investment Funds	34	21	-	10	1	-	-	
Decrease in PIE Tax Payable	(1,211)	(60)	(384)	(6)	(3)	(41)	(62)	
Items classified as investing activities:								
Investment Management Rebates	(302)	-	(302)	-	-	-	-	
Investment Management Fees	548	109	-	31	5	10	25	
Net cash flows from/(used in) operating activities	29,198	1,746	(1,797)	720	157	(284)	1,749	



AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

4. Reconciliation of Net Cash Flows from Operating Activities to Increase in Net Assets

	Russell LifePoints® 2035	Russell LifePoints® 2045	Russell LifePoints® Balanced	Russell LifePoints® Conservative	Russell LifePoints® Growth	Russell LifePoints® Moderate
	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
Increase in Net Assets	2,131	1,755	53	25,706	409	3,551
Non-cash items:						
Gains on Investments	(366)	(373)	(1)	(1,619)	(1,813)	(780)
Distribution Income	(324)	(306)	(1)	(1,668)	(2,083)	(654)
Interest Income	-	-	-	-	-	-
Investment Management Fees	66	70	-	319	326	142
Movements in other working capital items:						
(Increase)/Decrease in Receivable from Investment Funds	(1)	-	-	(11)	1	(1)
Increase in Sundry Creditors	7	7	-	104	5	15
Increase in Benefits Payable	30	6	-	132	145	4
(Decrease)/Increase in Payable to other KiwiSaver Providers	-	-	-	-	-	-
Increase in Payable to Investment Funds	-	-	-	-	-	-
Decrease in PIE Tax Payable	(30)	(14)	-	(82)	(416)	(37)
Items classified as investing activities:						
Investment Management Rebates	-	-	-	-	-	-
Investment Management Fees	21	20	-	94	148	44
Net cash flows from/(used in) operating activities	1,534	1,165	51	22,975	(3,278)	2,284

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

5. Financial risk management

The Scheme utilises a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the Note 3.

The Manager has approved a Statement of Investment Policy and Objectives (SIPO) which establishes investment fund objectives and target asset allocations. Performance against the investment performance objectives is reviewed quarterly by the Manager. Asset allocations are reviewed regularly by the Manager and reallocations back to benchmark are undertaken as required.

Counterparty risk and risks relating to the performance of the parties involved in the Scheme

Counterparty risk is the risk that a party to a contract with the Scheme defaults, fails to complete a transaction, or otherwise becomes unable to meet its financial obligations.

In addition, there are a number of parties involved in the operation of the Scheme being the Manager, the Supervisor and the Fund Managers. Decisions made by either one of the parties are based on a range of variables which by their nature are prospective. Therefore, there is a risk that such decisions will not always have good results for members.

The risk is managed by requiring the supervision of various parties. The Manager monitors the investment performance of fund managers and reports in detail on a quarterly basis. The Supervisor supervises the Manager's performance of the functions of the Manager set out in the KiwiSaver Act and under the Trust Deed. In addition, external parties such as the Scheme's auditor, monitor the activities of the Scheme during the annual audit of the Scheme's financial statements.

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's Trust Deed provides for the payment of benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals at any time.

The Scheme's investments are considered to be readily realisable except for ANZ Balanced Fund and Nikko Balanced Fund. Both funds include an allocation to the Nikko Multi-Strategy Fund which can be less liquid. There are no restrictions on the redemption of units and they may be redeemed for cash at any time, subject to the approval of the Fund Manager. Other financial liabilities of the Scheme comprised of accounts payable and accrued expenses and other current liabilities have no contractual maturity date but are typically settled within 30 days or within the timeframe as set out in the Trust Deed.

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

5. Financial risk management (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Scheme to credit risk consist of cash, receivables, and investments in unlisted products. The maximum credit exposure to credit risk is the carrying value of these financial instruments.

