

ASB KiwiSaver Scheme Financial Statements

For the year ended 31 March 2022

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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		2022	2021	2022	2021	2022	2021	2022	2021
	Note								
Income									
Distribution income		4,125	6,764	28,472	36,269	15,632	10,320	16,042	11,377
Interest income		29	13	148	76	100	39	118	42
Net gains/(losses) on financial instruments at fair value through profit or loss		1,035	(1,828)	(104,314)	246,768	(42,015)	226,729	4,582	390,861
Wholesale fee rebate		29	27	605	441	289	233	346	279
Total income/(loss) attributable to members		5,218	4,976	(75,089)	283,554	(25,994)	237,321	21,088	402,559
Net profit/(loss) before membership activities		5,218	4,976	(75,089)	283,554	(25,994)	237,321	21,088	402,559
Membership activities									
Employer contributions		24,622	30,342	121,851	154,488	60,662	64,652	68,979	68,544
Member contributions		60,845	64,492	338,025	419,217	288,405	262,265	283,184	223,012
Crown contributions		9,482	11,248	46,243	52,624	22,800	23,032	24,073	22,727
Transfers from other scheme providers		19,569	25,207	31,425	33,337	43,246	34,867	55,888	38,643
Member withdrawals	5	(108,390)	(113,269)	(243,886)	(224,578)	(113,619)	(82,333)	(73,461)	(49,112)
Management fee expenses deducted	6	(2,227)	(2,515)	(15,392)	(16,456)	(14,205)	(12,035)	(17,500)	(13,755)
Administration fee expenses deducted	6	(624)	(1,176)	(3,432)	(6,338)	(1,239)	(2,142)	(1,197)	(1,976)
Transfers to other scheme providers		(32,524)	(27,123)	(594,260)	(134,355)	(87,293)	(57,854)	(122,508)	(68,259)
Switches in from other ASB KiwiSaver funds within the Scheme		202,913	176,336	175,474	179,971	229,349	219,636	315,560	290,652
Switches out to other ASB KiwiSaver funds within the Scheme		(146,444)	(316,860)	(525,123)	(548,465)	(268,355)	(198,251)	(241,389)	(193,937)
PIE tax (paid/payable)/received/receivable		(544)	(318)	22,069	(8,007)	9,319	(4,534)	1,848	(16,369)
Allocated contributions/Member withdrawal payments		-	-	-	-	-	-	-	-
Unallocated contributions		-	-	-	-	-	-	-	-
Net membership activities		26,678	(153,636)	(647,006)	(98,562)	169,070	247,303	293,477	300,170
Net benefits/(losses) accrued to members		31,896	(148,660)	(722,095)	184,992	143,076	484,624	314,565	702,729
Total members' funds at the beginning 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
Total members' funds at the end of the year		694,535	662,639	3,386,511	4,108,606	2,384,435	2,241,359	2,772,005	2,457,440

These statements are to be read in conjunction with the notes on pages 8 to 23 and the Independent Auditor's Report on pages 24 to 28.

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

\$ thousands For the year ended 31 March	Note	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
		2022	2021	2022	2021	2022	2021	2022	2021
Income									
Distribution income		22,198	4,567	-	-	-	-	86,469	69,297
Interest income		200	65	6	1	-	-	601	236
Net gains/(losses) on financial instruments at fair value through profit or loss		116,170	816,366	(383)	8,843	-	-	(24,925)	1,687,739
Wholesale fee rebate		586	480	-	-	-	-	1,855	1,460
Total income/(loss) attributable to members		139,154	821,478	(377)	8,844	-	-	64,000	1,758,732
Net profit/(loss) before membership activities		139,154	821,478	(377)	8,844	-	-	64,000	1,758,732
Membership activities									
Employer contributions		155,460	139,401	3,679	1,916	-	-	435,253	459,343
Member contributions		376,808	318,599	10,492	6,633	-	-	1,357,759	1,294,218
Crown contributions		50,209	42,988	1,100	503	-	-	153,907	153,122
Transfers from other scheme providers		109,401	79,129	7,630	4,853	-	-	267,159	216,036
Member withdrawals	5	(75,747)	(58,731)	(2,290)	(1,029)	51	13	(617,342)	(529,039)
Management fee expenses deducted	6	(31,258)	(23,038)	(923)	(400)	-	-	(81,505)	(68,199)
Administration fee expenses deducted	6	(2,547)	(3,941)	(54)	(51)	-	-	(9,093)	(15,624)
Transfers to other scheme providers		(278,247)	(174,247)	(6,273)	(1,827)	-	-	(1,121,105)	(463,665)
Switches in from other ASB KiwiSaver funds within the Scheme		454,124	539,931	45,749	32,614	-	-	-	-
Switches out to other ASB KiwiSaver funds within the Scheme		(224,792)	(173,815)	(17,066)	(7,812)	-	-	-	-
PIE tax (paid/payable)/received/receivable		(13,660)	(39,574)	(79)	(83)	-	-	18,953	(68,885)
Allocated contributions/Member withdrawal payments		-	-	-	-	(6,069)	(5,800)	(6,069)	(5,800)
Unallocated contributions		-	-	-	-	1,505	6,056	1,505	6,056
Net membership activities		519,751	646,702	41,965	35,317	(4,513)	269	399,422	977,563
Net benefits/(losses) accrued to members		658,905	1,468,180	41,588	44,161	(4,513)	269	463,422	2,736,295
Total members' funds at the beginning of the year		4,005,334	2,537,154	69,579	25,418	6,069	5,800	13,551,026	10,814,731
Total members' funds at the end of the year		4,664,239	4,005,334	111,167	69,579	1,556	6,069	14,014,448	13,551,026

