

ASB KiwiSaver Scheme Financial Statements

For the year ended 31 March 2021

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Statements of Changes in Net Assets Available for Benefits

\$ thousands		NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
For the year ended 31 March	Note	2021	2020	2021	2020	2021	2020	2021	2020
Income									
Distribution income		6,764	9,325	36,269	49,259	10,320	13,578	11,377	13,141
Interest income		13	30	76	208	39	111	42	116
Net gains/(losses) on financial instruments at fair value through profit or loss		(1,828)	(821)	246,768	25,940	226,729	(43,451)	390,861	(82,529)
Wholesale fee rebate		27	12	441	418	233	249	279	265
Total income/(loss) attributable to members		4,976	8,546	283,554	75,825	237,321	(29,513)	402,559	(69,007)
Net benefits/(losses) accrued to members									
Employer contributions		30,342	18,640	154,488	139,554	64,652	60,298	68,544	60,543
Member contributions		64,492	47,349	419,217	416,671	262,265	262,056	223,012	209,513
Crown contributions		11,248	8,173	52,624	55,881	23,032	24,738	22,727	22,692
Transfers from other scheme providers		25,207	21,647	33,337	42,204	34,867	56,657	38,643	73,437
Member withdrawals	5	(113,269)	(77,470)	(224,578)	(264,148)	(82,333)	(85,792)	(49,112)	(47,863)
Management fee expenses deducted	6	(2,515)	(1,624)	(16,456)	(15,517)	(12,035)	(11,238)	(13,755)	(12,399)
Administration fee expenses deducted	6	(1,176)	(973)	(6,338)	(6,599)	(2,142)	(2,244)	(1,976)	(1,970)
Transfers to other scheme providers		(27,123)	(19,694)	(134,355)	(162,803)	(57,854)	(57,532)	(68,259)	(62,103)
Switches within the scheme		(140,524)	342,404	(368,494)	(128,071)	21,385	(155,522)	96,715	(105,132)
PIE tax (paid/payable)/received/receivable		(318)	(1,271)	(8,007)	(22,111)	(4,534)	(4,395)	(16,369)	2,996
Allocated contributions/Member withdrawal payments		-	-	-	-	-	-	-	-
Unallocated contributions		-	-	-	-	-	-	-	-
Net benefits/(losses) accrued to members		(148,660)	345,727	184,992	130,886	484,624	57,513	702,729	70,707
Total members' funds at the beginning of the year		811,299	465,572	3,923,614	3,792,728	1,756,735	1,699,222	1,754,711	1,684,004
Total members' funds at the end of the year		662,639	811,299	4,108,606	3,923,614	2,241,359	1,756,735	2,457,440	1,754,711

These statements are to be read in conjunction with the notes on pages 8 to 22 and the Independent Auditor's Report on pages 23 to 27.

Statements of Changes in Net Assets Available for Benefits (continued)

\$ thousands For the year/period ended 31 March	Note	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
		2021	2020	2021	2020 (46 weeks)	2021	2020	2021	2020
Income									
Distribution income		4,567	5,031	-	-	-	-	69,297	90,334
Interest income		65	183	1	1	-	-	236	649
Net gains/(losses) on financial instruments at fair value through profit or loss		816,366	(233,522)	8,843	(1,786)	-	-	1,687,739	(336,169)
Wholesale fee rebate		480	442	-	-	-	-	1,460	1,386
Total income/(loss) attributable to members		821,478	(227,866)	8,844	(1,785)	-	-	1,758,732	(243,800)
Employer contributions		139,401	113,306	1,916	334	-	-	459,343	392,675
Member contributions		318,599	272,590	6,633	5,101	-	-	1,294,218	1,213,280
Crown contributions		42,988	39,744	503	(3)	-	-	153,122	151,225
Transfers from other scheme providers		79,129	143,467	4,853	2,065	-	-	216,036	339,477
Member withdrawals	5	(58,731)	(58,062)	(1,029)	(199)	13	7	(529,039)	(533,527)
Management fee expenses deducted	6	(23,038)	(19,950)	(400)	(63)	-	-	(68,199)	(60,791)
Administration fee expenses deducted	6	(3,941)	(3,674)	(51)	(8)	-	-	(15,624)	(15,468)
Transfers to other scheme providers		(174,247)	(121,403)	(1,827)	(139)	-	-	(463,665)	(423,674)
Switches within the scheme		366,116	26,130	24,802	20,191	-	-	-	-
PIE tax (paid/payable)/received/receivable		(39,574)	17,119	(83)	(76)	-	-	(68,885)	(7,738)
Allocated contributions/Member withdrawal payments		-	-	-	-	(5,800)	(9,795)	(5,800)	(9,795)
Unallocated contributions		-	-	-	-	6,056	5,793	6,056	5,793
Net benefits/(losses) accrued to members		1,468,180	181,401	44,161	25,418	269	(3,995)	2,736,295	807,657
Total members' funds at the beginning of the year/period		2,537,154	2,355,753	25,418	-	5,800	9,795	10,814,731	10,007,074
Total members' funds at the end of the year/period		4,005,334	2,537,154	69,579	25,418	6,069	5,800	13,551,026	10,814,731

These statements are to be read in conjunction with the notes on pages 8 to 22 and the Independent Auditor's Report on pages 23 to 27.

Statements of Net Assets Available for Benefits

\$ thousands		NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
As at 31 March	Note	2021	2020	2021	2020	2021	2020	2021	2020
Assets									
Cash and cash equivalents		5,982	14,152	44,994	86,677	26,310	35,644	39,421	33,873
Financial assets at fair value through profit or loss	2	659,361	799,170	4,070,638	3,857,160	2,217,964	1,725,254	2,432,528	1,716,860
Receivables	3	327	662	1,665	2,948	1,984	1,041	1,226	4,472
Total assets		665,670	813,984	4,117,297	3,946,785	2,246,258	1,761,939	2,473,175	1,755,205
Liabilities									
Payables	4	3,031	2,685	8,691	23,171	4,899	5,204	15,735	494
Total liabilities		3,031	2,685	8,691	23,171	4,899	5,204	15,735	494
Net assets attributable to members		662,639	811,299	4,108,606	3,923,614	2,241,359	1,756,735	2,457,440	1,754,711
Represented by:									
Liability for promised retirement benefits		662,639	811,299	4,108,606	3,923,614	2,241,359	1,756,735	2,457,440	1,754,711

These statements are to be read in conjunction with the notes on pages 8 to 22 and the Independent Auditor's Report on pages 23 to 27.