The Manager manages and monitors credit risk by agreeing on target asset allocations for each Investment Fund and by diversifying, as per the SIPO, the Scheme's investment funds over a range of investment products. The Manager performs due diligence over all Fund Managers before appointment and uses the services of an investment consultant to alert it to any potential or actual risks associated with the Fund Managers.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Due to the unlisted nature of the investments it is not practical to determine the sensitivity of the unit price to changes in foreign exchange rates or interest rates. The investments are managed by ANZ Investments Ltd, Milford Funds Limited, Russell Investment Management Limited and Nikko Asset Management New Zealand Limited. Risk management activities are undertaken by the Scheme's Fund Managers to operate within the guidelines provided by the Manager.

The Manager monitors the standard deviation of investment returns of each Investment Fund against a performance target maximum standard deviation set out in the SIPO. The Manager also uses the services of an investment consultant to alert it to any actual or potential risks associated with the Fund Manager or their products.

Currency risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unlisted products which invest in foreign currency denominated investments. Risk management activities are undertaken by the Scheme's Fund Managers to operate within the guidelines provided by the Manager.

The Manager, in conjunction with the investment consultant, monitors currency risk by receiving reports regularly from all Fund Managers which are reviewed and assessed against relevant asset allocation profiles and performance targets.

Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in unlisted products which invest in cash and fixed interest investments. The Scheme has direct exposure to interest rate risk on its cash holdings, but this is not material due to the levels of cash held at balance date.

The Scheme's interest rate risk is monitored on a regular basis by the Fund Managers in accordance with policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Manager monitors interest rate risk on a regular basis by monitoring the asset allocation and performance against relevant asset allocation profiles and performance targets.

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

6. Financial risk management (Continued)

Market risk (Continued)

Other price risk: Other price risk is the risk that the value of the Scheme's investments will increase or decrease due to a change in the unit prices of the underlying investments. The Scheme is exposed to other prices risk through its investment in unlisted products. The Scheme is indirectly exposed to underlying equities. The Fund Managers track these underlying equities on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns.

The Manager in consultation with the investment consultant, monitors the performance of the funds regularly against performance objectives set out in the SIPO. A rigorous quarterly performance analysis is carried out in accordance with the Manager's SIPO.

Sensitivity analysis - Other price risk

The following table shows the impact on the Scheme's Net Assets under two scenarios - a ten percent decrease in the unit prices of the Scheme's investment funds and a ten percent increase in the unit prices of the Scheme's investment funds.

	Total	ANZ Balanced	ANZ Cash	Milford Fund	Nikko Balanced	Nikko Cash	Russell LifePoints® 2015	Russell LifePoints® 2017	Russell LifePoints® 2025
A ten percent decrease in the unit price of the Scheme's investment funds	(43,124)	(2,755)	(399)	(11,466)	(747)	(133)	(490)	(1,748)	
A ten percent increase in the unit price of the Scheme's investment funds	43,124	2,755	399	11,466	747	133	490	1,748	
	Total	ANZ Balanced	ANZ Cash	Milford Fund	Nikko Balanced	Nikko Cash	Russell LifePoints® 2015	Russell LifePoints® 2017	Russell LifePoints® 2025
A ten percent decrease in the unit price of the Scheme's investment funds	(37,136)	(2,346)	(374)	(10,463)	(619)	(165)	(506)	(1,494)	
A ten percent increase in the unit price of the Scheme's investment funds	37,136	2,346	374	10,463	619	165	506	1,494	

AON KIWISAVER SCHEME

Notes to the Financial Statements
For the year ended 31 March 2017

6. Financial risk management (Continued)

Sensitivity analysis - Other price risk (Continued)