These statements are to be read in conjunction with the notes on pages 8 to 23 and the Independent Auditor's Report on pages 24 to 28.

Statements of Net Assets Available for Benefits

\$ thousands		NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
As at 31 March	Note	2022	2021	2022	2021	2022	2021	2022	2021
Assets									
Cash and cash equivalents		6,253	5,982	32,131	44,994	24,258	26,310	28,127	39,421
Financial assets at fair value through profit or loss	2	689,234	659,361	3,333,143	4,070,638	2,349,505	2,217,964	2,741,797	2,432,528
Receivables	3	931	327	23,863	1,665	11,842	1,984	4,177	1,226
Total assets		696,418	665,670	3,389,137	4,117,297	2,385,605	2,246,258	2,774,101	2,473,175
Liabilities									
Payables	4	1,883	3,031	2,626	8,691	1,170	4,899	2,096	15,735
Total liabilities		1,883	3,031	2,626	8,691	1,170	4,899	2,096	15,735
Net assets attributable to members		694,535	662,639	3,386,511	4,108,606	2,384,435	2,241,359	2,772,005	2,457,440
Represented by:									
Liability for promised retirement benefits		694,535	662,639	3,386,511	4,108,606	2,384,435	2,241,359	2,772,005	2,457,440


These statements are to be read in conjunction with the notes on pages 8 to 23 and the Independent Auditor's Report on pages 24 to 28.

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	2022	2021	2022	2021	2022	2021	2022	2021
Assets									
Cash and cash equivalents		58,705	77,412	1,220	850	10,755	12,826	161,449	207,795
Financial assets at fair value through profit or loss	2	4,615,381	3,963,936	109,733	68,700	-	-	13,838,793	13,413,127
Receivables	3	4,440	2,790	376	98	-	-	45,629	8,090
Total assets		4,678,526	4,044,138	111,329	69,648	10,755	12,826	14,045,871	13,629,012
Liabilities									
Payables	4	14,287	38,804	162	69	9,199	6,757	31,423	77,986
Total liabilities		14,287	38,804	162	69	9,199	6,757	31,423	77,986
Net assets attributable to members		4,664,239	4,005,334	111,167	69,579	1,556	6,069	14,014,448	13,551,026
Represented by:									
Liability for promised retirement benefits		4,664,239	4,005,334	111,167	69,579	1,556	6,069	14,014,448	13,551,026

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


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 28 June 2022


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 28 June 2022

These statements are to be read in conjunction with the notes on pages 8 to 23 and the Independent Auditor's Report on pages 24 to 28.

