Asteron Life

Asteron Superplan

Financial statements
for the financial year ended 31 March 2021

Contents *Page*

Asteron Superplan

Statement of changes in net assets
for the financial year ended 31 March 2021

	Notes	**31 March 2021 $000's**	31 March 2020 $000's
Investment revenue			
Gain/(Loss) on investments at fair value through profit or loss	*5*	**53,398**	(1,871)
Distribution income		**1,931**	3,344
Interest income		**165**	249
Management and administration fee rebate	*10*	**904**	577
		56,398	2,299
Less: Investment and other expenses			
Management fees	*10*	**4,405**	4,677
Life cover charges	*10*	**129**	139
		4,534	4,816
Surplus/(Deficit) before Membership activities		**51,864**	(2,517)
Membership activities			
Members' contributions	*6*	**8,683**	10,619
Benefits paid	*7*	**(129,572)**	(29,241)
Net benefits paid		**(120,889)**	(18,622)
(Cancellation)/Issue of Members' benefits to settle PIE tax (payable)/rebate		**(1,531)**	711
Net Membership activities		**(122,420)**	(17,911)
Net decrease in promised retirement benefits allocated to Members' accounts		**(70,556)**	(20,428)

The above statement of changes in net assets should be read in conjunction with the accompanying notes.

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Asteron Superplan

Statement of net assets
as at 31 March 2021

	Notes	**31 March 2021 $000's**	31 March 2020 $000's
Assets			
Cash and cash equivalents	*12*	**-**	3,607
Financial assets designated as fair value through profit or loss	*4, 12*	**184,520**	240,930
Related party cash receivable, net	*10*	**1,979**	-
Interest and sundry receivable	*12*	**178**	128
Investment receivable	*12*	**-**	619
Related party receivable	*10, 12*	**-**	1,243
PIE tax rebate receivable	*9*	**352**	1,301
Total assets		**187,029**	247,828
Less: Liabilities			
Cash payable		**9,695**	-
Related party cash payable, net	*10*	**-**	1,656
Sundry payable		**1,812**	94
Total liabilities (excluding net assets available for benefits)		**11,507**	1,750
Net assets available for benefits		**175,522**	246,078
Represented by:			
Liability for promised retirement benefits	*8*	**175,522**	246,078

The above statement of net assets should be read in conjunction with the accompanying notes.

The Directors of the Trustee, Asteron Retirement Investment Limited, approved these financial statements for issue on 25 June 2021.

For and on behalf of the Trustee
Asteron Retirement Investment Limited

Director **Director**

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Asteron Superplan

Statement of cash flows
for the financial year ended 31 March 2021

	Notes	**31 March 2021 $000's**	31 March 2020 $000's
Cash flows from operating activities			
Cash was provided from:			
Members' contributions		**10,401**	10,612
Interest received		**10**	60
		10,411	10,672
Cash was applied to:			
Benefits paid		**(129,572)**	(29,241)
Cancellation of Members' benefits to settle PIE tax payable		**(582)**	(525)
Payments to Trustee, Administration and Investment Managers		**(2,443)**	(4,839)
		(132,597)	(34,605)
Net cash outflow used in operating activities	*11*	**(122,186)**	(23,933)
Cash flows from investing activities			
Cash was provided from:			
Sale of investments		**134,948**	37,317
Cash was applied to:			
Purchase of investments		**(22,429)**	(14,489)
Net cash inflow from investing activities		**112,519**	22,828
Net decrease in cash and cash equivalents		**(9,667)**	**(1,105)**
Opening cash and cash equivalents		**1,951**	3,056
Closing (cash payable)/cash and cash equivalents		**(7,716)**	1,951
(Cash payable)/Cash and cash equivalents consist of:			
Call deposits		-	3,607
Cash payable		**(9,695)**	-
Related party cash receivable, net	*10*	**1,979**	-
Related party cash payable, net	*10*	**-**	(1,656)
(Cash payable)/Cash and cash equivalents at end of the year		**(7,716)**	1,951

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Notes to the financial statements
for the financial year ended 31 March 2021

1. Reporting entity

Asteron Superplan (the **Scheme**) is a defined contribution superannuation scheme. The Scheme is registered as a restricted and legacy superannuation scheme under the Financial Markets Conduct Act 2013 (**FMCA**).

