

Aurora KiwiSaver Scheme
Financial Statements
For the period ended 31 March 2022

Statements of Changes in Net Assets

\$		Conservative Fund	Growth Fund	Future Focus Fund	Scheme Total
For the period ended 31 March	Note	2022	2022	2022	2022
Income					
Interest income on financial assets at amortised cost		328	460	71	859
Dividend and distribution income		75,285	-	23,896	99,181
Foreign exchange gains		-	-	78,623	78,623
Net loss on financial instruments at fair value through profit or loss		(569,268)	(1,276,796)	(439,096)	(2,285,160)
Management fee rebates		10,493	23,693	34	34,220
Total loss		(483,162)	(1,252,643)	(336,472)	(2,072,277)
Expenses					
Management fees	9	10,624	19,959	18,205	48,788
Supervisor fees	9	2,947	4,747	2,088	9,782
Transaction costs		-	-	9,982	9,982
Other expenses		12,261	19,352	14,293	45,906
Total operating expenses		25,832	44,058	44,568	114,458
Net loss before membership activities		(508,994)	(1,296,701)	(381,040)	(2,186,735)
Contributions					
Member contributions		596,906	826,636	450,286	1,873,828
Employer contributions		208,281	381,078	173,322	762,681
Crown contributions		301	-	33	334
Transfers from other Funds in the Scheme		159,761	138,383	196,750	-
Transfers from other schemes		15,154,399	24,635,417	10,460,223	50,250,039
Total contributions		16,119,648	25,981,514	11,280,614	52,886,882
Withdrawals					
Transfers to other Funds in the Scheme		160,113	285,386	49,395	-
Transfers to other schemes		418,178	435,198	150,889	1,004,265
Mortgage diversion withdrawals		-	-	-	-
Withdrawals on death		-	-	-	-
Withdrawals or transfers on permanent emigration		-	-	-	-
Invalid enrolment withdrawals		-	-	-	-
Retirement		-	-	-	-
Life-shortening congenital condition withdrawals		-	-	-	-
Serious illness withdrawals		17,994	10,982	12,974	41,950
First home purchase withdrawals		430,573	104,600	63,987	599,160
Significant financial hardship withdrawals		22,760	11,912	5,062	39,734
Total benefits paid		1,049,618	848,078	282,307	1,685,109
Administration fees		5,932	10,376	4,905	21,213
PIE tax		(55,466)	55,685	42,545	42,764
Net membership activities		15,119,564	25,067,375	10,950,857	51,137,796
Members' accounts at the start of the period		-	-	-	-
Movement in Members' accounts for the period		14,610,570	23,770,674	10,569,817	48,951,061
Members' accounts at the end of the period		14,610,570	23,770,674	10,569,817	48,951,061

The Notes form an integral part of, and should be read in conjunction with, these Financial Statements.

Statements of Net Assets


\$ As at 31 March	Note	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Members' Funds		14,610,570	23,770,674	10,569,817	48,951,061
Represented by:					
Assets					
Cash and cash equivalents		149,529	369,125	230,271	748,925
Financial assets at fair value through profit or loss	6	14,208,157	23,412,817	10,420,637	48,041,611
Dividends receivable		-	-	7,868	7,868
Management fee rebates receivable		8,366	18,556	-	26,922
Contributions receivable		207,353	109,404	85,407	402,164
Member attributed taxation		55,574	6,565	4	62,143
Total assets		14,628,979	23,916,467	10,744,187	49,289,633
Liabilities					
Financial liabilities at fair value through profit or loss	6	-	-	7,577	7,577
Due to brokers		-	-	85,240	85,240
Management fees payable		4,344	10,325	6,539	21,208
Supervisor fees payable		675	1,068	474	2,217
Withdrawals payable		9,744	67,199	30,707	107,650
Other payables		3,594	5,767	2,545	11,906
Member attributed taxation		52	61,434	41,288	102,774
Total liabilities		18,409	145,793	174,370	339,572
Net assets available for benefits		14,610,570	23,770,674	10,569,817	48,951,061

The Notes form an integral part of, and should be read in conjunction with, these Financial Statements.

These Financial Statements were authorised for issue by the Manager, Implemented Investment Solutions Limited.


Director

Date 21 July 2022

IAN H. RUSSON

Director
JB Valentine

Date 21 July 2022

Statements of Cash Flows

\$ For the period ended 31 March	Note	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Cash flows from operating activities					
Proceeds from sale of financial assets		40,120	30,437	426,121	496,678
Purchase of financial assets		(14,742,260)	(24,720,050)	(11,158,694)	(50,621,004)
Net settlement of derivative financial instruments		-	-	42,253	42,253
Dividend and distribution income		-	-	16,028	16,028
Interest income received		328	460	71	859
Management fee rebates		2,127	5,137	34	7,298
Management fee paid		(6,280)	(9,634)	(11,666)	(27,580)
Operating expenses paid		(10,939)	(17,264)	(23,344)	(51,547)
Net cash outflow from operating activities	8	(14,716,904)	(24,710,914)	(10,709,197)	(50,137,015)
Cash flows from financing activities					
Contributions received		15,912,295	25,872,110	11,195,207	52,484,718
Withdrawals paid		(1,045,806)	(791,255)	(256,505)	(1,598,672)
Members' PIE tax paid		(56)	(816)	(1,261)	(2,133)
Net cash inflow from financing activities		14,866,433	25,080,039	10,937,441	50,883,913
Net increase/(decrease) in cash		149,529	369,125	228,244	746,898
Cash at the beginning of the period		-	-	-	-
Effect of exchange rate fluctuations		-	-	2,027	2,027
Cash at the end of the period		149,529	369,125	230,271	748,925

The Notes form an integral part of, and should be read in conjunction with, these Financial Statements.