Cash Flow Statements

\$ thousands	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2022	2021	2022	2021	2022	2021	2022	2021
For the year ended 31 March								
Cash flows from operating activities								
Net profit/(loss) before membership activities	5,218	4,976	(75,089)	283,554	(25,994)	237,321	21,088	402,559
Reconciliation of net profit/(loss) before membership activities to net cash flows from operating activities								
Non cash items:								
Unrealised losses/(gains) on financial instruments at fair value through profit or loss	3,506	12,994	386,095	(141,488)	212,858	(181,412)	160,101	(336,566)
Distribution income reinvested	(4,125)	(6,764)	(28,472)	(36,269)	(15,632)	(10,320)	(16,042)	(11,377)
Net change in investments	(29,254)	133,579	379,872	(35,721)	(328,767)	(300,978)	(453,328)	(367,725)
Net change in operating receivables	(5)	4	(22)	5	(20)	(5)	(22)	(6)
Net cash flows from operating activities	(24,660)	144,789	662,384	70,081	(157,555)	(255,394)	(288,203)	(313,115)
Cash flows from financing activities								
Cash was provided from:								
Employer contributions	24,469	30,342	121,230	154,488	60,301	64,652	68,566	68,544
Member contributions	60,867	64,823	338,185	420,495	289,557	261,327	283,432	223,188
Crown contributions	9,479	11,248	46,242	52,624	22,792	23,032	24,073	22,727
Transfers from other scheme providers	19,454	25,207	31,315	33,337	43,050	34,867	55,782	38,643
Switches in from other ASB KiwiSaver funds within the Scheme	202,564	176,336	175,203	179,971	228,220	219,636	315,070	290,652
Contributions to be allocated within the Scheme	-	-	-	-	-	-	-	-
Unallocated contributions	-	-	-	-	-	-	-	-
PIE tax received on behalf of members	-	-	-	-	-	-	-	1,441
Total cash inflows/(outflows) provided from financing activities	316,833	307,956	712,175	840,915	643,920	603,514	746,923	645,195
Cash was applied to:								
Member withdrawals	(110,650)	(112,079)	(245,742)	(225,453)	(113,949)	(82,609)	(73,862)	(48,605)
Management fee expenses deducted	(2,227)	(2,515)	(15,392)	(16,456)	(14,205)	(12,035)	(17,500)	(13,755)
Administration fee expenses deducted	(624)	(1,176)	(3,432)	(6,338)	(1,239)	(2,142)	(1,197)	(1,976)
Transfers out to other scheme providers	(32,495)	(27,123)	(593,955)	(134,355)	(87,262)	(57,854)	(122,358)	(68,259)
Switches out to other ASB KiwiSaver funds within the Scheme	(145,646)	(316,860)	(524,229)	(548,465)	(268,176)	(198,251)	(240,043)	(193,937)
PIE tax paid on behalf of members	(260)	(1,162)	(4,672)	(21,612)	(3,586)	(4,563)	(15,054)	-
Total cash outflows applied to financing activities	(291,902)	(460,915)	(1,387,422)	(952,679)	(488,417)	(357,454)	(470,014)	(326,532)
Net cash flows from financing activities	24,931	(152,959)	(675,247)	(111,764)	155,503	246,060	276,909	318,663
Summary of movements in cash flows								
Net increase/(decrease) in cash and cash equivalents	271	(8,170)	(12,863)	(41,683)	(2,052)	(9,334)	(11,294)	5,548
Add: cash and cash equivalents at beginning of the year	5,982	14,152	44,994	86,677	26,310	35,644	39,421	33,873
Cash and cash equivalents at end of the year	6,253	5,982	32,131	44,994	24,258	26,310	28,127	39,421
Additional operating cash flow information								
Interest received as cash	24	18	125	83	86	38	102	43
Purchase of investments	(109,199)	(45,860)	(1,458,864)	(484,481)	(1,236,931)	(501,752)	(1,264,728)	(575,225)
Sale of investments	79,945	179,439	1,838,736	448,760	908,164	200,774	811,400	207,500

These statements are to be read in conjunction with the notes on pages 8 to 23 and the Independent Auditor's Report on pages 24 to 28.

Cash Flow Statements (continued)