	Russell LifePoints® 2035	Russell LifePoints® 2045	Russell LifePoints® 2055	Russell LifePoints® Balanced	Russell LifePoints® Conservative	Russell LifePoints® Growth	Russell LifePoints® Moderate
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
A ten percent decrease in the unit price of the Scheme's investment funds	(1,559)	(1,405)	(29)	(9,894)	(7,553)	(3,115)	(1,831)
A ten percent increase in the unit price of the Scheme's investment funds	1,559	1,405	29	9,894	7,553	3,115	1,831
	Russell LifePoints® 2035	Russell LifePoints® 2045	Russell LifePoints® 2055	Russell LifePoints® Balanced	Russell LifePoints® Conservative	Russell LifePoints® Growth	Russell LifePoints® Moderate
	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
A ten percent decrease in the unit price of the Scheme's investment funds	(1,267)	(1,181)	(5)	(6,843)	(7,696)	(2,519)	(1,658)
A ten percent increase in the unit price of the Scheme's investment funds	1,267	1,181	5	6,843	7,696	2,519	1,658

AON KIWISAVER SCHEME

Notes to the Financial Statements
For the year ended 31 March 2017

7. Financial instruments

Financial instruments by category

Financial assets at fair value through profit or loss

Investments

Loans and receivables

	Total	ANZ Balanced	ANZ Cash	Miford Fund	Nikko Balanced	Nikko Cash	Russell LifePoints® 2015	Russell LifePoints® 2025
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
Cash at bank	1,938	106	10	572	72	29	6	36
Unsettled trades	122	-	-	14	-	-	-	1
Receivable from Investment Funds	156	-	-	29	-	-	2	8
Total financial assets	433,452	27,652	4,001	115,277	7,539	1,360	4,908	17,524
Financial liabilities								
Sundry Creditors	550	34	6	123	9	2	6	22
Benefits Payable	1,813	111	2	516	-	-	11	1
Payable to other KiwiSaver Providers	8	1	-	2	-	-	-	-
Payable to Investment Funds	45	31	2	-	11	1	-	-
Total financial liabilities	2,416	177	10	641	20	3	17	23

AON KIWSAVER SCHEME

Notes to the Financial Statements
For the year ended 31 March 2017

7. Financial instruments

Financial instruments by category

Financial assets at fair value through profit or loss

	Russell LifePoints® 2035	Russell LifePoints® 2045	Russell LifePoints® 2055	Russell LifePoints® Balanced	Russell LifePoints® Conservative	Russell LifePoints® Growth	Russell LifePoints® Moderate
	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000	2017 \$000
Investments	15,587	14,053	288	98,938	75,531	31,152	18,311
Loans and receivables							
Cash at bank	30	(84)	1	772	243	74	71
Unsettled trades	2	-	-	-	36	69	-
Receivable from Investment Funds	8	7	-	48	30	16	8
Total financial assets	15,627	13,976	289	99,758	75,840	31,311	18,390
Financial liabilities							
Sundry Creditors	19	19	-	146	102	39	23
Benefits Payable	-	12	-	616	417	11	116
Payable to other KiwiSaver Providers	-	-	-	1	3	1	-
Payable to Investment Funds	-	-	-	-	-	-	-
Total financial liabilities	19	31	-	763	522	51	139



AON KIWISAVER SCHEME

Notes to the Financial Statements
For the year ended 31 March 2017

6. Financial instruments (Continued)

Financial instruments by category

Financial assets at fair value through profit or loss
Investments

	Total	ANZ Balanced	ANZ Cash	Mitford Fund	Nikko Balanced	Nikko Cash	Russell LifePoints® 2015	Russell LifePoints® 2016
	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
	371,360	23,460	3,744	104,634	6,193	1,646	5,052	14,940
Loans and receivables								
Cash at bank	1,384	136	10	276	106	79	8	43
Unsettled trades	99	-	-	-	-	-	-	1
Receivable from Investment Funds	130	-	-	26	-	-	2	7
Total financial assets	372,973	23,596	3,754	104,936	6,299	1,725	5,072	14,991
Financial liabilities								
Sundry Creditors	570	37	6	116	10	2	8	23
Benefits Payable	957	100	20	208	-	36	-	4
Payable to other KiwiSaver Providers	15	1	1	4	-	-	-	-
Payable to Investment Funds	49	27	2	-	18	2	-	-
Total financial liabilities	1,591	165	29	328	28	40	8	27