Notes to the Financial Statements

1. General information

Reporting entity

These Financial Statements ('Financial Statements') are for the Aurora KiwiSaver Scheme (the 'Scheme') which comprises the following three investment funds (each a "Fund", together the "Funds").

- Conservative Fund (commenced from 19 August 2021);
- Growth Fund (commenced from 19 August 2021); and
- Future Focus Fund (commenced from 24 September 2021)

The Manager and Issuer of the Scheme is Implemented Investment Solutions Limited ('IISL'). The registered office for Implemented Investment Solutions Limited is Level 2, Woodward House, 1 Woodward Street, Wellington 6146. Aurora Financial Capital Limited ('Aurora') is the Funds' Investment Manager.

The Scheme is a defined contribution scheme under the KiwiSaver Act 2006, which means that members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any returns on contributions received.

The Scheme was established under a Trust Deed dated 21 May 2021. The Scheme first received contributions from 19 August 2021.

The principal objectives of the Funds are described below:

- The objective of the Conservative Fund is to provide a investment returns exceeding the Consumer Price Index ("CPI") by 2.5% per annum before fees and tax over 3 to 5 years through investing in income assets. The underlying portfolio is actively managed and includes cash, fixed interest, property, Australasian equities and international equities. The Fund has a low to medium level of volatility.
- The objective of the Growth Fund is to provide a investment returns exceeding the Consumer Price Index ("CPI") by 4% per annum before fees and tax over medium to long term through investing in growth assets. The underlying portfolio is actively managed and includes cash, fixed interest, property, Australasian equities and international equities. The Fund has a medium to high level of volatility.
- The objective of the Future Focused Fund is to provide a investment returns exceeding the Consumer Price Index ("CPI") by 4% per annum before fees and tax over medium to long term through investing in broad range of global equity and fixed income securities. The Fund also targets a lower MSCI carbon intensity, than its market index over the medium to long term. The Fund has a low to medium level of volatility.

Funding arrangements

Under the Trust Deed, contributions are made by Members of the Scheme, their employers and the Crown. Members can choose to contribute 3%, 4%, 6%, 8% or 10% of gross salary or wages. Members may, from time to time, make additional voluntary contributions to the Scheme. Employers are required to contribute 3% of Members' gross salary or wage to the Scheme if the Member contributes at least 3% of their gross salary or wages. Employer contributions to KiwiSaver are subject to Employer Superannuation Contribution Tax. The Crown will also contribute \$0.50 for every \$1.00 of member contributions annually up to a maximum of \$521.43 for qualifying Members.

Retirement benefits

Member benefits will generally be locked into the Scheme until the earlier of the date for reaching the qualifying age for New Zealand Superannuation or, for Members enrolled prior to 1 July 2019, the date on which the Member has been a member of any KiwiSaver Scheme, or a member of a Complying Superannuation Scheme, for a period of five years. Members may also be able to withdraw their funds under significant financial hardship, serious illness, permanent emigration and first home withdrawals. Retirement benefits are determined by contributions to the Scheme together with investment earnings net of fees and tax on these contributions over the period of membership.

Termination terms

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

Statutory base

The Scheme is registered under the Financial Markets Conduct Act 2013 (FMCA) as a KiwiSaver Scheme. The Scheme is a trust vehicle governed by a Trust Deed dated 21 May 2021.

2. Summary of accounting policies

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Trust Deed governing the Scheme, the Kiwisaver Act 2006 and Section 7 of the FMCA.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). For the purposes of complying with GAAP, the Scheme is a for-profit entity. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') as issued by the New Zealand Accounting Standards Board and other applicable reporting standards. The Financial Statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. These Financial Statements have been prepared under the historical cost method, except for financial assets and liabilities at fair value through profit or loss, and have been prepared on the assumption that the Scheme operates on a going concern basis.

The preparation of Financial Statements in conformity with NZ IFRS and IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Financial Statements are prepared for the period beginning 21 May 2021 (date of establishment) to 31 March 2022. Given that this is the first year of operations, no comparative figures are presented in these Financial Statements.

(a) Presentation

The Financial Statements are presented in New Zealand dollars, which is the Scheme's functional currency. The functional currency reflects the currency of the economy in which the Scheme competes for funds and is regulated. All amounts are rounded to the nearest dollar unless otherwise stated.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.2 Investment entity

The Scheme meets the definition of investment entities per NZ IFRS 10 'Consolidated financial statements' as the following conditions exist:

- (a) The Scheme has obtained funds for the purpose of providing investors with investment management services.
- (b) The Scheme's business purpose, which is communicated directly to investors, is investing solely for returns from capital appreciation and investment income.
- (c) The performance of investments made through other funds managed by the Manager, is measured and evaluated on a fair value basis.