\$ thousands	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
For the year ended 31 March								
Cash flows from operating activities								
Net profit/(loss) before membership activities	139,154	821,478	(377)	8,844	-	-	64,000	1,758,732
Reconciliation of net profit/(loss) before membership activities to net cash flows from operating activities								
Non cash items:								
Unrealised losses/(gains) on financial instruments at fair value through profit or loss	96,485	(757,076)	375	(8,816)	-	-	859,420	(1,412,364)
Distribution income reinvested	(22,198)	(4,567)	-	-	-	-	(86,469)	(69,297)
Net change in investments	(725,732)	(730,774)	(41,408)	(34,870)	-	-	(1,198,617)	(1,336,489)
Net change in operating receivables	(39)	(14)	(1)	-	-	-	(109)	(16)
Net cash flows from operating activities	(512,330)	(670,953)	(41,411)	(34,842)	-	-	(361,775)	(1,059,434)
Cash flows from financing activities								
Cash was provided from:								
Employer contributions	154,547	139,401	3,651	1,916	(2,799)	(2,555)	429,965	456,788
Member contributions	377,652	317,758	10,534	6,560	(7,884)	(7,836)	1,352,343	1,286,315
Crown contributions	50,209	42,988	1,100	503	-	-	153,895	153,122
Transfers from other scheme providers	108,927	79,129	7,581	4,853	(1,310)	(2,207)	264,799	213,829
Switches in from other ASB KiwiSaver funds within the Scheme	453,056	539,931	45,506	32,614	-	-	-	-
Contributions to be allocated within the Scheme	-	-	-	-	9,025	5,937	9,025	5,937
Unallocated contributions	-	-	-	-	1,505	6,056	1,505	6,056
PIE tax received on behalf of members	-	13,740	-	-	-	-	-	15,181
Total cash inflows/(outflows) provided from financing activities	1,144,391	1,132,947	68,372	46,446	(1,463)	(605)	2,211,532	2,137,228
Cash was applied to:								
Member withdrawals	(76,794)	(56,814)	(2,233)	(1,082)	38	6	(623,192)	(526,636)
Management fee expenses deducted	(31,258)	(23,038)	(923)	(400)	-	-	(81,505)	(68,199)
Administration fee expenses deducted	(2,547)	(3,941)	(54)	(51)	-	-	(9,093)	(15,624)
Transfers out to other scheme providers	(278,217)	(174,247)	(6,273)	(1,827)	-	-	(1,120,560)	(463,665)
Switches out to other ASB KiwiSaver funds within the Scheme	(224,492)	(173,815)	(17,033)	(7,812)	-	-	-	-
PIE tax paid on behalf of members	(37,460)	-	(75)	(83)	(646)	(630)	(61,753)	(28,050)
Total cash outflows applied to financing activities	(650,768)	(431,855)	(26,591)	(11,255)	(608)	(624)	(1,896,103)	(1,102,174)
Net cash flows from financing activities	493,623	701,092	41,781	35,191	(2,071)	(1,229)	315,429	1,035,054
Summary of movements in cash flows								
Net increase/(decrease) in cash and cash equivalents	(18,707)	30,139	370	349	(2,071)	(1,229)	(46,346)	(24,380)
Add: cash and cash equivalents at beginning of the year	77,412	47,273	850	501	12,826	14,055	207,795	232,175
Cash and cash equivalents at end of the year	58,705	77,412	1,220	850	10,755	12,826	161,449	207,795
Additional operating cash flow information								
Interest received as cash	171	65	5	1	-	-	513	248
Purchase of investments	(1,815,334)	(1,009,802)	(41,617)	(35,171)	-	-	(5,926,673)	(2,652,291)
Sale of investments	1,089,602	279,028	209	301	-	-	4,728,056	1,315,802

These statements are to be read in conjunction with the notes on pages 8 to 23 and the Independent Auditor's Report on pages 24 to 28.

Notes to the Financial Statements

For the year ended 31 March 2022

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. Members contribute to the Scheme over time and benefits payable depend on contributions made and any return on contributions invested. The principal purpose of the Scheme is to provide retirement benefits to members and the principal activity of the Scheme is investment. 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 SAP Tower, Level 16, 151 Queen Street, Auckland CBD, Auckland 1010. 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 investments are in a variety of managed funds investments to gain exposure to cash, equity, fixed interest and property markets.

These general purpose financial statements are for the year ended 31 March 2022 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 and amendments

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2021, that had a material effect on the financial statements. There are also no standards, amendments to standards or interpretations issued but not yet effective that could have a material effect on the Scheme.

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.

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.

Notes to the Financial Statements

For the year ended 31 March 2022

1 Statement of Accounting Policies (continued)

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:

Subsidiary	Place of business	Ownership Interest	
		2022	2021
Investors Wholesale Australasian Equity (Index) Trust	Auckland, New Zealand	76%	75%
Investors Wholesale Cash Trust	Auckland, New Zealand	78%	74%
Investors Wholesale NZ Corporate Bond Trust	Auckland, New Zealand	75%	75%
Investors Wholesale Global Property (Index) Trust	Auckland, New Zealand	77%	78%
Investors Wholesale Global Credit Positive Impact Trust	Auckland, New Zealand	81%	85%
Investors Wholesale Global Equities Positive Impact Trust	Auckland, New Zealand	81%	85%
Investors Wholesale Gold Trust	Auckland, New Zealand	76%	-

• 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.

Notes to the Financial Statements

For the year ended 31 March 2022

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

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")).

All financial instruments are measured initially at their fair value plus or minus 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 plus any directly attributable 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 financial 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 less any directly attributable 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.

Notes to the Financial Statements

For the year ended 31 March 2022

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

Impairment on Financial Assets

The Scheme applies the simplified approach for expected credit losses ("ECL") under NZ IFRS 9 *Financial Instruments* to all its receivables and does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Any impairment losses are recognised in the Statements of Changes in Net Assets Available for Benefits.