The Scheme is closed to new Members and is being wound up effective 31 March 2021.

Asteron Retirement Investment Limited (**ARIL**) is the Trustee and Manager of the Scheme. ARIL has appointed Suncorp Corporate Services Pty Ltd (**SCS**) as the investment manager of the Scheme. ARIL has appointed Asteron Life Limited (**Asteron**) as the administration manager of the Scheme. ARIL, SCS and Asteron are companies within the Suncorp Group, with Suncorp Group Limited as the ultimate parent. ARIL has delegated responsibility for management oversight of the Scheme to Suncorp New Zealand's (**SNZ**) Chief Executive Officer (**CEO**). The SNZ CEO is supported to execute the responsibility by SNZ's Asset and Liability Committee (**ALCO**) and its sub-committees.

SCS has appointed Nikko Asset Management New Zealand Limited (Nikko AM NZ) as the sub-investment manager of the Scheme.

The Scheme was established by a trust deed dated 20 July 1990 as amended (the **Previous Deed**). The Previous Deed was amended by substituting the provisions of the Previous Deed with all the provisions of a deed dated 25 November 2016 (the **Trust Deed**), in connection with the transition of the Scheme to the FMCA.

The registered office of the Trustee and Manager is Asteron Centre, Level 13, 55 Featherston Street, Wellington 6011, New Zealand.

2. Basis of preparation

The financial statements of the Scheme have been prepared on the historical cost basis unless the application of fair value measurements are required by the relevant accounting standards, such as the measurement of financial instruments at fair value through profit or loss.

Under NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans,* the Scheme is classified as a "Defined Contribution Plan".

Following the Directors of the Trustee's approval on 23 November 2020, the Scheme is being wound up effective 31 March 2021 with remaining investment balances to be paid out to members. The Scheme has commenced its wind-up procedures on 1 April 2021 and will complete the wind-up procedures by financial year ending 31 March 2022. As a result, the financial statements are therefore not prepared on a going concern basis, but the Scheme has continued to apply the requirements of NZ IFRS. This has not affected the classification and measurement of the assets and liabilities of the Scheme as the carrying amounts of assets are not overstated and liabilities represent the amount outstanding as at reporting date. Because the Scheme is not a going concern as at 31 March 2021, its investments, which are carried at fair value, will be sold to pay out Members and to settle remaining liabilities in relation to winding up procedures.

No accruals or provision has been recognised in relation to the costs expected to be incurred in winding up the Scheme as at 31 March 2021 as the obligating event has not occurred as at reporting date. Please refer to Note 18 for the winding up steps and payments to Members subsequent to the reporting date.

The financial statements for the year ended 31 March 2020 were prepared on a going concern basis and comparatives have not been restated.

3. Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (**NZ GAAP**). They comply with the New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**) and other applicable Financial Reporting Standards as appropriate for a profit-oriented entity. The financial statements have been prepared in accordance with the requirements of the FMCA and the Financial Reporting Act 2013. They also comply with International Financial Reporting Standards (**IFRS**).

4. Significant accounting policies

(i) Financial instruments

The Scheme invests in call deposits and foreign exchange contracts directly and in discounted securities, equities, debt securities and fixed interest securities through unit trusts and mutual funds. The investments, except for call deposits and foreign exchange contracts, are held on behalf of the Members by, and in the name of, the Trustee of the Scheme, ARIL. Call deposits and foreign exchange contracts are held on behalf of the Members by and in the name of Suncorp Group New Zealand Limited, a member of the Suncorp Group.

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(a) **Classification**

The Scheme's financial assets and financial liabilities are categorised as follows:

- **Financial assets and financial liabilities at fair value through profit or loss, which comprise:**

- *Financial instruments held for trading*

Financial instruments are classified as held for trading if they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or as part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading.

- *Financial instruments designated at fair value through profit or loss*

Financial instruments designated at fair value through profit or loss upon initial recognition are those that are managed, and their performance evaluated, on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

- **Financial assets and liabilities at amortised cost, which comprise:**

Cash and cash equivalents, investment receivable, interest and sundry receivables, related party receivable, related party cash payable and sundry payables.

(b) **Recognition / de-recognition**

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention are recognised at trade date, being the date on which the Scheme commits to buy or sell the asset. Sales of trading securities and investments that are unsettled at balance date are included in receivables, unsettled purchase transactions are included in payables.