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

1. it has more than one investment;
2. has more than one investor;
3. investors that are not related parties; and
4. ownership interest in the Scheme is represented by respective units held in the Funds.

2.3 Financial instruments

(a) Classification

Assets

Financial assets are recognised initially at fair value plus transaction costs. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Investment Manager is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Financial assets at fair value through profit or loss comprise of listed equities, listed trusts, unlisted trusts and forward

(ii) Financial assets at amortised cost

- (a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies.
- (b) **Receivables** are amounts representing assets owing to the Funds and may include amounts due for interest or dividends and amounts due for securities sold that have been contracted for but not yet settled or delivered at period end.

Liabilities

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. As there are no financial liabilities designated at fair value upon initial recognition in the Funds, all financial liabilities are mandatorily measured at fair value through profit or loss. Foreign exchange contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

- (a) **Payables** are amounts representing liabilities and accrued expenses owing by the Funds at period end and may include related party fees, withdrawals payable and amounts due to brokers for purchase of unsettled securities at period end.

(b) Recognition, measurement and derecognition

(i) Financial assets and liabilities at fair value through profit or loss

The Funds recognise financial assets and liabilities at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Changes in Net Assets.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets when they arise.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gain or loss arising on derecognition of the financial asset or financial liability at fair value through profit or loss is included in the Statement of Changes in Net Assets in the year the item is derecognised.

(ii) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value plus/minus transaction costs.

Subsequent to initial recognition, all financial assets at amortised cost are measured at amortised cost less any impairment if applicable. Any impairment is recognised in the Statements of Changes in Net Assets as an expense. At each reporting date, the Funds shall measure the loss allowance of all financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. See note 5.1.2 for further detail. If the credit risk increases to the point that it is considered to be credit impaired, interest will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit-impaired.

Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gain or loss arising on derecognition of the financial asset or financial liability at amortised cost is included in the Statements of Changes in Net Assets in the year the item is derecognised.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.3 Financial instruments (continued)

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date in the principal or, in its absence, the most advantageous market to which each Fund within the Scheme had access at that date. The fair value of a liability reflects its non-performance risk.

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs relating to financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Changes in Net Assets.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used by the Funds is the last traded market price for both financial assets and financial liabilities where the last traded prices fall within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value. The quoted market price used for fixed interest securities is the current mid price.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Manager uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators. The Manager reviews the details of the reported information obtained from the other funds and considers: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; and restrictions on redemptions.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in other funds in which the Funds have invested.

If necessary, the Funds within the Scheme make adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the statement of changes in net assets include the change in fair value of each other fund.

Fair value classifications of the Funds' financial assets and liabilities are detailed in Note 6. Fair value hierarchy is detailed in Note 5.3.

2.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability

2.5 Revenue recognition

- (a) Dividend and distribution income is recognised in the Statements of Changes in Net Assets when the Scheme's right to receive payment is established.
- (b) Interest income is recognised in the Statements of Changes in Net Assets as the interest accrues using the effective interest rate method. Interest income is earned on cash and cash equivalents.
- (c) Gains or losses of financial assets at fair value through profit or loss are recognised in the Statements of Changes in Net Assets as disclosed in Note 2.2.
- (d) Foreign exchange gains and losses on cash and financial instruments at fair value through profit or loss are recognised in the Statements of Changes in Net Assets as disclosed in Note 2.9.
- (e) Dividend and interest income is disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the Portfolio Investment Entities regime.

2.6 Expenses

The management fee, supervisory and custody fees and expense allowance is calculated on a daily basis based on the Gross Fund Value of the Scheme and paid monthly. Other expenses (including fund administration fees) are expensed in the Statements of Changes in Net Assets on an accrual basis. Member administration and registry fees are charged monthly per Member via a unit deduction payment when they arise.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.7 Taxation

The Funds are Portfolio Investment Entities (PIEs). Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Funds have no tax expense. Accordingly, no income tax expense is recognised in the Statements of Changes in Net Assets.

Under the PIE regime, the Manager attributes the taxable income of the Funds to Members in accordance with the proportion of their overall interest in the Funds. The income attributed to each Member is taxed at the Member's 'prescribed investor rate' which is capped at 28%. The Manager accounts for tax on behalf of Members and undertakes any necessary adjustments to the Members' interests in the Funds to reflect that the Scheme pays tax at varying rates on behalf of Members.

Members' funds have been adjusted to reflect the impact of tax on the value of unit holdings.

The tax attributable to Members is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Positions taken in attributing taxable income to Members, with respect to situations in which applicable tax regulations are subject to interpretation, are evaluated by the Manager as required.

2.8 Goods and services tax (GST)

The Scheme is not registered for GST. All items in the Statements of Changes in Net Assets and the Statements of Net Assets are stated inclusive of GST.

2.9 Statements of cash flows

Definitions of the terms used in the Statements of Cash Flows are:

- (a) 'Operating activities' include all transactions and other events that are not financing activities; and
- (b) 'Financing activities' are those activities that result in changes in the size and composition of Members' funds.
- (c) The Scheme undertook no Investing activities during the reporting period.