• **Cash Flow Statements**

The Cash Flow Statements have been prepared using the indirect method by which net profit/(loss) before membership activities is adjusted for non-cash transactions and movements in Statements 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* and are held at amortised cost.

The Scheme issues units that are redeemable at each member's option. Each unit represents a right to an individual share in the respective fund and does not extend to a right in the underlying assets of that fund. The units do not have identical features.

• **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.

Notes to the Financial Statements

For the year ended 31 March 2022

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

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.

Changes to Comparatives

From 1 April 2021, the presentation of Switches within the Scheme has been updated in the Statements of Changes in Net Assets Available for Benefits to reflect the gross switches in and switches out between funds within the Scheme. Previously these were netted in "Switches within the Scheme". This change of presentation has also been adopted in the Cash Flow Statements and the ASB KiwiSaver Scheme totals of Switches in from other ASB KiwiSaver funds within the Scheme and Switches out to other ASB KiwiSaver funds within the Scheme in the Cash Flow Statements have been removed to better reflect the net impact of cash flows from switches on the Scheme as a whole. As such comparative information in the Statements of Changes in Net Assets Available for Benefits and Cash Flow Statements have been restated, where appropriate, to ensure consistency with presentation in the current year. The restatements have no impact on the previously reported total members' funds in the Statements of Changes in Net Assets Available for Benefits or Statements of Net Assets Available for Benefits. The restatements also have no impact on the previously reported net cash flows from operating activities or net cash flows from financing activities in the Cash Flow Statements.

Notes to the Financial Statements

For the year ended 31 March 2022

2 Financial Assets at Fair Value through Profit or Loss

\$ thousands As at 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2022	2021	2022	2021	2022	2021	2022	2021
Investors Wholesale Australasian Equity (Index) Trust	-	-	235,319	662,977	332,620	643,428	500,412	779,372
Investors Wholesale Cash Trust	689,234	659,361	337,501	770,513	141,604	238,130	38,510	108,605
Investors Wholesale NZ Fixed Interest Trust	-	-	509,564	370,524	288,073	235,534	280,888	98,350
Investors Wholesale Global Credit (Index) Trust	-	-	102,341	556,696	48,218	146,041	-	246,262
Investors Wholesale Global Government Bond (Index) Trust	-	-	778,896	988,716	430,773	336,691	364,034	344,434
Investors Wholesale Global Equity (Index) Trust	-	-	367,702	167,093	496,111	113,802	939,915	560,222
Investors Wholesale NZ Corporate Bond Trust	-	-	474,612	554,119	239,569	357,831	168,190	147,081
Investors Wholesale Global Property (Index) Trust	-	-	-	-	36,029	90,112	56,214	24,648
Investors Wholesale Emerging Markets Equities Trust	-	-	67,873	-	83,939	56,395	168,371	123,554
Investors Wholesale Global Credit Positive Impact Trust	-	-	-	-	-	-	-	-
Investors Wholesale Global Equities Positive Impact Trust	-	-	-	-	-	-	-	-
Investors Wholesale Inflation Linked Bond (New Zealand) Trust	-	-	118,317	-	59,721	-	55,906	-
Investors Wholesale Inflation Linked Bond Trust	-	-	238,298	-	120,273	-	84,421	-
Investors Wholesale Gold Trust	-	-	102,720	-	72,575	-	84,936	-
Total financial assets at fair value through profit or loss	689,234	659,361	3,333,143	4,070,638	2,349,505	2,217,964	2,741,797	2,432,528

\$ thousands As at 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
Investors Wholesale Australasian Equity (Index) Trust	1,219,589	1,411,515	-	-	-	-	2,287,940	3,497,292
Investors Wholesale Cash Trust	15,679	8,953	-	-	-	-	1,222,528	1,785,562
Investors Wholesale NZ Fixed Interest Trust	236,943	160,314	-	-	-	-	1,315,468	864,722
Investors Wholesale Global Credit (Index) Trust	-	-	-	-	-	-	150,559	948,999
Investors Wholesale Global Government Bond (Index) Trust	236,222	300,765	-	-	-	-	1,809,925	1,970,606
Investors Wholesale Global Equity (Index) Trust	2,005,823	1,400,193	-	-	-	-	3,809,551	2,241,310
Investors Wholesale NZ Corporate Bond Trust	-	259,725	-	-	-	-	882,371	1,318,756
Investors Wholesale Global Property (Index) Trust	142,270	180,795	-	-	-	-	234,513	295,555
Investors Wholesale Emerging Markets Equities Trust	378,757	241,676	-	-	-	-	698,940	421,625
Investors Wholesale Global Credit Positive Impact Trust	-	-	43,447	27,246	-	-	43,447	27,246
Investors Wholesale Global Equities Positive Impact Trust	-	-	66,286	41,454	-	-	66,286	41,454
Investors Wholesale Inflation Linked Bond (New Zealand) Trust	94,324	-	-	-	-	-	328,268	-
Investors Wholesale Inflation Linked Bond Trust	142,469	-	-	-	-	-	585,461	-
Investors Wholesale Gold Trust	143,305	-	-	-	-	-	403,536	-
Total financial assets at fair value through profit or loss	4,615,381	3,963,936	109,733	68,700	-	-	13,838,793	13,413,127