Statements of Net Assets Available for Benefits (continued)

\$ thousands		Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
As at 31 March	Note	2021	2020	2021	2020	2021	2020	2021	2020
Assets									
Cash and cash equivalents		77,412	47,273	850	501	12,826	14,055	207,795	232,175
Financial assets at fair value through profit or loss	2	3,963,936	2,471,519	68,700	25,014	-	-	13,413,127	10,594,977
Receivables	3	2,790	18,658	98	25	-	-	8,090	27,806
Total assets		4,044,138	2,537,450	69,648	25,540	12,826	14,055	13,629,012	10,854,958
Liabilities									
Payables	4	38,804	296	69	122	6,757	8,255	77,986	40,227
Total liabilities		38,804	296	69	122	6,757	8,255	77,986	40,227
Net assets attributable to members		4,005,334	2,537,154	69,579	25,418	6,069	5,800	13,551,026	10,814,731
Represented by:									
Liability for promised retirement benefits		4,005,334	2,537,154	69,579	25,418	6,069	5,800	13,551,026	10,814,731

The Board of Directors of the Manager authorised these financial statements for issue:



Director

15 July 2021



Director

15 July 2021

These statements are to be read in conjunction with the notes on pages 8 to 22 and the Independent Auditor's Report on pages 23 to 27.

Cash Flow Statements

\$ thousands For the year ended 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
Cash flows from operating activities								
Total income/(loss) attributable to members	4,976	8,546	283,554	75,825	237,321	(29,513)	402,559	(69,007)
Reconciliation of total income/(loss) to net cash flows from operating activities								
Non cash items:								
Unrealised losses/(gains) on financial instruments at fair value through profit or loss	12,994	5,300	(141,488)	70,344	(181,412)	131,017	(336,566)	131,314
Distribution income reinvested	(6,764)	(9,325)	(36,269)	(49,259)	(10,320)	(13,578)	(11,377)	(13,141)
Net change in investments	133,579	(330,749)	(35,721)	(93,118)	(300,978)	(149,415)	(367,725)	(158,115)
Net change in receivables	4	(5)	5	(4)	(5)	5	(6)	1
Net cash flows from operating activities	144,789	(326,233)	70,081	3,788	(255,394)	(61,484)	(313,115)	(108,948)
Cash flows from financing activities								
Cash was provided from:								
Employer contributions	30,342	18,640	154,488	139,554	64,652	60,298	68,544	60,543
Member contributions	64,823	46,695	420,495	413,772	261,327	261,034	223,188	208,139
Crown contributions	11,248	8,173	52,624	55,881	23,032	24,738	22,727	22,692
Transfers from other scheme providers	25,207	21,647	33,337	42,204	34,867	56,657	38,643	73,437
Switches within the scheme	-	342,404	-	-	21,385	-	96,715	-
Contributions to be allocated within the scheme	-	-	-	-	-	-	-	-
Unallocated contributions	-	-	-	-	-	-	-	-
Total cash inflows/(outflows) provided from financing activities	131,620	437,559	660,944	651,411	405,263	402,727	449,817	364,811
Cash was applied to:								
Member withdrawals	(112,079)	(75,853)	(225,453)	(259,989)	(82,609)	(84,225)	(48,605)	(47,369)
Management fees deducted	(2,515)	(1,624)	(16,456)	(15,517)	(12,035)	(11,238)	(13,755)	(12,399)
Administration fees deducted	(1,176)	(973)	(6,338)	(6,599)	(2,142)	(2,244)	(1,976)	(1,970)
Transfers out to other scheme providers	(27,123)	(19,694)	(134,355)	(162,803)	(57,854)	(57,532)	(68,259)	(62,103)
Switches within the scheme	(140,524)	-	(368,494)	(128,071)	-	(155,522)	-	(105,132)
PIE tax (paid)/received on behalf of members	(1,162)	(1,617)	(21,612)	(27,339)	(4,563)	(9,818)	1,441	(7,637)
Total cash outflows applied to financing activities	(284,579)	(99,761)	(772,708)	(600,318)	(159,203)	(320,579)	(131,154)	(236,610)
Net cash flows from financing activities	(152,959)	337,798	(111,764)	51,093	246,060	82,148	318,663	128,201
Summary of movements in cash flows								
Net increase/(decrease) in cash and cash equivalents	(8,170)	11,565	(41,683)	54,881	(9,334)	20,664	5,548	19,253
Add: cash and cash equivalents at beginning of the year	14,152	2,587	86,677	31,796	35,644	14,980	33,873	14,620
Cash and cash equivalents at end of the year	5,982	14,152	44,994	86,677	26,310	35,644	39,421	33,873
Additional operating cash flow information								
Interest received as cash	18	26	83	207	38	116	43	119
Purchase of investments	(45,860)	(367,175)	(484,481)	(562,682)	(501,752)	(599,895)	(575,225)	(491,401)
Sale of investments	179,439	36,426	448,760	469,564	200,774	450,480	207,500	333,286

These statements are to be read in conjunction with the notes on pages 8 to 22 and the Independent Auditor's Report on pages 23 to 27.

Cash Flow Statements (continued)