2.10 Foreign currencies

Transactions and balances

Transactions denominated in foreign currencies are recognised at the exchange rates on the date of the transactions. Assets and liabilities at the reporting date denominated in foreign currencies are translated at the foreign currency exchange rates on that date. Realised and unrealised exchange gains and losses during each reporting period are recognised in the Statements of Changes in Net Assets.

2.11 Net assets attributable to Members

The net assets available for benefits represents the liability for promised retirement benefits and are measured at amortised cost. The Funds issue units that are redeemable at the Members' option and do not have identical features and are therefore classified as financial liabilities. Units are redeemed for the purpose of permitted withdrawals (such as reaching the retirement age of 65 or enduring significant hardship), transferred to another Fund within the Scheme or a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable at the period end date if Members exercise their right to redeem units back to the Funds.

As stipulated in the Trust Deed, 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 the respective Fund nor other funds within the Scheme. The Trust Deed also stipulates that assets held for a Fund of the Scheme shall not be made available to meet the liabilities incurred in relation to any other Fund of the Scheme. The Funds' net asset value is calculated by dividing the net assets attributable to all holders of units in the Fund by the total number of units on issue of each Fund.

2.12 Related parties

A party is related to the Scheme if:

- (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme;
- (b) it is a parent, subsidiary or fellow subsidiary of a party, defined in (a) above;
- (c) it has an interest in or relationship with the Scheme that gives it significant influence over the Scheme;
- (d) the Scheme has an interest in or relationship with the party that gives it significant influence over the party; or
- (e) they are a member of the Manager's key management personnel.

3. Accounting estimates and judgements

The Manager of the Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Estimates are continually evaluated and are based on historical experience among other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of securities not quoted in an active market

The valuation models employed use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of investments in other funds have been fair valued in accordance with the policies set out above in note 2.3 (c).

For certain other financial instruments, including amounts due from/to for unsettled trades, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short term nature of these financial instruments.

The Manager continues to monitor the liquidity requirements of the Funds and concluded that there is sufficient liquidity to meet liabilities when due under current conditions.

The adoption of the going concern assumption remains appropriate.

Notes to the Financial Statements

4. Derivatives

4.1 Forward foreign currency contracts

Forward foreign currency contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Scheme's open positions in forward contracts at each reporting date are outlined below:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Forward exchange contracts (notional value in NZ\$)				
Sell AUD/Buy NZD	-	-	209,748	209,748
Sell EUR/Buy NZD	-	-	571,599	571,599
Sell GBP/Buy NZD	-	-	143,072	143,072
Sell USD/Buy NZD	-	-	3,436,600	3,436,600
Sell CAD/Buy NZD	-	-	267,848	267,848
Sell NZD/Buy CAD	-	-	(2,241)	(2,241)
Sell CHF/Buy NZD	-	-	103,457	103,457
Sell JPY/Buy NZD	-	-	190,739	190,739
Forward exchange contracts (fair value in NZ\$)				
Sell AUD/Buy NZD	-	-	(1,358)	(1,358)
Sell EUR/Buy NZD	-	-	5,497	5,497
Sell GBP/Buy NZD	-	-	1,338	1,338
Sell USD/Buy NZD	-	-	27,440	27,440
Sell CAD/Buy NZD	-	-	(244)	(244)
Sell NZD/Buy CAD	-	-	(2,241)	(2,241)
Sell CHF/Buy NZD	-	-	376	376
Sell JPY/Buy NZD	-	-	8,671	8,671

5. Financial risk management

5.1 Financial risk factors

The Trust Deed for the Scheme requires the Manager to invest the assets of each Fund of the Scheme in accordance with the Scheme's Statements of Investment Policy and Objectives ('SIPO'), in order to manage risk. The Scheme's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Scheme is exposed and seeks to minimise potential adverse effects on the Scheme's financial performance.

All securities investments present a risk of loss of capital. The Funds of the Scheme hold various financial instruments such as listed equities and trusts where the maximum loss of capital is limited to the carrying value of those positions. The maximum loss of capital on forward foreign exchange contracts is limited to the notional amount of currency that is contracted to be delivered under each contract.

The Scheme is exposed directly and indirectly to price risks through its holdings of equity and trust investments. The unlisted investments have underlying securities comprising primarily domestic, international equity instruments and fixed interest securities.

In addition to internal risk management carried out by the Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the SIPO. The Manager regularly reviews investment assets of the funds against Asset Allocation profiles of the SIPO together with the liquidity and concentration restrictions of the SIPO.

5.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market. All investments in listed equities, listed trusts and unlisted trusts present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The managers of the underlying trusts moderate this risk through careful asset selection and diversification of investments, daily monitoring of the positions and adherence to their investment policies. Price risks are managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Any price risk associated with monetary instruments such as the fixed interest securities is considered to be part of the risk captured under interest rate risk and credit risk.

The maximum market risk resulting from financial instruments is determined by their fair value.