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

Notes to the Financial Statements

For the year ended 31 March 2022

3 Receivables

\$ thousands	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Interest receivable from ASB Bank Limited	6	1	28	5	17	3	19	3
Fee rebate receivable from ASB Group Investments Limited	3	3	38	39	27	21	31	25
PIE tax rebate receivable from Inland Revenue	-	-	21,334	-	9,297	-	2,168	-
Contributions receivable	922	323	2,463	1,621	2,501	1,960	1,959	1,198
Total receivables	931	327	23,863	1,665	11,842	1,984	4,177	1,226

\$ thousands	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Interest receivable from ASB Bank Limited	34	5	1	-	-	-	105	17
Fee rebate receivable from ASB Group Investments Limited	51	41	-	-	-	-	150	129
PIE tax rebate receivable from Inland Revenue	-	-	-	-	-	-	32,799	-
Contributions receivable	4,355	2,744	375	98	-	-	12,575	7,944
Total receivables	4,440	2,790	376	98	-	-	45,629	8,090

These receivables are not past due or impaired.

Notes to the Financial Statements

For the year ended 31 March 2022

4 Payables

\$ thousands As at 31 March	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2022	2021	2022	2021	2022	2021	2022	2021
PIE tax payable to Inland Revenue	508	224	-	5,407	-	3,608	-	14,734
Withdrawals payable	1,375	2,807	2,626	3,284	1,170	1,291	2,096	1,001
Contributions to be allocated within the Scheme	-	-	-	-	-	-	-	-
Total payables	1,883	3,031	2,626	8,691	1,170	4,899	2,096	15,735

\$ thousands As at 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
PIE tax payable to Inland Revenue	12,791	36,591	73	69	174	820	13,546	61,453
Withdrawals payable	1,496	2,213	89	-	-	-	8,852	10,596
Contributions to be allocated within the Scheme	-	-	-	-	9,025	5,937	9,025	5,937
Total payables	14,287	38,804	162	69	9,199	6,757	31,423	77,986

Notes to the Financial Statements

For the year ended 31 March 2022

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Retirement	35,552	32,274	145,395	102,425	77,188	43,684	44,907	22,309
Withdrawals for death	919	827	6,759	6,526	2,428	2,268	2,694	2,749
Withdrawals for serious illness	368	1,402	3,479	2,898	1,876	1,064	1,333	1,319
Withdrawals for significant financial hardship	677	1,102	2,374	4,715	1,196	2,008	1,169	1,610
Withdrawals for first home purchase	69,790	75,748	80,483	100,570	29,156	31,127	21,765	18,747
Withdrawals for permanent emigration	1,053	1,887	4,551	7,329	1,538	2,085	1,454	2,179
Other permitted withdrawals	31	29	845	115	237	97	139	199
Total withdrawals	108,390	113,269	243,886	224,578	113,619	82,333	73,461	49,112

\$ thousands For the year ended 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
Retirement	21,089	11,562	1,144	161	-	-	325,275	212,415
Withdrawals for death	2,115	2,165	40	2	-	-	14,955	14,537
Withdrawals for serious illness	1,638	1,615	1	6	-	-	8,695	8,304
Withdrawals for significant financial hardship	1,940	2,771	14	46	-	-	7,370	12,252
Withdrawals for first home purchase	42,903	35,002	1,089	773	-	-	245,186	261,967
Withdrawals for permanent emigration	5,246	4,707	2	41	-	-	13,844	18,228
Other permitted withdrawals	816	909	-	-	(51)	(13)	2,017	1,336
Total withdrawals	75,747	58,731	2,290	1,029	(51)	(13)	617,342	529,039

Notes to the Financial Statements

For the year ended 31 March 2022

6 Related Party Transactions and Balances

All transactions entered into with related parties during the year ended 31 March 2022 and 31 March 2021 were conducted 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");
- Investors Wholesale Trusts (the "Trusts") as listed in note 2; and
- Key management personnel ("KMP") are defined as the directors of the Manager as they have the authority and responsibility for planning, directing and controlling the activities of the Scheme.