Financial assets are de-recognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the Scheme has transferred substantially all risks and rewards of ownership.

Other financial assets and financial liabilities are recognised on the date on which they originated.

The Scheme derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(c) **Measurement**

Fair value for the various types of financial assets and financial liabilities is determined as follows:

- **Financial assets and liabilities at fair value through profit or loss**

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

- *Fair value in an active market*

The fair values of financial assets and liabilities traded in active markets are based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- *Fair value in an inactive or unquoted market*

The fair values of financial assets and liabilities that are unquoted or not traded in an active market are determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of another substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Refer to Note 4(xiii) for securities determined using valuation techniques.

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(c) **Measurement (continued)**

- **Financial assets and liabilities at amortised cost**

  Financial assets and liabilities at amortised cost are measured initially at cost plus transaction costs and subsequently amortised using the effective interest rate method, less impaired losses if any. Such assets are reviewed at each balance date to determine whether there is objective evidence of impairment.

  If any such indication of impairment exists, an impairment loss is recognised in the statement of changes in net assets as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

  If in a subsequent period the amount of an impaired loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of changes in net assets.

  Payables represent liabilities and accrued expenses owing by the Scheme at balance date. These are initially recognised at fair value, being the amounts payable.

  The Scheme only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses to all its receivables. Therefore the Scheme does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at the reporting date.

  With the short time period and nature of the receivables, the Scheme does not anticipate any expected credit losses to be applicable to these assets.

(d) **Income and expenses arising from financial assets at fair value through profit or loss**
All investment income and investment expenses recognised in the statement of changes in net assets relate to financial assets at fair value through profit or loss.

(ii) Changes in fair value
Changes in fair value consists of realised and unrealised gains and are recognised in the statement of changes in net assets. Realised gains and losses are derived from the sale of investments. Unrealised gains and losses are calculated from the change in the fair value of investments held at balance date and the reversal of the prior year's unrealised gains and losses.

(iii) Liability for promised retirement benefits
The liability for promised retirement benefits is the Scheme's present obligation to pay benefits to Members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities as at balance date. All promised retirement benefits have been allocated or were available for allocation to Members' accounts.

(iv) Contributions and benefits
Contributions are recognised when due to the Scheme. Benefits are recognised when they are due to be paid.

(v) Foreign currency transactions and translation
Foreign currency transactions are recorded at the rate of exchange ruling on that date. As at balance date the monetary assets and liabilities arising from foreign currency trading transactions or foreign currency balances are translated at the appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the statement of changes in net assets.

(vi) Income from investments

(a) Interest income is recognised on an accrual basis, being the effective interest income method.

(b) Distributions from unit trusts are recognised when they are due from the unit trusts.

(vii) Asset and liability recovery and settlement periods
The Scheme's assets and liabilities in the statement of net assets are expected to be recovered or settled no more than twelve months after the balance date, except for the financial assets held to meet the liability for promised retirement benefits. The liabilities for promised retirement benefits are mostly expected to be settled within twelve months after the balance date since the Scheme is being wound up effective 31 March 2021.

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(viii) Tax

The Scheme is a Portfolio Investment Entity (**PIE**). PIEs are not subject to tax at the fund level and therefore the Scheme has no income tax expense or deferred tax assets or payable.

The PIE tax rules require that all taxable income/loss, deductible expenses and tax credits relating to a Member's investment are allocated to individual Members based on their investment in the Scheme. Tax is charged/rebated to each Member on their share of allocated net income/loss at their Prescribed Investor Rate (**PIR**) (as advised to the administration manager), adjusted for allocated tax credits. Applicable PIRs for individual Members are either 10.5%, 17.5% or 28%, or 0% for Trustees.

The Scheme allocates PIE taxable income/loss and tax credits to Members on a daily basis. The PIE tax payable/rebate is calculated, collected and paid to/received from Inland Revenue on a quarterly basis. Income tax payable/rebates for each Member are met by cancelling/issuing the required number of units in the Members' accounts.

The Trustee is responsible for payment/receipt of all PIE tax payables/rebates on behalf of the Members of the Scheme to the Commissioner of Inland Revenue.