For non-monetary financial instruments, for example, equities and trusts denominated in currencies other than NZD, the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of changes in foreign exchange rates. In addition, where the Scheme holds trusts which in turn invest in securities denominated in foreign currencies, the value of the unit trust will be indirectly affected by fluctuations in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

Sensitivity Analysis

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in unit prices. If investments in financial instruments subject to unit price risk at that date increased/decreased by 10% with all other variables held constant, this would have had the following impact on the net profit/(loss) before membership activities and the net assets available for benefits:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
10% increase in prices	1,420,816	2,341,282	1,037,353	4,799,451
10% decrease in prices	(1,420,816)	(2,341,282)	(1,037,353)	(4,799,451)

Members' funds would be impacted by the same amount less the PIE tax adjustment that would be attributed to Members.

Notes to the Financial Statements

5. Financial risk management (continued)

5.1.1 Market risk (continued)

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is exposed to currency risk on monetary instruments through holdings of non-New Zealand dollar cash and cash equivalents, receivables, payables and by entering into forward foreign exchange contracts. The Manager may hedge the exposure to currency fluctuations.

The Scheme is also exposed to currency risk on non-monetary instruments through investments in equity securities and trusts.

At the reporting date, the Scheme had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Monetary assets/(liabilities)				
Australian Dollar (AUD)	-	-	(210,884)	(210,884)
Euro (EUR)	-	-	(558,988)	(558,988)
Great British Pound (GBP)	-	-	(140,205)	(140,205)
United States Dollar (USD)	-	-	(3,484,555)	(3,484,555)
Canadian Dollar (CAD)	-	-	(267,978)	(267,978)
Swiss Franc (CHF)	-	-	(102,885)	(102,885)
Japanese Yen (JPY)	-	-	(181,824)	(181,824)

A variable of 10% was selected for foreign exchange risk as this is the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility. If the exchange rates between the New Zealand dollar and the foreign currencies increased/decreased by 10% with all other variables held constant, this would have had the following impact on the net profit/(loss) before membership activities and the net assets available for benefits:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Monetary assets/(liabilities)				
Increase of 10%	-	-	449,756	449,756
Decrease of 10%	-	-	(549,702)	(549,702)

At the reporting date the Scheme had the following foreign currency exposures due to holdings of non-monetary assets and liabilities (expressed in NZD equivalents):

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Non-monetary assets/(liabilities)				
United States Dollars (USD)	-	-	10,269,503	10,269,503

A variable of 10% was selected for foreign exchange risk as this is the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility. If the exchange rates between the New Zealand dollar and the foreign currencies increased/decreased by 10% with all other variables held constant, this would have had the following impact on the net profit/(loss) before membership activities and the net assets available for benefits:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Non-monetary assets/(liabilities)				
Increase of 10%	-	-	(933,591)	(933,591)
Decrease of 10%	-	-	1,141,056	1,141,056

Notes to the Financial Statements

5. Financial risk management (continued)

5.1.1 Market risk (continued)

(c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities, and future cash flows. The Funds hold cash and cash equivalents that expose the Funds to cash flow interest rate risk.

The following table represents the maturity profile of financial instruments subject to interest rate risk at 31 March:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Cash and cash equivalents				
On Call	149,529	369,125	230,271	748,925

(i) Cash flow sensitivity analysis

The Scheme holds cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk.

A movement of 100 basis points (1%) was selected as this is a reasonably expected movement based on past overnight cash rate movements. A change in interest rates impacts the cash flow of the Scheme's cash and cash equivalents by increasing or decreasing the amount of interest received. If investments in financial instruments subject to interest rate risk at that date increased/decreased by 1% with all other variables held constant, this would have had the following impact on the net profit/(loss) before membership activities and the net assets available for benefits:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Increase of 1%	1,495	3,691	2,303	7,489
Decrease of 1%	(1,495)	(3,691)	(2,303)	(7,489)

In addition to the Scheme's direct exposure to interest rate changes on the fair value of financial asset and liabilities and on the cash flows of cash and cash equivalents shown above, the Funds may be indirectly affected by the impact of interest rate changes on the earnings of their investments in unlisted trusts, which forms part of the Price Risk sensitivity (see above). Therefore, the above sensitivity analysis may not fully indicate the total effect on the Scheme's net assets attributable to Members of future movements in interest rates.

5.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Scheme. Financial instruments that subject the Scheme to credit risk consist primarily of cash and cash equivalents and other receivables.

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss and monitors credit risk within the terms of the Schemes' Statement of Investment Policies and Objectives (SIPO). This predominantly requires a minimum credit rating of 'investment grade' for issuers of fixed interest securities, or where unrated, for the investment committee to believe the issuer is of a credit quality equivalent to investment grade. For bank deposits, the bank is required to be investment grade.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. There is a limited risk of default relating to contributions receivable by the Scheme as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed. Derivative contracts can only be held with banks with a minimum credit rating of AA-. Forward foreign exchange contracts are held with Bank of New Zealand who have a S&P credit rating of AA-.

The maximum credit risk of financial instruments is considered to be the carrying amount on the statement of net assets. The risk of non-recovery of monetary assets is considered by the Manager to be minimal due to the quality of counterparties dealt with. The Scheme does not require collateral or other security to support financial instruments with credit risk. Cash and cash equivalents are held with Bank of New Zealand.

As at 31 March 2022 there were no financial assets past due or impaired. As such, no loss allowance is deemed necessary on 12-month expected credit losses.