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 that have not yet been deducted from member funds for March 2022 are \$6,851,000 (March 2021: \$6,421,000). Effective October 2021, the Manager ceased the Administration fee charge (the Administration fees that had not been deducted from member funds for March 2021 were \$1,301,000). The Administration fee was waived for employees of the Commonwealth Bank of Australia Group prior to its cessation in October 2021;
- 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: \$47,000 for the audit of the Scheme's financial statements (2021: \$45,000) and \$12,000 for registry compliance assurance and supervisor reporting services for the Scheme (2021: \$12,000); and
 - Public Trust charged the Manager \$2,780,000 for supervisor fees (2021: \$2,450,000).
- Purchases and sales of investments in the Trusts are separately disclosed in the Cash Flow Statements;
- Related parties such as ASB Bank Limited and the Commonwealth Bank of Australia offer financial products (for example, derivatives, term deposits or as an arranger of corporate bonds) that the Trusts may invest in. The Trusts may also invest in the Commonwealth Bank of Australia which is a listed entity. ASB Group Investments Limited ensures all related party financial products are transacted on normal commercial terms and are authorised investments of the Scheme; and
- KMP 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. Refer to the Key management personnel for KMP's holdings in the Scheme.

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 2022

6 Related Party Transactions and Balances (continued)

Key management personnel

The amounts below are for KMP and their close family members. Movements reflect transactions with those parties, and changes in the composition of KMP, during the year.

\$ thousands	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Holdings	958	-	1,367	2,535	-	-	23	21

\$ thousands	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Holdings	431	88	-	-	-	-	2,779	2,644

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 2022 and 31 March 2021.

As at 31 March 2022 and 31 March 2021, 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 2022 and 31 March 2021 there were no significant adjustments made to the latest available withdrawal price of the respective managed funds.

The carrying amounts of financial assets and financial liabilities not measured at fair value are considered to be reasonable approximations of their fair values as at 31 March 2022 and 31 March 2021.

Notes to the Financial Statements

For the year ended 31 March 2022

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 net profit/(loss) before membership activities 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members	689	659	49,997	61,060	58,738	55,449	123,381	109,464
Volatility estimate	0.1%	0.1%	1.5%	1.5%	2.5%	2.5%	4.5%	4.5%

\$ thousands For the year ended 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members	300,000	257,656	5,487	3,435	-	-	538,291	487,723
Volatility estimate	6.5%	6.5%	5.0%	5.0%	N/A	N/A	3.9%	3.6%

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 2022

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 2021: 1%) with all other variables held constant, the increase or decrease respectively in net profit/(loss) before membership activities 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members	63	60	321	450	243	263	281	394

\$ thousands For the year ended 31 March	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members	587	774	12	9	108	128	1,614	2,078

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 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 2022

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 maximum exposure to credit risk of financial instruments is considered to be their carrying value.

Direct exposure

The Scheme's direct exposure to counterparty credit risk is on receivables and cash and cash equivalents (subject to NZ IFRS 9's impairment requirements). The interest receivables and cash and cash equivalents are held with ASB Bank Limited. ASB Bank Limited has a long term S&P credit rating of AA- (March 2021: AA-).

The Scheme measures credit risk on direct financial 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 31 March 2022 and 2021, all receivables are due to be settled within one month. Management considers the probability of default on financial assets at amortised cost to be very low as they are short term in nature and 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.

Indirect exposure

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 indirectly exposed to credit risk through its investments in managed fund investments (as detailed in Note 2). The investment mandate provides for an appropriate diversification of investments such that there is no significant concentration of credit. Where the Trusts hold cash or securities, a credit quality criteria has been put in place that the securities are investment grade as rated by a well known rating agency in accordance with the investment mandate or policy.

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 of the invested 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: minimum contribution required is 3% of an employee's pre-tax salary or wages to the extent these contributions are matched by the employee (31 March 2021: 3%).
- Member contribution: 3%, 4%, 6%, 8% or 10% of employee's pre-tax salary or wages (31 March 2021: 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 2021: 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' unit values 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 2022

9 Units on Issue

Units in thousands	NZ Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund	
For the year ended 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Number of units on issue								
Units at the beginning of the year	433,841	535,311	2,031,088	2,086,766	1,031,483	915,011	1,048,918	905,133
Units issued during the year	206,919	202,020	349,963	420,161	290,934	285,742	306,781	291,249
Units redeemed during the year	(189,561)	(303,490)	(679,758)	(475,839)	(220,973)	(169,270)	(193,911)	(147,464)
Units on issue at year end	451,199	433,841	1,701,293	2,031,088	1,101,444	1,031,483	1,161,788	1,048,918