(ix) New accounting standards and interpretations

Change in accounting policies and accounting standards adopted during the year

(a) Changes in accounting policies

There have been no significant changes in accounting policies during the year. All policies have been applied on a basis consistent with those used in the prior year.

(b) New accounting standards adopted

There have been no new reporting standards, amendments to standards and interpretations that became effective from 1 April 2020 and applicable to the Scheme.

(x) Cash and cash equivalents and statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

- **(a)** Operating activities include all transactions and other events that are not investing activities. Included within operating activities are non-cash dividend income received in the form of units as opposed to cash.
- **(b)** Investing activities are those activities relating to the acquisition, holding and disposal of investments. Investments can include securities not falling within the definition of cash. Included within investing activities are non-cash purchases of investments relating to distributions received in the form of units as opposed to cash.
- **(c)** Cash is considered to be cash on hand (including related party cash receivable / payable), current accounts in banks which are net of bank overdrafts, call deposits and short term investments which are convertible to cash within two working days.
- **(d)** Call deposits include amounts for day to day cash management as well as amounts for investment purposes. For the purpose of the statement of cash flows these have all been treated as cash or cash equivalents.
- **(e)** Cash payable is the overdraft balance of current accounts in banks and investment bank accounts.
- **(f)** There are no restrictions on cash or cash equivalents which would impact realisation of cash balances.

(xi) Critical accounting estimates and judgements

The Scheme makes estimates and judgements that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For some of the Scheme's financial instruments, quoted market prices are readily available. However the Scheme may hold certain financial instruments, for example, over the counter derivatives or unquoted securities, which are fair valued using valuation techniques. Valuation techniques, including models, use observable data to the extent possible. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes or assumptions about these factors could affect the reported fair value of financial instruments.

COVID-19 impacts and estimates impacted by these uncertainties are mainly related to fair value measurement.

The fair value measurement note, risk management notes and the unit prices of investment funds comprising the Scheme notes are impacted by critical accounting estimates and judgements.

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(xii) Restated comparatives

Certain amounts and presentations in the comparative information have been updated or reclassified to conform to changes in the current financial year. The impact is immaterial.

(xiii) Fair value hierarchy

Financial assets that are recognised and measured at fair value are categorised by a hierarchy which identifies the most significant input used in the valuation methodology:

- Level 1 - derived from quoted prices (unadjusted) in active markets for identical financial instruments. All listed Equity instruments (with no remdemption issues) and all NZ Government bonds.
- Level 2 - derived from either quoted prices on an inactive market, or modelled using observable inputs. All other bonds (e.g. corporate, local government and council, asset backed securities), derivatives (e.g. forwards, swaps), Listed Unit Trusts and unlisted Unit Trusts which do not have redemption issues.
- Level 3 - fair value measurement is not based on observable market data. All unlisted equity instruments, listed equity instruments with redemption issues, unlisted Unit Trust which are not classed as level 2 and any other instrument which does not meet the criteria for level 1 or 2 as per NZ IFRS 13.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 March 2021	**Level 1 $000's**	**Level 2 $000's**	**Level 3 $000's**	**Total $000's**
Forward foreign exchange contracts	**-**	**(5)**	**-**	**(5)**
International mutual funds	**-**	**24,611**	**-**	**24,611**
Nikko AM NZ unit trusts	**-**	**159,914**	**-**	**159,914**
Total financial assets designated as fair value through profit or loss	**-**	**184,520**	**-**	**184,520**

31 March 2020	Level 1 $000's	Level 2 $000's	Level 3 $000's	Total $000's
Forward foreign exchange contracts	-	(728)	-	(728)
International mutual funds	-	31,784	-	31,784
Nikko AM NZ unit trusts	-	208,847	1,027	209,874
Total financial assets designated as fair value through profit or loss	-	239,903	1,027	240,930

There have been no transfers from level 2 to level 3 of the fair value hierarchy during the financial year ended 31 March 2021.

The level 3 investment recorded in the prior year was sold, at fair value, during the financial year ended 31 March 2021.