\$ thousands For the year/period ended 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2021	2020	2021	2020 (46 weeks)	2021	2020	2021	2020
Cash flows from operating activities								
Total income/(loss) attributable to members	821,478	(227,866)	8,844	(1,785)	-	-	1,758,732	(243,800)
Reconciliation of total income/(loss) to net cash flows from operating activities								
Non cash items:								
Unrealised losses/(gains) on financial instruments at fair value through profit or loss	(757,076)	296,448	(8,816)	1,789	-	-	(1,412,364)	636,212
Distribution income reinvested	(4,567)	(5,031)	-	-	-	-	(69,297)	(90,334)
Net change in investments	(730,774)	(420,219)	(34,870)	(26,803)	-	-	(1,336,489)	(1,178,419)
Net change in receivables	(14)	4	-	-	-	-	(16)	1
Net cash flows from operating activities	(670,953)	(356,664)	(34,842)	(26,799)	-	-	(1,059,434)	(876,340)
Cash flows from financing activities								
Cash was provided from:								
Employer contributions	139,401	113,306	1,916	334	(2,555)	(28)	456,788	392,647
Member contributions	317,758	270,687	6,560	5,076	(7,836)	(1,273)	1,286,315	1,204,130
Crown contributions	42,988	39,744	503	(3)	-	-	153,122	151,225
Transfers from other scheme providers	79,129	143,467	4,853	2,065	(2,207)	(343)	213,829	339,134
Switches within the scheme	366,116	26,130	24,802	20,191	-	-	509,018	388,725
Contributions to be allocated within the scheme	-	-	-	-	5,937	6,805	5,937	6,805
Unallocated contributions	-	-	-	-	6,056	5,793	6,056	5,793
Total cash inflows/(outflows) provided from financing activities	945,392	593,334	38,634	27,663	(605)	10,954	2,631,065	2,488,459
Cash was applied to:								
Member withdrawals	(56,814)	(57,766)	(1,082)	(146)	6	(8,144)	(526,636)	(533,492)
Management fees deducted	(23,038)	(19,950)	(400)	(63)	-	-	(68,199)	(60,791)
Administration fees deducted	(3,941)	(3,674)	(51)	(8)	-	-	(15,624)	(15,468)
Transfers out to other scheme providers	(174,247)	(121,403)	(1,827)	(139)	-	-	(463,665)	(423,674)
Switches within the scheme	-	-	-	-	-	-	(509,018)	(388,725)
PIE tax (paid)/received on behalf of members	13,740	(6,993)	(83)	(7)	(630)	858	(12,869)	(52,553)
Total cash outflows applied to financing activities	(244,300)	(209,786)	(3,443)	(363)	(624)	(7,286)	(1,596,011)	(1,474,703)
Net cash flows from financing activities	701,092	383,548	35,191	27,300	(1,229)	3,668	1,035,054	1,013,756
Summary of movements in cash flows								
Net increase/(decrease) in cash and cash equivalents	30,139	26,884	349	501	(1,229)	3,668	(24,380)	137,416
Add: cash and cash equivalents at beginning of the year/period	47,273	20,389	501	-	14,055	10,387	232,175	94,759
Cash and cash equivalents at end of the year/period	77,412	47,273	850	501	12,826	14,055	207,795	232,175
Additional operating cash flow information								
Interest received as cash	65	189	1	1	-	-	248	658
Purchase of investments	(1,009,802)	(950,599)	(35,171)	(26,943)	-	-	(2,652,291)	(2,998,695)
Sale of investments	279,028	530,380	301	140	-	-	1,315,802	1,820,276

These statements are to be read in conjunction with the notes on pages 8 to 22 and the Independent Auditor's Report on pages 23 to 27.

Notes to the Financial Statements

For the year ended 31 March 2021

1 Statement of Accounting Policies

General Accounting Policies

These financial statements have been prepared for each of the funds included in the ASB KiwiSaver Scheme (the "Scheme"), comprising NZ Cash Fund, Conservative Fund, Moderate Fund, Balanced Fund, Growth Fund and Positive Impact Fund, as well as the Scheme. The financial statements also include information for the "Scheme Transactions Account" that forms part of the Scheme and comprises client monies and unallocated contributions (refer to "Cash and cash equivalents" of the Particular Accounting Policies Section for additional details).

The Scheme is a registered KiwiSaver Scheme under the KiwiSaver Act 2006, registration number KSS10006 (Disclose Register Scheme number SCH10678). The Scheme is governed by the ASB KiwiSaver Scheme Trust Deed (the "Trust Deed"). The Scheme is a Defined Contribution Scheme and was available to the public from 1 July 2007. The Scheme is domiciled and registered in New Zealand.

In accordance with the Trust Deed, the liabilities of the Scheme are not limited to a particular group of assets in an individual fund of the Scheme. The results of the Scheme's funds have been disclosed in the financial statements to provide more useful and meaningful information to the user of the financial statements of the Scheme and should be read in conjunction with the Scheme's results.

The Supervisor of the Scheme is Public Trust. The Supervisor's registered office is Level 9, 34 Shortland Street, PO Box 1598, Shortland Street, Auckland 1140. The Manager of the Scheme is ASB Group Investments Limited. The Manager's registered office is ASB North Wharf, 12 Jellicoe Street, Auckland Central, Auckland 1010. The Manager holds a Managed Investment Scheme Manager Licence under Part 6 of the Financial Markets Conduct Act 2013 (the "Act"). The Scheme is a registered scheme in accordance with the Act.

Members' funds are invested in a range of investments in accordance with the terms of the Trust Deed and the statement of investment policy and objectives.

These general purpose financial statements are for the year ended 31 March 2021 and have been prepared in accordance with the requirements of the Trust Deed and the Act.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for for-profit entities. These financial statements also comply with International Financial Reporting Standards.

New standards effective 1 April 2020

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 April 2020. None of these have a material effect on the financial statements.

New standards not yet effective

A new standard, along with a number of amendments to standards and interpretations are effective for annual periods beginning after 1 April 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements.

Basis of Preparation

The measurement base adopted is that of fair value except where otherwise stated.

The results, positions and cashflows of the Scheme total have been prepared on a consolidated basis with the elimination of interfund transactions and balances.

COVID-19 continued to be a factor affecting financial markets during the reporting period. An assessment of the impact of COVID-19 has been performed and no indicators affecting the Scheme's ability to operate as a going concern were identified. As such, these financial statements have been prepared on a going concern basis.

Presentation Currency and Rounding

The functional and presentation currency is New Zealand dollars. The amounts contained in these financial statements are presented in thousands, unless otherwise stated.

Particular Accounting Policies

The following particular accounting policies have been applied on a consistent basis.

- **Basis of Consolidation**

The Scheme meets the definition of an investment entity and as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value. The Scheme has applied the consolidation exemption available under NZ IFRS 10 *Consolidated Financial Statements* and is accounting for its investment in the following subsidiaries at fair value through profit or loss:

Notes to the Financial Statements

For the year ended 31 March 2021

1 Statement of Accounting Policies (continued)

Subsidiary	Place of business	Ownership Interest	
		2021	2020
Investors Wholesale Australasian Equity (Index) Trust	Auckland, New Zealand	75%	73%
Investors Wholesale Cash Trust	Auckland, New Zealand	74%	76%
Investors Wholesale NZ Corporate Bond Trust	Auckland, New Zealand	75%	75%
Investors Wholesale Global Property (Index) Trust	Auckland, New Zealand	78%	76%
Investors Wholesale Global Credit Positive Impact Trust	Auckland, New Zealand	85%	93%
Investors Wholesale Global Equities Positive Impact Trust	Auckland, New Zealand	85%	93%

• Revenue Recognition

Revenue is recognised for each principal source as follows:

- Distribution income is recognised when the right to a distribution is established with any related foreign withholding tax offset against the distribution income.
- Interest income is recognised using the effective interest method.
- Any unrealised gains or losses arising from the revaluation of financial assets and liabilities, along with realised gains or losses from the sale of investments during the year are included in the Statements of Changes in Net Assets Available for Benefits as net gains/(losses) on financial instruments at fair value through profit or loss.
- Wholesale fee rebates are recognised on an accrual basis.