Units in thousands	Growth Fund		Positive Impact Fund		Scheme Transactions Account		Total ASB KiwiSaver Scheme	
For the year ended 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Number of units on issue								
Units at the beginning of the year	1,658,982	1,340,601	59,931	27,597	-	-	6,264,243	5,810,419
Units issued during the year	447,322	512,579	56,440	42,756	-	-	1,658,359	1,754,507
Units redeemed during the year	(255,092)	(194,198)	(22,122)	(10,422)	-	-	(1,561,417)	(1,300,683)
Units on issue at year end	1,851,212	1,658,982	94,249	59,931	-	-	6,361,185	6,264,243

10 Capital Commitments and Contingent Liabilities

The Scheme had no capital commitments or contingent liabilities as at 31 March 2022 (31 March 2021: nil).

Notes to the Financial Statements

For the year ended 31 March 2022

11 Events after the Reporting Period

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

Financial markets have been unusually volatile during the period between 31 March 2022 and the date when these financial statements were authorised for issue. The impact of this volatility on the fair value of financial assets at fair value through profit or loss is considered a non-adjusting event after the reporting period. The unit price and units on issue as at 31 March 2022 and 23 June 2022 (the latest available information on the date these financial statements were authorised for issue) are disclosed below:

As at	Unit price 31 March 2022 \$	Unit price 23 June 2022 \$	Increase/(decrease) in unit price	Units on issue 31 March 2022 thousands	Units on issue 23 June 2022 thousands	Increase/(decrease) in units on issue
NZ Cash Fund	1.5393	1.5466	0%	451,199	503,673	12%
Conservative Fund	1.9906	1.8972	(5%)	1,701,293	1,701,672	0%
Moderate Fund	2.1648	2.0332	(6%)	1,101,444	1,097,384	(0%)
Balanced Fund	2.3860	2.2112	(7%)	1,161,788	1,164,797	0%
Growth Fund	2.5196	2.3033	(9%)	1,851,212	1,865,887	1%
Positive Impact Fund	1.1795	1.0620	(10%)	94,249	96,253	2%



Independent auditor's report

To the members of ASB KiwiSaver Scheme which comprises:

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

(Collectively referred to as the Funds and the Scheme)

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 2022, 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 2022;
- 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 are the auditor of ASB Group Investments Limited, the Manager. We have provided the following services to the Manager: registry compliance assurance services, supervisor reporting services and the audit of financial statements of other funds and trusts managed by the Manager. Subject to certain restrictions, employees of our firm may invest in the Funds and the Scheme on normal terms within the ordinary course of trading activities of the Funds and the Scheme. 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. These matters were 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 these matters.

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 attributable to members of the Funds and the Scheme.</p> <p>Valuation</p> <p>The Funds and the Scheme invest solely into unlisted unit trusts managed by the Manager. The fair value is based on the redemption price established by the administrator of the unlisted unit trusts, which is also the administrator of the Funds and the Scheme (the Administrator). In assessing the fair value, the Manager uses information provided by the Administrator.</p> <p>Existence</p> <p>Holdings of financial assets are held by the custodian of the Funds and the Scheme (the Custodian) 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 processes and controls operated by the Administrator. Our assessment of the business processes included obtaining the service organisation internal controls report over investment administration and registry services provided by the Administrator.</p> <p>We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the key controls operated by the Administrator. The Administrator’s service organisation internal controls report covered the period from 1 July 2020 to 30 June 2021 and, for the remaining period to 31 March 2022, we tested the design and operating effectiveness of the key controls operated by the Administrator.</p> <p>For the investments in unlisted unit trusts, we agreed the redemption price at 31 March 2022 to the confirmation provided by the Administrator. We evaluated whether the redemption price represents fair value by comparing the valuation of the investment to the latest audited financial statements of the unlisted unit trusts.</p> <p>We obtained confirmations from the Custodian and the Administrator of the holdings of all unlisted unit trusts held by the Funds and the Scheme as at 31 March 2022.</p>



Our audit approach

Overview

Materiality

We determined materiality for each Fund and the Scheme separately. Our materiality for each Fund and the Scheme is calculated based on approximately 1% of net assets attributable to members for each Fund and the Scheme.

We chose net assets attributable to members 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.

Key audit matters

As reported above, we have one key audit matter, being Valuation and existence of financial assets at fair value through profit or loss.

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 the 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 Administrator and the Manager 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 which the annual report will refer to. 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
28 June 2022

Auckland