5. Gain/(Loss) on investments at fair value through profit or loss

	31 March 2021 $000's	31 March 2020 $000's
Designated at fair value through profit or loss		
Forward foreign exchange contracts	**445**	(403)
Realised gains on unit trusts and mutual funds	**46,131**	14,142
Unrealised gains/(losses) on unit trusts and mutual funds	**6,822**	(15,610)
Total	**53,398**	(1,871)

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Notes to the financial statements (continued)
for the financial year ended 31 March 2021

6. Members' contributions

	31 March 2021	31 March 2020
	$000's	$000's
Regular contributions	**8,252**	9,140
Other contributions	**431**	1,479
Total Members' contributions	**8,683**	10,619

7. Benefits paid

	31 March 2021	31 March 2020
	$000's	$000's
Death	**1,705**	1,111
Retirement	**108,101**	18,905
Surrenders	**14,906**	1,755
Partial withdrawals	**4,860**	7,470
Total benefits paid	**129,572**	29,241

The retirement benefits paid for the year ended 31 March 2021 includes the redemptions associated with the wind up of the Schemes.

8. Liability for promised retirement benefits

	31 March 2021	31 March 2020
	$000's	$000's
Balance at beginning of the year	**246,078**	266,510
Surplus before Membership activities	**51,864**	(2,517)
Members' contributions	**8,683**	10,619
Benefits paid	**(129,572)**	(29,241)
(Cancellation)/Issue of Members' benefits to settle PIE tax (payable)/rebate	**(1,531)**	707
Balance at end of the year	**175,522**	246,078

For information on guaranteed benefits and vested benefits refer to notes 14 and 15 respectively.

9. PIE tax rebate receivable

As a PIE the Scheme is obliged to calculate, collect and pay to/receive from the Inland Revenue, the PIE tax payable/rebate for each of its Members at their individual PIRs on a quarterly basis.

During the year sufficient funds to settle the PIE tax payable/rebate for each Member were realised by way of cancellation/issue of units from the Members' investments in the Scheme.

As at 31 March 2021, PIE tax of $352,000 is receivable by the Scheme on behalf of Members (31 March 2020: $1,301,000).

10. Related parties

ARIL and Asteron are companies within the Suncorp Group, with Suncorp Group Limited as the ultimate parent. The Trustee of the Scheme is ARIL.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. This comprises the directors of ARIL, Asteron and the SNZ CEO. The Scheme has had no transactions or balances with the key management personnel during the year ended 31 March 2021 (31 March 2020: nil).

The Suncorp New Zealand Superannuation Scheme is offered to certain employees of SNZ and other employers who have entered into a participation agreement with the trustees of the Scheme.

10. Related parties (continued)

Related Party	Transaction $000's
Asteron (Related company of Trustee and administration manager and insurer of the Scheme)	**Payment of life cover charges** **$129** (31 March 2020: $139) **Related party cash receivable, net** **$2,303** (31 March 2020: $nil) **Related party cash payables, net** **$Nil** (31 March 2020: $1,656)
ARIL (Trustee)	**Management fees** **$4,405** (31 March 2020: $4,677) **Management and administration fee rebate** **$904** (31 March 2020: $577) **Related party cash payables** **$324** (31 March 2020: $nil) **Related party receivables** **$Nil** (31 March 2020: $1,243) **Sales proceeds for JP Morgan fund investment** **$155** (31 March 2020: $Nil)

Audit fees are paid by Asteron on behalf of the Scheme. The audit fee for the year ended 31 March 2021 is $27,300 (31 March 2020: $28,400). Registry reasonable assurance engagement fees are paid by ARIL on behalf of the Scheme. The Fee of $10,450 for the year ended 31 March 2020 (for both ASP and ARSP) engagement was paid during the year ended 31 March 2021. Registry audit fee is $10,000 for the year ended 31 March 2021 (for both ASP and ARSP) engagement to be paid by the year ended 31 March 2022.

The market value of the Suncorp New Zealand Superannuation Scheme investment in the Scheme as at 31 March 2021 is $20,263,000 (31 March 2020: $16,863,000).