• Income Tax

The Scheme has elected to be a Portfolio Investment Entity ("PIE") under the Income Tax Act 2007. Under the PIE regime, income is effectively taxed in the hands of the members and accordingly no tax expense is recognised in the Statements of Changes in Net Assets Available for Benefits. The Manager attributes the taxable income of the Scheme to members in accordance with the proportion of their interests in the Scheme. The taxable income attributed to each member is taxed at the member's Prescribed Investor Rate ("PIR"), which is capped at 28%. The Manager accounts for tax on behalf of members with a PIR of greater than zero through redemptions of units, and undertakes any necessary adjustments to the member's interests in the Scheme to reflect that the Scheme pays tax on behalf of members.

• Financial Instruments

RECOGNITION AND DERECOGNITION

The Scheme recognises financial assets on the date it becomes a party to the contractual agreement and recognises financial liabilities when an obligation arises.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired. Derecognition also occurs when the rights to receive cash flows from financial assets have been transferred together with substantially all of their risks and rewards. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset where there is currently a legally enforceable right to set-off and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CLASSIFICATION AND MEASUREMENT

Financial asset debt instruments are classified on the basis of two criteria:

- the business model within which financial assets are managed; and
- their contractual cashflow characteristics (whether the cashflows represent 'solely payments of principal and interest' ("SPPI")).

Notes to the Financial Statements

For the year ended 31 March 2021

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss where transaction costs are expensed as incurred.

Financial instruments are classified under the following categories:

Financial Assets Measured at Amortised Cost

Financial assets with contractual cash flows that comprise SPPI, and which are held in a business model whose objective is to collect their contractual cash flows are measured at amortised cost. Financial assets measured at amortised cost are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial assets measured at amortised cost include:

- *Cash and cash equivalents*

Cash and cash equivalents include operational bank accounts and client monies accounts held with ASB Bank Limited. Client monies primarily include contributions received through the Scheme's bank account but are yet to be allocated to the members' accounts. Also included within client monies accounts are tax monies that relate to member withdrawals that are yet to be transferred to the Inland Revenue Department. Unallocated client monies and the corresponding unallocated withdrawals are separately presented in the "Scheme Transactions Account" column of the financial statements, as applicable.

- *Receivables*

Receivables may include amounts for interest income, fee and PIE tax rebates, contributions or distributions. The consideration to be received from the sales of investments that are unsettled as at balance date are also included in receivables.

Financial Instruments at Fair Value through Profit or Loss

Financial assets with contractual cash flows that do not represent SPPI, or which are held under a different business model (i.e. not held to collect contractual cash flows) are subsequently measured at fair value through profit or loss. The portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the documented investment strategy. The Scheme is primarily focused on fair value information and uses that information to assess performance and to make decisions. The collection of contractual cash flows is only incidental to achieving the Scheme's business model objective. Consequently, all investments are measured at fair value through profit or loss.

Any change in the fair values of financial assets and liabilities at fair value through profit or loss are disclosed in the Statements of Changes in Net Assets Available for Benefits as net gains/(losses) on financial instruments at fair value through profit or loss.

Financial Liabilities at Amortised Cost

Liabilities in this category are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method. This may include payables comprising accrued expenses, withdrawals payable or the consideration to be paid for the purchase of investments that are unsettled as at balance date.

Impairment on Financial Assets

The Scheme only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, applies the simplified approach for expected credit losses ("ECL") under NZ IFRS 9 *Financial Instruments* to all its receivables. Therefore the Scheme does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date.

The Scheme's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Scheme uses a provision matrix as a practical expedient to measuring ECL on receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables.

Any impairment losses are recognised in the Statements of Changes in Net Assets Available for Benefits.

Notes to the Financial Statements

For the year ended 31 March 2021

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

• Cash Flow Statements

The Cash Flow Statements have been prepared using the indirect method by which total income/(loss) attributable to members is adjusted for non-cash transactions and movements in Statement of Net Assets Available for Benefits accounts relating to operating activities. For presentation purposes, payments and receipts relating to the purchase and sale of investments are classified as cash flows from operating activities, as trading in the fair value of these investments represents the Scheme's main income-generating activity.

• Net Assets Attributable to Members (represented by the liability for promised retirement benefits)

The value attributable to the members is the residual value of the assets of the Scheme after all liabilities have been deducted. Members have unlimited access to their funds once they reach the required retirement age in accordance with the Trust Deed. Subject to conditions of the Trust Deed, members have restricted access to their funds prior to reaching this required age. Members can redeem their investments in the Scheme at any time for cash equal to a proportionate share of the Scheme's net asset value, once the specific conditions of the Trust Deed have been met. Members are able to transfer their balances to another KiwiSaver scheme or to a superannuation scheme which permits transfer from the scheme, subject to the consent (if required) of the manager or supervisor of that scheme, and any transfer provisions of that scheme. Therefore net assets attributable to members are classified as financial liabilities in accordance with NZ IAS 32 *Financial Instruments: Presentation*.

• Contributions and Withdrawals

Withdrawals from the Scheme are recorded gross of any PIE tax payable.

Switches between funds within the Scheme are disclosed as such in the Statements of Changes in Net Assets Available for Benefits, rather than as contributions and withdrawals.

• Classification as an investment entity

The Manager believes the Scheme meets the definition of an investment entity as defined by NZ IFRS 10 *Consolidated Financial Statements* because of the following characteristics:

- It obtains funds from one or more investors for the purpose of providing those investors with a managed investment product;
- It has committed to its investors via a documented investment strategy that its business purpose is to invest funds solely for returns from capital appreciation, investment outcome or a combination of both; and
- The Scheme measures the performance of its investments on a fair value basis.

The Scheme also displays all typical characteristics that are associated with an investment entity:

- It holds more than one investment;
- It has more than one investor;
- It has investors that are not related to the Scheme; and
- Ownership interest in the Scheme is represented by units of members' interests.