The following table sets out the Standard and Poor's credit rating for cash and cash equivalents and fixed interest securities held by the Scheme:

\$ As at 31 March		Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Cash and cash equivalents					
Bank of New Zealand	AA-	149,529	369,125	230,271	748,925

Notes to the Financial Statements

5. Financial risk management (continued)

5.1.3 Liquidity risk

Liquidity risk represents the risk that the Scheme may not have the financial ability to meet its contractual obligations. The Scheme evaluates its liquidity requirements on an on-going basis and maintains an investment in cash and cash equivalents to cover the possibility of any member withdrawals.

The Funds within the Scheme invest predominantly in liquid investments and hence have daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell. Hence if any Fund within the Scheme were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

The following table shows the expected maturity of derivative financial liabilities at the reporting date:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Financial liabilities measured at fair value through profit or loss				
0-2 months	-	-	7,577	7,577
Outstanding settlements payable				
Less than 7 days	-	-	85,240	85,240
Related party payables				
7 days to 1 month	5,019	11,393	7,013	23,425
Withdrawals payable				
Less than 7 days	9,744	67,199	30,707	107,650
Other payables				
7 days to 1 month	3,594	5,767	2,545	11,906
	18,357	84,359	133,082	235,798

The required cash outflow to settle the forward currency contracts which are in a liability position at each reporting date will be the fair value as at 31 March 2022, if it was settled on that date. It is expected that the actual undiscounted cash flows will be different, given that the instrument is marked to market. All the open currency contracts which are in a loss position at 31 March 2022 mature within 3 months after each reporting date.

5.2 Capital risk management

Net assets available to pay Member benefits are considered to be the Scheme's capital for the purposes of capital management not withstanding net assets available for benefits is classified as a liability for accounting. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital are to ensure it meets all present and future obligations, and to maximise value for Members. In order to meet its objectives for capital management the Scheme's management monitors the Scheme's performance on a regular basis. Compliance with investment mandates is also monitored by the Manager and the Supervisor. There have been no breaches of these mandate limits during the year.

5.2.1 Units on Issue

Units As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Units on issue at the start of the year	-	-	-	-
Total contributions for the year	16,486,802	26,316,819	11,103,996	53,907,617
Total withdrawals for the year	(1,087,994)	(960,536)	(333,465)	(2,381,995)
Units on issue at the end of the year	15,398,808	25,356,283	10,770,531	51,525,622

5.3 Fair value estimation

The carrying amounts of the Scheme's assets and liabilities at the reporting date are their fair values. Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the financial year during which the change has occurred.

Level 1 - fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last sale prices.

Level 2 - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data. The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Notes to the Financial Statements

5. Financial risk management (continued)

5.3 Fair value estimation (continued)

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Level 1				
<i>Financial assets at fair value through profit or loss</i>				
Listed trusts	-	-	10,269,503	10,269,503
Total level 1 assets	-	-	10,269,503	10,269,503
Level 2				
<i>Financial assets at fair value through profit or loss</i>				
Forward foreign exchange contracts	-	-	47,110	47,110
Unlisted trusts	14,208,157	23,412,817	104,024	37,724,998
Total level 2 assets	14,208,157	23,412,817	151,134	37,772,108
\$ As at 31 March				
Level 2				
<i>Financial liabilities at fair value through profit or loss</i>				
Forward foreign exchange contracts	-	-	7,577	7,577
Total level 2 liabilities	-	-	7,577	7,577

The fair value of listed equities and listed trusts are determined using quoted market prices in an active market. This measurement basis falls within Level 1 of the fair value hierarchy.

The fair value of forward foreign exchange contracts is calculated from spot exchange rates and forward points supplied by WM/Reuters. This measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The Scheme uses valuation models to derive fair value of forward exchange contracts which may have various settlement dates. These valuations may incorporate inputs for counterparty risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs used are market observable and have been classified as Level 2.

The fair value of unlisted trusts is determined using the redemption price, based on the valuation of its underlying investments, as supplied by the third party administrators on a daily basis. This measurement basis falls within Level 2 of the fair value hierarchy as all significant inputs used to calculate the fair value are based on observable market data.

There were no transfers between levels during the period ended 31 March 2022.

All other receivables and payables balances are carried at amortised cost and their carrying values approximate fair value.

Notes to the Financial Statements

6. Financial assets and liabilities at fair value through profit or loss

6.1 Financial assets and liabilities classification

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Financial assets measured at fair value through profit or loss				
Forward foreign exchange contracts	-	-	47,110	47,110
Listed trusts	-	-	10,269,503	10,269,503
Unlisted trusts	14,208,157	23,412,817	104,024	37,724,998
Total financial assets at fair value through profit or loss	14,208,157	23,412,817	10,420,637	48,041,611
Financial liabilities measured at fair value through profit or loss				
Forward foreign exchange contracts	-	-	7,577	7,577
Total financial liabilities at fair value through profit or loss	-	-	7,577	7,577