11. Reconciliation of net movement in promised retirement benefits allocated to Members' accounts to net cash flow from operating activities

	31 March 2021 $000's	31 March 2020 $000's
Net decrease in promised retirement benefits allocated to Members' accounts	**(70,556)**	(20,428)
(Less)/Add items classified as investing activities:		
(Gain)/Loss on investments at fair value through profit or loss	**(53,398)**	1,871
(Less)/Add movement on other working capital items :		
Increase in interest and sundry receivables	**(50)**	(12)
Decrease/(Increase) in PIE tax rebate receivable	**949**	(1,236)
Decrease/(Increase) in related party receivable	**1,243**	(592)
Increase/(Decrease) in sundry payables	**1,718**	(8)
Less non-cash income:		
Distribution and interest income	**(2,092)**	(3,528)
Net cash outflow used in operating activities	**(122,186)**	(23,933)

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12. Risk management

As part of Suncorp Group, SNZ entity Boards have adopted the Suncorp Group's Enterprise Risk Management Framework, policy and processes to identify and manage the exposure to key risks created by the use of financial instruments (credit risk, market price risk, currency risk, interest rate risk, liquidity risk and capital management).

Underpinning all risk management activities are the following principles:

- A common language and approach to implement effective risk management across the activities of the Suncorp Group (which include the operation of the Scheme)
- Risk management activities are as sophisticated as the risks they are designed to manage
- Regular updating of the risk profiles for all material risks inherent in activities of the SNZ entities (including risks related to the operation of the Scheme)
- Use of consistent methodology and clear ownership of risks
- Use of objective measurement of risk where appropriate
- The use of indicators and other reporting mechanisms to analyse risk

Risk management roles and responsibilities

Boards of the relevant legal entities comprising SNZ are responsible for overseeing the processes used to identify, evaluate and manage the exposure to risks.

SNZ's Senior Leadership team is accountable for implementing and assessing the effectiveness of the processes used to identify, evaluate and manage risks.

SNZ's Senior Leadership team is supported by the SNZ Chief Risk Office which provides guidance and advice on risk, compliance, governance and regulatory matters.

Financial risk management

The Scheme's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business and the operational risks are an inevitable consequence of being in business. The Scheme's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Scheme's financial performance.

The Scheme's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Scheme regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Scheme does not apply a look through approach when assessing risk.

(i) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Scheme by failing to discharge an obligation.

Financial instruments which potentially subject the Scheme to credit risk consist of cash, receivables, unit trust investments and forward foreign exchange contracts.

Contracts have been entered into with various counterparties, who have appropriate credit ratings, in accordance with the tactical and strategic limits laid down in policies reviewed by the Trustee. The Scheme does not require collateral or other security. The Scheme is subject to credit losses in the event of non-performance by the counterparties to all financial instruments, however losses are not expected to occur.

The maximum exposure to credit risk of the Scheme's financial instruments at both 31 March 2021 and 31 March 2020 is equal to their carrying amount.

(ii) Concentration of Credit Risk

The Scheme places its investments with a large range of corporate and financial institutions. Investment strategies are carefully balanced so that there is no significant concentration of credit risk in any one financial institution.

(ii) Concentration of Credit Risk (continued)

The following table gives credit exposures by financial asset category:

	31 March 2021 $000's	31 March 2020 $000's
Cash and cash equivalents	-	3,607
Financial assets designated as fair value through profit or loss	24,607	31,056
Related party cash receivables, net	1,979	-
Interest and sundry receivables	178	128
Investment receivables	-	619
Related party receivables	-	1,243
	26,764	36,653

The Scheme is indirectly exposed to credit risk by investing in funds which invest in a range of underlying securities. The following table gives the breakdown of investments in Nikko AM NZ unit trusts by financial asset category:

	31 March 2021 $000's	31 March 2020 $000's
Nikko AM Global Equity Unhedged Fund	45,049	55,086
Nikko AM Wholesale Core Equity Fund	42,231	55,763
Nikko AM Wholesale NZ Cash Fund	32,759	44,442
Nikko AM Wholesale NZ Bond Fund	12,607	19,442
Nikko AM Global Equity Hedged Fund	9,542	11,518
Nikko AM Wholesale Property Fund	6,858	7,402
Nikko AM Wholesale Global Bond Fund	6,367	9,593
Nikko AM Wholesale Option Fund	3,250	4,686
Nikko AM Wholesale Concentrated Equity Fund	830	916
Nikko AM Wholesale Multi Strategy Fund	420	1,027
	159,913	209,874

The Scheme's investments which exceed 5% of the net assets are:

	31 March 2021		31 March 2020	
	%	$000's	%	$000's
Nikko AM Global Equity Unhedged Fund	26%	45,049	22%	55,086
Nikko AM Wholesale Core Equity Fund	24%	42,231	22%	55,763
Nikko AM Wholesale NZ Cash Fund	19%	32,759	18%	44,442
BMO North American-3-Acc	8%	13,174	7%	16,194
Nikko AM Wholesale NZ Bond Fund	7%	12,607	8%	19,442
BMO Select European Equity 3 Acc	6%	10,487	6%	14,986
Nikko AM Global Equity Hedged Fund	5%	9,542	5%	11,518

(iii) Market Risk

Market risk is the risk that the fair value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices. The risk is managed by ensuring that all activities are transacted with mandates, overall investment strategy and within approved limits.

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(iii) **Market Risk (continued)**

Market Price Risk Sensitivity

If the prices of the investments held by the Scheme at balance date had moved by 5% with all other variables held constant, the impact in the statement of changes in net assets would have been as follows:

	31 March 2021 $000's	31 March 2020 $000's
5% increase in prices of investments	**9,226**	12,047
5% decrease in prices of investments	**(9,226)**	(12,047)

The impact of COVID-19 caused the Manager to review the adequacy of the price risk sensitivity analysis. Given the expected long term investment timeframe of Members' investments in the Scheme, the Manager felt that, in line with the prior year, 5% remained an adequate indication of risk for the current period. Short term volatility may be greater than this for certain funds.

(a) **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to a change in foreign exchange rates. Movements in the New Zealand dollar may affect both the cash flows and market values of investments denominated in foreign currencies.

The Scheme is exposed to currency risk in that future movements in the New Zealand dollar against currencies of foreign investments will affect the cash flows and the fair values of those investments.

	31 March 2021 $000's	31 March 2020 $000's
The forward foreign exchange contracts notional values at balance date are:		
Foreign Currency		
British Pound	**(1,076)**	-
United States Dollar	-	3,680
Euro	-	3,729
The nominal value of direct investments denominated in foreign currencies are as follows:		
Foreign Currency		
British Pound	**24,611**	31,785
Euro	-	(353)

Currency Rate Sensitivity

At balance date, had the exchange rate between the New Zealand dollar and the foreign currencies moved by 5% with all other variables held constant, the impact in the statement of changes in net assets would have been as follows:

	31 March 2021 $000's	31 March 2020 $000's
5% Increase in Currency Rates		
British Pound	**1,295**	1,673
United States Dollar	-	194
Euro	-	(215)
5% Decrease in Currency Rates		
British Pound	**(1,172)**	(1,514)
United States Dollar	-	(175)
Euro	-	194

The Scheme's investment strategy is to offer a range of risk and growth options to Scheme Members who ultimately choose their own exposure when they select their investment portfolio.

The unit trust and mutual fund investments held by the Scheme invest world-wide. The hedging strategy of the Scheme takes into account the underlying currency exposures of these unit trusts and mutual funds, bearing in mind the hedging strategies of the unit trusts and mutual funds.

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(b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates.

The Scheme is indirectly exposed to interest rate risk through the unit trusts and mutual funds it invests in as these are revalued to market value on a continuous basis. There is no direct exposure to interest rate risk for the Scheme. The Scheme places reliance on the tactical and strategic limits in the investment policies in place for the Scheme for the management of the interest rate risk in respect of these financial instruments.

(iv) Liquidity Risk

Liquidity risk is the risk that the Scheme is unable to meet its payment obligations associated with its financial liabilities or benefit payments when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay Members and creditors. Where there is a timing difference between the Scheme's cash flow commitments and the receipts of funds, the Trustee has the right to realise investments in order to permit withdrawals from the Scheme.

If by reason of exceptional circumstances the Trustee in good faith forms the opinion that it is impractical or would be materially prejudicial to the interest of the Members for the Trustee to realise investments in order to permit withdrawals from the Scheme, then the Trustee may give a written notice of withdrawal suspension to any Member who gives or has given Notice of Withdrawal. Such a notice has the effect of suspending the operation of all withdrawal notices until such time as the Trustee withdraws this notice. In terms of managing the liquidity risk, the Trustee acts on the direction of the Scheme Manager in respect of all payments made by the Scheme.