This conclusion is reassessed on a regular basis and if the characteristics change. Refer to "Basis of Consolidation" section above for the subsidiaries that are not consolidated.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Estimates are continually evaluated and are based on historical experience among other factors, including expectation of future events that are believed to be reasonable under the circumstances. There are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets at balance date. However as with all investments, their value is subject to variation due to market fluctuations. See note 7 *Fair Value of Financial Instruments* for further details.

Notes to the Financial Statements

For the year ended 31 March 2021

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

Changes to Comparatives

From 1 April 2020 the presentation of the Cash Flow Statement of the Scheme Transactions Account has been updated to correct a misclassification to better reflect the relationship between each individual fund of the Scheme and the Scheme Transactions Account. As such the comparative information presented in the Cash Flow Statements of the Scheme Transactions Account and the Total ASB KiwiSaver Scheme have been restated. This change to comparative information has resulted in Member withdrawals decreasing by \$6.8 million and Contributions to be allocated within the scheme increasing by \$6.8 million.

The changes to comparative information have no impact on the previously reported Net cash flows from financing activities.

Notes to the Financial Statements

For the year ended 31 March 2021

2 Financial Assets at Fair Value through Profit or Loss

\$ thousands As at 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
Investors Wholesale Australasian Equity (Index) Trust	-	-	662,977	588,873	643,428	501,967	779,372	542,932
Investors Wholesale Cash Trust	659,361	799,170	770,513	699,980	238,130	142,474	108,605	45,142
Investors Wholesale NZ Fixed Interest Trust	-	-	370,524	362,302	235,534	193,121	98,350	73,425
Investors Wholesale Global Credit (Index) Trust	-	-	556,696	538,601	146,041	118,474	246,262	184,456
Investors Wholesale Global Government Bond (Index) Trust	-	-	988,716	971,158	336,691	276,487	344,434	258,898
Investors Wholesale Global Equity (Index) Trust	-	-	167,093	155,716	113,802	87,236	560,222	394,015
Investors Wholesale NZ Corporate Bond Trust	-	-	554,119	540,530	357,831	293,142	147,081	109,742
Investors Wholesale Global Property (Index) Trust	-	-	-	-	90,112	66,119	24,648	16,469
Investors Wholesale Emerging Markets Equities Trust	-	-	-	-	56,395	46,234	123,554	91,781
Investors Wholesale Global Credit Positive Impact Trust	-	-	-	-	-	-	-	-
Investors Wholesale Global Equities Positive Impact Trust	-	-	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	659,361	799,170	4,070,638	3,857,160	2,217,964	1,725,254	2,432,528	1,716,860

\$ thousands As at 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB Kiwisaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
Investors Wholesale Australasian Equity (Index) Trust	1,411,515	867,518	-	-	-	-	3,497,292	2,501,290
Investors Wholesale Cash Trust	8,953	2,174	-	-	-	-	1,785,562	1,688,940
Investors Wholesale NZ Fixed Interest Trust	160,314	103,543	-	-	-	-	864,722	732,391
Investors Wholesale Global Credit (Index) Trust	-	-	-	-	-	-	948,999	841,531
Investors Wholesale Global Government Bond (Index) Trust	300,765	198,897	-	-	-	-	1,970,606	1,705,440
Investors Wholesale Global Equity (Index) Trust	1,400,193	864,184	-	-	-	-	2,241,310	1,501,151
Investors Wholesale NZ Corporate Bond Trust	259,725	169,067	-	-	-	-	1,318,756	1,112,481
Investors Wholesale Global Property (Index) Trust	180,795	108,169	-	-	-	-	295,555	190,757
Investors Wholesale Emerging Markets Equities Trust	241,676	157,967	-	-	-	-	421,625	295,982
Investors Wholesale Global Credit Positive Impact Trust	-	-	27,246	9,532	-	-	27,246	9,532
Investors Wholesale Global Equities Positive Impact Trust	-	-	41,454	15,482	-	-	41,454	15,482
Total financial assets at fair value through profit or loss	3,963,936	2,471,519	68,700	25,014	-	-	13,413,127	10,594,977

As ASB Group Investments Limited is the Manager of the Investors Wholesale Trusts (the "Trusts"), these Trusts are deemed to be related parties (refer to note 6).

Notes to the Financial Statements

For the year ended 31 March 2021

3 Receivables

\$ thousands	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March								
Interest receivable from ASB Bank Limited	1	6	5	12	3	2	3	4
Fee rebate receivable from ASB Group Investments Limited	3	2	39	37	21	17	25	18
PIE tax rebate receivable from Inland Revenue	-	-	-	-	-	-	-	3,076
Contributions receivable	323	654	1,621	2,899	1,960	1,022	1,198	1,374
Total receivables	327	662	1,665	2,948	1,984	1,041	1,226	4,472

\$ thousands	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB Kiwisaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March								
Interest receivable from ASB Bank Limited	5	5	-	-	-	-	17	29
Fee rebate receivable from ASB Group Investments Limited	41	27	-	-	-	-	129	101
PIE tax rebate receivable from Inland Revenue	-	16,723	-	-	-	-	-	19,799
Contributions receivable	2,744	1,903	98	25	-	-	7,944	7,877
Total receivables	2,790	18,658	98	25	-	-	8,090	27,806

These receivables are not past due or impaired.

Notes to the Financial Statements

For the year ended 31 March 2021

4 Payables

\$ thousands As at 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
PIE tax payable to Inland Revenue	224	1,068	5,407	19,012	3,608	3,637	14,734	-
Withdrawals payable	2,807	1,617	3,284	4,159	1,291	1,567	1,001	494
Contributions to be allocated within the Scheme	-	-	-	-	-	-	-	-
Total payables	3,031	2,685	8,691	23,171	4,899	5,204	15,735	494

\$ thousands As at 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB Kiwisaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
PIE tax payable to Inland Revenue	36,591	-	69	69	820	1,450	61,453	25,236
Withdrawals payable	2,213	296	-	53	-	-	10,596	8,186
Contributions to be allocated within the Scheme	-	-	-	-	5,937	6,805	5,937	6,805
Total payables	38,804	296	69	122	6,757	8,255	77,986	40,227

Notes to the Financial Statements

For the year ended 31 March 2021

5 Member Withdrawals

During the year withdrawals made by members were categorised as follows:

\$ thousands For the year ended 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
Retirement	32,274	34,839	102,425	152,862	43,684	45,888	22,309	21,931
Withdrawals for death	827	710	6,526	5,307	2,268	1,531	2,749	2,124
Withdrawals for serious illness	1,402	1,153	2,898	3,712	1,064	1,615	1,319	1,078
Withdrawals for significant financial hardship	1,102	766	4,715	4,861	2,008	1,852	1,610	1,510
Withdrawals for first home purchase	75,748	38,899	100,570	92,333	31,127	33,280	18,747	19,762
Withdrawals for permanent emigration	1,887	711	7,329	3,768	2,085	1,220	2,179	1,091
Other permitted withdrawals	29	392	115	1,305	97	406	199	367
Total withdrawals	113,269	77,470	224,578	264,148	82,333	85,792	49,112	47,863

\$ thousands For the year/period ended 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB Kiwisaver Scheme	
	2021	2020	2021	2020 (46 weeks)	2021	2020	2021	2020
Retirement	11,562	12,399	161	4	-	-	212,415	267,923
Withdrawals for death	2,165	1,426	2	-	-	-	14,537	11,098
Withdrawals for serious illness	1,615	1,310	6	-	-	-	8,304	8,868
Withdrawals for significant financial hardship	2,771	2,645	46	2	-	-	12,252	11,636
Withdrawals for first home purchase	35,002	36,825	773	170	-	-	261,967	221,269
Withdrawals for permanent emigration	4,707	2,152	41	23	-	-	18,228	8,965
Other permitted withdrawals	909	1,305	-	-	(13)	(7)	1,336	3,768
Total withdrawals	58,731	58,062	1,029	199	(13)	(7)	529,039	533,527

Notes to the Financial Statements

For the year ended 31 March 2021

6 Related Party Transactions and Balances

All transactions entered into with related parties during the year ended 31 March 2021 and 31 March 2020 were conducted on an arm's length basis and on normal commercial terms.

The following are considered to be related parties:

- ASB Group Investments Limited (the Manager). The Manager is a wholly owned subsidiary of ASB Bank Limited, the ultimate parent of which is the Commonwealth Bank of Australia. The Manager is a member of the Commonwealth Bank of Australia Group. All other members of the Commonwealth Bank of Australia Group are considered to be related parties;
- Public Trust (the Supervisor); and
- Investors Wholesale Trusts (the Trusts) as listed in note 2.

Transactions with related parties:

- All income recognised by the Scheme is from related parties;
- The Administration and Management fees deducted by the Manager are disclosed in the Statements of Changes in Net Assets Available for Benefits. The Manager accounts for fees on behalf of members through the redemption of units. The fees are recorded by the Scheme once they are deducted. The Management fees and Administration fees that have not yet been deducted from member funds for March 2021 are \$6,421,000 (March 2020: \$4,848,000) and \$1,301,000 (March 2020: \$1,302,000) respectively. The Administration fee is waived for employees of the Commonwealth Bank of Australia Group;
- The Scheme has invested into the Trusts. The Scheme and the Trusts have the same Manager. Any management fees and operation and administration costs incurred in these Trusts, are rebated and shown under "Wholesale fee rebate" in the Statements of Changes in Net Assets Available for Benefits;
- The Manager incurs audit and supervisor fees on behalf of the Scheme. During the year:
 - PricewaterhouseCoopers charged the Manager: \$45,000 for the audit of the Scheme's financial statements (2020: \$44,000) and \$12,000 for registry compliance assurance and supervisor reporting services for the Scheme (2020: \$12,000); and
 - Public Trust charged the Manager \$2,450,000 for supervisor fees (2020: \$2,150,000).
- Purchases and sales of investments in the Trusts are separately disclosed in the Cash Flow Statements;
- Related parties such as ASB Bank Limited offer financial products (for example, derivatives, term deposits or as an arranger of corporate bonds) that the Trusts may invest in. ASB Group Investments Limited ensures all related party financial products are transacted on arm's length terms and are authorised investments of the Scheme; and
- The Directors of the Manager and other related parties may be members of the Scheme. They contribute on the same basis and have the same rights as the other members.

Balances with related parties:

- Cash and cash equivalents as well as client monies accounts (for contributions receivable and withdrawals payable) are held with ASB Bank Limited and are presented in the Statements of Net Assets Available for Benefits;
- Investments held in the Trusts as detailed in note 2; and
- Amounts due from related parties as detailed in note 3.

Notes to the Financial Statements

For the year ended 31 March 2021

7 Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell a financial asset, or paid to transfer a financial liability, in an orderly transaction between market participants at the measurement date.

There are three levels in the hierarchy of fair value measurements which are based on the observability of inputs used to measure fair values:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the Scheme can access.
- Level 2: where quoted market prices are not available, fair values have been estimated using present value or other valuation techniques using inputs that are observable for the financial asset or financial liability, either directly or indirectly.
- Level 3: fair values are estimated using significant inputs that are unobservable for the financial asset or financial liability.

The Scheme considers transfers between levels, if any, to have occurred at the end of the reporting period for which the financial statements are prepared. There were no transfers between levels for the year ended 31 March 2021 and 31 March 2020.

As at 31 March 2021 and 31 March 2020, the Scheme's financial assets at fair value through profit or loss have been classified as Level 2 in the fair value hierarchy. These assets comprise managed funds investments (refer to note 2 for further detail).

The managed funds investments are not traded in an active market and their fair value is determined using valuation techniques. The value is based primarily on the latest available withdrawal price of the respective managed funds. In some instances, the Scheme may make adjustments to take into account the liquidity of the fund or its underlying investments, the value date of the net asset value provided, or any restrictions on withdrawals. As at 31 March 2021 and 31 March 2020 there were no significant adjustments made to the latest available withdrawal price of the respective managed funds. Throughout the reporting period, there has been no material valuation uncertainty or changes in valuation methodology as a result of increased market volatility due to COVID-19.

The carrying amounts of financial assets and liabilities not measured at fair value are considered to be reasonable approximations of their fair values as at 31 March 2021 and 31 March 2020.

Notes to the Financial Statements

For the year ended 31 March 2021

8 Financial Risk Management

The overall investment objective is to achieve capital growth through investing in a selection of debt and equity instruments. This results in exposure to market risk, liquidity risk and credit risk. The risk management programme focuses on the unpredictability of financial markets and minimisation of potential adverse effects on financial performance.

The following financial risk disclosures have been prepared on the basis of the Scheme's direct investments (refer to note 2) and not on a look-through basis for investments held by the Trusts.