6.2 Trading securities exceeding 5% of net assets available for benefits

As at 31 March 2022	Conservative Fund		Growth Fund		Future Focus Fund		Scheme Total	
	\$	%	\$	%	\$	%	\$	%
Mint Diversified Income Fund	14,208,157	97.25%	-	-	-	-	14,208,157	29.03%
Mint Diversified Growth Fund	-	-	23,412,817	98.49%	-	-	23,412,817	47.83%
iShares Global Green Bond ETF	-	-	-	-	1,345,575	12.73%	1,345,575	2.75%
iShares Global Clean Energy	-	-	-	-	725,068	6.86%	725,068	1.48%
iShares Global Water UCITS ETF USD (Dist)	-	-	-	-	713,550	6.75%	713,550	1.46%
iShares Global Timber & Forestry ETF	-	-	-	-	714,068	6.76%	714,068	1.46%
iShares Sust Msci Em Sri	-	-	-	-	715,756	6.77%	715,756	1.46%
iShares USD TIPS UCITS ETF (Acc)	-	-	-	-	1,757,868	16.63%	1,757,868	3.59%
iShares MSCI World SRI UCITS ETF	-	-	-	-	4,297,618	40.66%	4,297,618	8.78%

6.3 Trading securities exceeding 5% of asset class

As at 31 March 2022	Conservative Fund		Growth Fund		Future Focus Fund		Scheme Total	
	\$	%	\$	%	\$	%	\$	%
International equities, international unit trusts and listed investment companies								
iShares Global Green Bond ETF	-	-	-	-	1,345,575	13.10%	1,345,575	2.81%
iShares Global Clean Energy	-	-	-	-	725,068	7.06%	725,068	1.51%
iShares USD TIPS UCITS ETF (Acc)	-	-	-	-	1,757,868	17.12%	1,757,868	3.67%
iShares Global Water UCITS ETF USD (Dist)	-	-	-	-	713,550	6.95%	713,550	1.49%
iShares Sust Msci Em Sri	-	-	-	-	715,756	6.97%	715,756	1.49%
iShares MSCI World SRI UCITS ETF	-	-	-	-	4,297,618	41.85%	4,297,618	8.97%
iShares Global Timber & Forestry ETF	-	-	-	-	714,068	6.95%	714,068	1.49%
Unlisted trusts								
Mint Diversified Income Fund	14,208,157	100.00%	-	-	-	-	14,208,157	29.67%
Mint Diversified Growth Fund	-	-	23,412,817	100.00%	-	-	23,412,817	48.89%

Notes to the Financial Statements

7. Financial instruments by category

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Financial assets at fair value through profit and loss				
Financial assets at fair value through profit or loss	14,208,157	23,412,817	10,420,637	48,041,611
Financial assets at amortised cost				
Cash and cash equivalents	149,529	369,125	230,271	748,925
Management fee rebates receivable	8,366	18,556	-	26,922
Dividends receivable	-	-	7,868	7,868
Contributions receivable	207,353	109,404	85,407	402,164
Total financial assets at amortised cost	365,248	497,085	323,546	1,185,879
Total financial assets	14,573,405	23,909,902	10,744,183	49,227,490

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Financial liabilities at fair value through profit and loss				
Financial liabilities at fair value through profit or loss	-	-	7,577	7,577
Financial liabilities at amortised cost				
Due to brokers	-	-	85,240	85,240
Management fees payable	4,344	10,325	6,539	21,208
Supervisor fees payable	675	1,068	474	2,217
Withdrawals payable	9,744	67,199	30,707	107,650
Other payables	3,594	5,767	2,545	11,906
Total financial liabilities at amortised cost	18,357	84,359	125,505	228,221
Total financial liabilities	18,357	84,359	133,082	235,798

8. Reconciliation of net profit before membership activities to net cash outflows from operating activities

\$ For the period ended 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Net profit/(loss) before membership activities	(508,994)	(1,296,701)	(381,040)	(2,186,735)
Adjustments for non cash items:				
Unrealised changes in the fair value of financial instruments	569,294	1,276,671	405,195	2,251,160
Unrealised foreign exchange losses on cash at bank	-	-	(78,623)	(78,623)
Dividends reinvested	(75,285)	-	-	(75,285)
Total adjustments for non cash items	494,009	1,276,671	326,572	2,097,252
Movements in working capital items:				
(Increase)/decrease in net cost of investments	(14,702,166)	(24,689,488)	(10,656,419)	(50,048,073)
(Increase)/decrease in receivables	(8,366)	(18,556)	(7,868)	(34,790)
(Decrease)/increase in payables	8,613	17,160	9,558	35,331
Net cash flow from working capital items	(14,701,919)	(24,690,884)	(10,654,729)	(50,047,532)
Net cash outflow from operating activities	(14,716,904)	(24,710,914)	(10,709,197)	(50,137,015)

Notes to the Financial Statements

9. Related parties

9.1 Manager and Supervisor

The Manager of the Scheme is IISL. The Manager is responsible for the administration of the Scheme. Aurora is the Funds' Investment Manager. No transactions were made between the Scheme and Aurora.

Management fees are a related party expense paid to the Manager and are shown in the Statements of Net Assets under Management fees. Where the Funds have invested in other funds, the management fees and other in-fund costs charged to those funds are rebated and are shown in management fee rebates in the Statements of Changes in Net Assets. Management fee rebates are mainly settled by the allocation of additional units in the underlying investments. Management fees payable and management fee rebates receivable, if any, are shown in the Statements of Net Assets.