AON KIWISAVER SCHEME

Notes to the Financial Statements
For the year ended 31 March 2017

6. Financial instruments (Continued)

Financial instruments by category

Financial assets at fair value through profit or loss investments

	Russell LifePoints® 2035	Russell LifePoints® 2045	Russell LifePoints® 2055	Russell LifePoints® Balanced	Russell LifePoints® Conservative	Russell LifePoints® Growth	Russell LifePoints® Moderate
	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000	2016 \$000
	12,666	11,807	53	68,432	76,955	25,192	16,576
Loans and receivables							
Cash at bank	34	30	-	393	139	87	43
Unsettled trades	-	-	-	-	98	-	-
Receivable from Investment Funds	6	6	-	33	30	13	7
Total financial assets	12,706	11,843	53	68,858	77,222	25,292	16,626
Financial liabilities							
Sundry Creditors	19	20	-	151	112	40	26
Benefits Payable	30	6	-	191	297	5	60
Payable to other KiwiSaver Providers	-	-	-	3	4	1	1
Payable to Investment Funds	-	-	-	-	-	-	-
Total financial liabilities	49	26	-	345	413	46	87



AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

7. Total Investments at Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Scheme's accounting policies as described in Note 3.

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Valuation techniques using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Scheme has investments in financial instruments of which fair values are classified as Level 2 as they are unlisted based on prices provided by the Investment Manager. The Scheme does not have investments in financial instruments classified as either Level 1 or Level 3.

The unit price is based upon a Net Asset Valuation using observable inputs of quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The Net Asset Valuation of the Fund may also include securities or derivatives which have inputs such as foreign exchange spot and forward rates and interest rate curves derived from quoted bond prices. The Net Asset Valuation may also have adjustments to reflect fees associated with the Fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

8. Commitments and contingent liabilities

There were no material commitments or contingent liabilities outstanding as at 31 March 2017 (2016: nil).

9. Vested benefits

Vested Benefits are benefits payable to Members or Beneficiaries, under the conditions of the Scheme, on the basis of all Members ceasing to be members of the Scheme at balance date. Vested Benefits as at 31 March 2017 equalled the net assets available for benefits.

AON KIWISAVER SCHEME

Notes to the Financial Statements For the year ended 31 March 2017

10. Auditor's Remuneration - Audit Fees

	2017	2016
Audit of financial statements	41,975	41,256
Audit of register	9,718	-
Other assurance services (Note A)	26,307	11,385
	<u>78,000</u>	<u>52,641</u>

Note A: Other assurance services comprise custodial assurance, prospectus reporting and reporting on trust deed requirements.

11. Related parties

The related party is Aon New Zealand and the Manager. Aon New Zealand is the Investment Manager, Administration Manager and Consultant of the Scheme.

One director of the Manager is a member of the Scheme who is entitled to all the benefits accruing in their account as prescribed in the Trust Deed.

The Scheme pays the member fees, administration management fee, transfer fee, consulting fee and portion of investment management fees to Aon New Zealand. The fees charged are presented in the Statement of Changes in Net Assets. During the year the fees charged were:

	2017	2016
Member Fees	966,953	972,109
Transfer Fees	55,090	47,810
Investment Management Fees	565,316	480,313
Administration Management Fees	1,096,043	919,062
Consulting Fees	154,693	216,427

The fees payable to the related parties are included in Sundry Creditors in the Statement of Net Assets. The fees payable at year end were:

	2017	2016
Member Fees	79,972	81,076
Transfer Fees	7,665	5,530
Investment Management Fees	88,565	94,676
Administration Management Fees	186,193	158,899
Consulting Fees	31,410	113,123

Outstanding balances at year-end are unsecured, interest free and settlement will occur in cash. No related party debts have been written off or forgiven during either the current or prior year.

12. Events After Balance Date

There have been no material events after balance date that require adjustment to or disclosure in the financial statements (2016: nil).