Market Risk

Market risk is the risk that movements in the level or volatility of market rates and prices will affect the Scheme's income or the value of its holdings of financial instruments.

Market risk includes price risk, interest rate risk and foreign exchange risk, which are explained as follows:

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments of a specific type traded in the market. Price risk is controlled by ensuring a diverse range of investments, limits on counterparty exposure and restrictions on types of instruments. For investments denominated in New Zealand dollars but with an indirect foreign exchange exposure, the price risk sensitivity disclosures below include this indirect foreign exchange exposure.

Had the daily market price of the managed funds investments increased or decreased by the percentages outlined in the table below (volatility estimate) with all other variables held constant, the increase or decrease respectively in total income/(loss) and net assets attributable to members (excluding tax) would amount to the following:

\$ thousands For the year ended 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
Increase/decrease in: income/net assets attributable to members ¹	659	799	61,060	57,857	55,449	43,131	109,464	77,259
Volatility estimate ¹	0.1%	0.1%	1.5%	1.5%	2.5%	2.5%	4.5%	4.5%

\$ thousands For the year/period ended 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		ASB Kiwisaver Scheme	
	2021	2020	2021	2020 (46 weeks)	2021	2020	2021	2020
Increase/decrease in: income/net assets attributable to members ¹	257,656	160,649	3,435	1,251	-	-	487,723	340,946
Volatility estimate ¹	6.5%	6.5%	5.0%	5.0%	N/A	N/A	3.6%	3.2%

¹ Certain comparatives have been restated to reflect the rounding convention applied to the current year figures.

The volatility estimate percentages were selected as the reasonably possible change based on the maximum daily change observed over a three year period. Actual movements may be significantly different from this and will vary by Fund depending on the investments held.

Notes to the Financial Statements

For the year ended 31 March 2021

8 Financial Risk Management (continued)

Interest Rate Risk

Holdings of interest earning financial assets, being cash and cash equivalents, create exposures to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. There may also be indirect exposure to interest rate risk through the managed funds investments, which is not reflected in the interest rate sensitivity analysis below but is included within the price risk sensitivity above.

Had the interest rate increased or decreased by 1% (31 March 2020: 1%) with all other variables held constant, the increase or decrease respectively in total income/(loss) and net assets attributable to members (excluding tax) would amount to approximately:

\$ thousands For the year ended 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
Increase/decrease in: income/net assets attributable to members	60	142	450	867	263	356	394	339

\$ thousands For the year/period ended 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB Kiwisaver Scheme	
	2021	2020	2021	2020 (46 weeks)	2021	2020	2021	2020
Increase/decrease in: income/net assets attributable to members	774	473	9	5	128	141	2,078	2,323

A variable of 1% was selected for interest rate sensitivity as this is a reasonably possible movement based on historic rate trends. However, the actual movements may be significantly different from this.

Foreign Exchange Risk

There is no direct foreign exchange risk. However, there may be indirect exposure to foreign exchange risk through the managed funds investments. This risk is captured as part of the price risk sensitivity above.

Liquidity Risk

In accordance with the Scheme's policy, the Manager monitors the Scheme's liquidity position on a daily basis. Liquidity management is designed to ensure that the Scheme has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal levels of withdrawals. The Manager regularly monitors market volatility and withdrawal levels to establish the Scheme's appropriate liquidity levels within allowable benchmark ranges. In the event of abnormal levels of withdrawals, timing of payments may depend on the ability of the Scheme to realise its underlying investments on a timely basis.

Members are able to transfer their balances to other KiwiSaver schemes subject to the consent (if required) of the Manager or Supervisor of that scheme, and any transfer provisions of that scheme. As such, the liability for promised retirement benefits is deemed to be repayable on demand. All other financial liabilities of the Scheme are due within 12 months.

The ongoing impact of COVID-19 has not caused any concerns regarding the Scheme's ability to meet redemption requests by members. The Scheme remains appropriately liquid, having considered the liquidity of underlying investments and the level of potential redemptions.

Notes to the Financial Statements

For the year ended 31 March 2021

8 Financial Risk Management (continued)

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Scheme by failing to discharge an obligation. The Scheme is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. The majority of the Scheme's assets are Investments (Financial assets at fair value through profit or loss), which are not in scope of NZ IFRS 9's impairment requirements. The Scheme is also exposed to counterparty credit risk on receivables and cash and cash equivalents (subject to NZ IFRS 9's impairment requirements). The maximum exposure to credit risk of financial instruments is considered to be their carrying value. A regular review of the investment mandate is conducted by the external fund manager. The intention is not necessarily to hold the financial assets to maturity, but to realise and purchase similar assets as part of the ongoing management of the investments.

The Scheme invests in the Trusts as detailed in Note 2. Where the Trusts hold cash or securities, a credit quality criteria has been put in place that limits securities to certain minimum Standard & Poor's (Australia) Pty ("S&P") or Moody's Investors Service Pty Limited ("Moody's") credit ratings in accordance with the investment mandate or policy. The minimum S&P short term credit rating which is applicable to cash and short term deposits is A-2 and the minimum Moody's short term rating is P-2. The minimum S&P long term credit rating which is applicable to fixed interest securities and other long term debt securities is BBB-.

The Manager considers the disclosed restrictions on credit quality of the Trusts, along with the process of diversification, provision for in specie redemptions and/or stock lending, custodian, banker, auditor of the Trusts, and whether investments into third party funds have a rating from one of the major consultants such as Mercer. The Manager looks through the Trusts to the securities held and, where credit risk is taken, considers the external fund manager's processes and risk controls to diversify and mitigate credit risk. The investment mandate provides for an appropriate diversification of investments such that there is no significant concentration of credit.

The Scheme measures credit risk on direct assets using probability of default, exposure at default and loss given default. None of the financial assets are past due or impaired. A past due asset is any credit exposure where a counterparty has failed to make a payment when contractually due but is not an impaired asset. An impaired asset is any credit exposure for which an impairment loss is required.

At balance date, there is a credit exposure to ASB Bank Limited which has a long term S&P credit rating of AA- (March 2020: AA-), equal to the amount of cash and cash equivalents and interest receivable. The same amount represents the direct economic sector concentration in the finance and banking sectors.

At 31 March 2021 and 2020, all receivables are due to be settled within one month. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on lifetime ECL as any such impairment would be wholly insignificant to the Scheme.