During the year, administration fees paid to the Manager totalled \$21,213.

The Manager incurs the costs in relation to the audit of the financial statements of the Scheme. During the period, the Manager paid \$38,500 for the audit fee on behalf of the Funds.

Management fees are calculated and accrued daily based on a percentage of the net asset value of the Funds. The rates are exclusive of GST.

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022
Management fee percentage per annum	0.33%	0.40%	1.03%

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Included in the Statements of Changes in Net Assets				
Management fees charged during the period	10,624	19,959	18,205	48,788
Management fee rebates earned during the period from the Manager	10,493	23,693	34	34,220
Included in the Statements of Net Assets				
Management fees payable to the Manager	4,344	10,325	6,539	21,208
Management fees rebates receivable to the Manager	8,366	18,556	-	26,922

The Supervisor of the Scheme is Public Trust. The Supervisor is entitled to receive a fee from the Manager for supervisory services.

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Included in the Statements of Changes in Net Assets				
Supervisor fees charged during the period	2,947	4,747	2,088	9,782
Included in the Statements of Net Assets				
Supervisor fees payable	675	1,068	474	2,217

9.2 Related party holdings

Related parties of the Manager held units in the Aurora KiwiSaver Scheme in the following proportions:

\$ As at 31 March	Conservative Fund 2022	Growth Fund 2022	Future Focus Fund 2022	Scheme Total 2022
Directors	-	16,541	17,082	33,623

10. Contingent liabilities

There were no contingent liabilities as at 31 March 2022.

11. Events after reporting date

There have been no events subsequent to the reporting date that require adjustment or disclosure in these Financial Statements.



Independent auditor's report

To the members of Aurora KiwiSaver Scheme which comprises:

- Conservative Fund
- Growth Fund
- Future Focus Fund

(Collectively referred to as the Funds and 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 period 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 as at 31 March 2022;
- the statements of changes in net assets for the period then ended;
- the statements of cash flows for the period 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 audited the financial statements of certain other funds managed by Implemented Investment Solutions Limited, 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. This has 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 Fund 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 period. 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 and liabilities at fair value through profit or loss</p> <p>Refer to notes 5.3, 6 and 7 to the financial statements for disclosures of financial assets and liabilities at fair value through profit or loss (financial instruments).</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>Valuation</p> <p>The fair value of the financial assets traded in active markets are based on unadjusted quoted market prices at 31 March 2022 and are categorised as level 1 in the fair value hierarchy.</p> <p>The fair value of the financial instruments that are not traded in an active market are determined using valuation techniques. The valuation technique depends on the underlying asset and liability and includes assumptions that are based on market conditions existing at 31 March 2022. Financial instruments with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy.</p> <p>The Fund's level 2 financial assets and liabilities include forward foreign exchange contracts (derivatives), and investments in unlisted trusts. For derivatives, the Manager obtains the prices from independent pricing providers. The fair value of the unlisted trusts is based on the redemption price established by the investment manager. In assessing the fair value, the Manager uses information provided by the investment manager.</p> <p>When the market prices are quoted in foreign currencies, these are then translated to New Zealand dollars using the exchange rate at the reporting date.</p> <p>Existence</p> <p>Holdings of financial instruments are held by the custodian of the Funds and Scheme (Custodian) on behalf of the Funds and Scheme.</p>	<p>We assessed the processes employed by the Manager for recording and valuing the financial instruments including the relevant controls operated by the third party service organisations. The third party service organisations include the Administrator and Custodian. Our assessment of the business processes included obtaining the internal control reports over custody and investment accounting provided by the third party service organisations.</p> <p>We evaluated the evidence provided by the internal control reports over the design and operating effectiveness of the relevant controls operated by the third party service organisations.</p> <p>For all financial instruments where quoted market prices in an active market were available, we compared the market price at the reporting date to independent third party pricing sources.</p> <p>For derivatives, we agreed the observable inputs to third party pricing sources and used our own valuation experts to test the fair value using independent valuation models.</p> <p>For investments in unlisted trusts, we agreed the redemption price at 31 March 2022 to the confirmation provided by the investment fund manager.</p> <p>We evaluated that the redemption price represents fair value by:</p> <ul style="list-style-type: none"> • comparing the redemption price at 31 March 2022 to recent transactions to support the fair value of the unlisted trusts at fair value through profit or less; and • comparing the net asset value per unit calculated based on the latest audited financial statements of the underlying unlisted trusts to the published unit price on that date to provide evidence on reliability of unit pricing. <p>We obtained confirmation from the Custodian and counterparties of the holdings of all of the financial instruments held by the Funds 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 available for benefits for each Fund and the Scheme.

We chose net assets available for benefits 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 and liabilities 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.

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 (Administrator) and registry services (Registrar) to a third party service provider.

In completing our audit, we performed relevant audit procedures over the control environment of the Custodian, the Administrator, the Registrar 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 refers to.



Our opinion on the financial statements does not cover the other information and we do 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. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Christopher Barber.

For and on behalf of:

Chartered Accountants
26 July 2022

Wellington