Capital Management

The net assets attributable to members (as represented by the Liability for promised retirement benefits) are primarily determined by contributions to the Scheme together with the change in fair value on these contributions over the period of membership. The timing of the payment of retirement benefits is determined by the requirements of the KiwiSaver Act 2006.

Under the terms of the Trust Deed contributions can be made by the Scheme members, by their employers and the Government. During the year, contributions by Scheme members, employers and the Government have been at the following rates:

- Employer contribution: required to contribute 3% of an employee's pre-tax salary or wages to the extent these contributions are matched by the employee (31 March 2020: 3%).
- Member contribution: 3%, 4%, 6%, 8% or 10% of employee's pre-tax salary or wages (31 March 2020: 3%, 4%, 6%, 8% or 10%).

In addition voluntary contributions may have also been received from members.

If a member is eligible, the Government will pay 50 cents for every dollar of member contribution annually up to a maximum payment of \$521.43 (referred to as the Government contribution) (31 March 2020: 50 cents, \$521.43).

Net assets attributable to members are considered to be the Scheme's capital for the purposes of capital management. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to its members and to maximise the Scheme's members' value as well as ensuring its net assets attributable to members are sufficient to meet all present and future obligations. In order to meet its objectives for capital management the Manager reviews the Scheme's performance on a regular basis.

Notes to the Financial Statements

For the year ended 31 March 2021

9 Capital Commitments and Contingent Liabilities

The Scheme had no capital commitments or contingent liabilities as at 31 March 2021 (31 March 2020: nil).

10 Events after the Reporting Period

On 14 May 2021, the New Zealand Government, after conducting a periodic review of default providers, announced that ASB Group Investments Limited would no longer be a KiwiSaver default scheme provider. As a result of these changes the Scheme's Conservative Fund will cease to be a default fund from 1 December 2021. Any default members in the Scheme at 1 December 2021 will automatically be transferred to a new default provider.

The financial impact on the Conservative Fund can only be reliably estimated closer to the effective date. Based on the number of default members in the Conservative Fund at 31 March 2021, this change will not impact the Scheme's ability to operate as a going concern.

There were no other events subsequent to the reporting period which would materially affect the financial statements.



Independent auditor's report

To the members of ASB KiwiSaver Scheme (the "Scheme") which comprises:

- NZ Cash Fund
- Conservative Fund
- Moderate Fund
- Balanced Fund
- Growth Fund
- Positive Impact Fund

(Collectively referred to as the "Funds")

Our opinion

In our opinion, the accompanying financial statements of the Funds and the Scheme present fairly, in all material respects, the financial position of the Funds and the Scheme as at 31 March 2021, their financial performance and their cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Funds' and the Scheme's financial statements comprise:

- the statements of net assets available for benefits as at 31 March 2021;
- the statements of changes in net assets available for benefits for the year then ended;
- the cash flow statements for the year then ended; and
- the notes to the financial statements, which include 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)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

We have provided the following services to ASB Group Investments Limited (the "Manager"): registry compliance assurance and supervisor reporting services. Subject to certain restrictions, employees of the firm may invest in the Funds and the Scheme on normal market terms. These services and relationships have not impaired our independence as auditor of the Funds and the Scheme. Other than in our capacity as auditor, we have no other relationships with, or interests in, the Funds and the Scheme.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have one key audit matter: valuation and existence of financial assets at fair value through profit or loss. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of financial assets at fair value through profit or loss</p> <p>Refer to note 2 to the financial statements for disclosures of financial assets at fair value through profit or loss for the Funds and the Scheme.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets of the Funds and the Scheme.</p> <p>The Funds and the Scheme invest solely into unlisted unit trusts managed by the Manager. The register of these unlisted unit trusts is administered by Colonial First State Investments Limited (the “Administrator”) and the fair value is based on the redemption price established by the Administrator.</p> <p>All financial assets at fair value through profit or loss are held by Newburg Nominees Limited (the “Custodian”, a subsidiary of Public Trust) on behalf of the Funds and the Scheme.</p>	<p>We assessed the processes employed by the Manager for recording and valuing the financial assets at fair value through profit or loss, including the relevant controls operated by the Administrator.</p> <p>Our assessment of the processes included obtaining the service organisation internal controls report over investment administration and registry services provided by the Administrator. We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the key controls operated by the Administrator.</p> <p>The Administrator’s service organisation internal controls report covered the period from 1 July 2019 to 30 June 2020 and, for the remaining period to 31 March 2021, we tested the design and operating effectiveness of the key controls operated by the Administrator.</p> <p>Valuation</p> <p>For the valuation of the unlisted unit trusts, we agreed the redemption price at 31 March 2021 to the confirmation provided by the Administrator.</p> <p>Existence</p> <p>For the existence of the unlisted unit trusts, we obtained confirmations from the Custodian and the Administrator of the Funds’ and the Scheme’s holdings in the unlisted unit trusts as at 31 March 2021.</p>



Our audit approach

Overview

Materiality	<p>Our materiality for each Fund and the Scheme is calculated based on approximately 1% of net assets for each Fund and the Scheme.</p> <p>We chose net assets as the benchmark because, in our view, the objective of the Funds and the Scheme is to provide members with a total return on the Funds' and the Scheme's net assets, taking into account both capital and income returns.</p>
Key audit matters	<p>As reported above, because of the significance of the financial assets at fair value through profit or loss to the financial statements, we have determined that there is one key audit matter: valuation and existence of financial assets at fair value through profit or loss.</p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of each Fund and the Scheme as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of each Fund and the Scheme as a whole.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of each Fund and the Scheme as a whole, taking into account the structure of each Fund and the Scheme, the Funds' and Scheme's investments and the accounting and registry processes and controls. Certain operational processes which are critical to financial reporting for the Funds and the Scheme are undertaken outside of New Zealand. For these processes we worked with another PwC member firm to understand and evaluate the effectiveness of the controls over those processes and considered the implications for our audit.

The Manager is responsible for the governance and control activities of the Funds and the Scheme. The Funds' and the Scheme's investments are held by the Custodian. The Manager has outsourced investment accounting to a third party service provider (the Administrator).

In completing our audit, we performed relevant audit procedures over the control environment of the Manager and the Administrator to support our audit conclusions.



Other information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or 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 to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, 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.

In preparing the financial statements, the Manager is responsible for assessing each Fund's and the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate a Fund or the Scheme, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.



Who we report to

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
15 July 2021

Auckland