The Scheme has not experienced a higher number of unit holder withdrawals, due to COVID-19, compared to the prior period. No illiquid investments have been identified by the Manager in the Scheme as a result of COVID-19. The Manager believes the Scheme remains appropriately liquid considering the liquidity of the underlying investments and level of potential withdrawals. The Scheme is being wound up effective 31 March 2021 with remaining investment balances paid out to Members and wind-up procedures completed from 1 April 2021 onwards.

The Scheme invests a portion of its assets into the Nikko Wholesale Multi Strategy Fund, which previously invested into a JP Morgan fund which is now being wound up. The Nikko Wholesale Multi Strategy Fund now invests into an alternative JP Morgan fund with a similar strategy. During the period, the Scheme sold its exposure to the JP Morgan fund being wound up, at fair value, and accordingly no longer has financial assets classified as Level 3 of the fair value hierarchy as at 31 March 2021.

All of the Scheme's financial liabilities have a maturity of less than 30 days.

(v) Capital risk management

The Scheme's objectives when managing capital is to provide returns for Members through capital growth and income. The Scheme does this by investing in a diversified portfolio of financial assets.

The Scheme undertakes to invest the contributions of the Members in investments that meet the Scheme's objectives while maintaining sufficient liquidity to meet Member withdrawals.

13. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 31 March 2021 (31 March 2020: nil).

14. Guaranteed benefits

No guarantees have been made in respect of any part of the liability for promised retirement benefits (31 March 2020: nil).

15. Vested benefits

Vested benefits equate to the total promised retirement benefits in the Scheme as at balance date. Under the conditions of the Scheme, vested benefits are not conditional on continued Membership.

16. Funding arrangement

Each Member contributes on the basis specified in their application form or as agreed thereafter with the Trustee. There are no mandatory contributions or restrictions.

17. Unit prices of investment funds comprising the Scheme

Unit prices of the investment funds comprising the Scheme at the beginning and end of the year were:

	31 March 2021	31 March 2020
	Redemption Price $	Redemption Price $
Superplan		
Balanced	**4.227**	3.584
Capital	**2.823**	2.816
Global Equity	**4.355**	3.128
Trans-Tasman	**8.486**	6.840
North American	**5.734**	4.296
European	**3.863**	3.156
Conservative	**3.320**	3.039
Dynamic	**4.066**	3.318
NZ Bond	**4.031**	3.982
Global Bond	**3.274**	3.133
Aggressive	**2.594**	2.044
Superplan 2000		
Balanced	**3.461**	2.922
Capital	**2.448**	2.431
Global Equity	**3.820**	2.741
Trans-Tasman	**6.909**	5.574
North American	**4.155**	3.161
European	**3.406**	2.762
Conservative	**3.154**	2.866
Dynamic	**3.696**	2.992
NZ Bond	**3.172**	3.130
Global Bond	**3.482**	3.329
Aggressive	**2.860**	2.239

18. Events occurring after balance date

Subsequent to 31 March 2021, the investment balances in the Scheme have been converted to cash and will be paid out to qualifying Members. Since 31 March 2021, $23,100,000 has been paid out to Members. The remaining balance of Member funds, including interest to the date of payment, will be paid out by the conclusion of the Scheme's wind-up, either to the qualifying Members or to the Inland Revenue Department if the Members are not contactable.

There were no other events post 31 March 2021 which would require adjustment to the amounts reflected in the 31 March 2021 financial statements or disclosures thereto.

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Independent Auditor's Report

To the members of Asteron Superplan

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of Asteron Superplan (the 'Scheme') on pages 1 to 15, present fairly, in all material respects, the Scheme's financial position as at 31 March 2021 and its financial performance and cash flows for the year ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of net assets as at 31 March 2021;
- the statements of changes in net assets, and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Our firm has also provided other services to the Scheme in relation to our reasonable assurance engagement over the 31 March 2021 registry of the Scheme. Subject to certain restrictions, partners and employees of our firm may also deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme. These matters have not impaired our independence as auditor of the Scheme. The firm has no other relationship with, or interest in, the Scheme.

Emphasis of matter - Going concern

We draw attention to Note 2 to the financial statements, which describes that the going concern basis of preparing the financial statements has not been used given the Scheme is being wound up effective 31 March 2021 with remaining investment balances to be paid out to members and wind-up procedures to be completed from 1 April 2021 onwards. Our opinion is not modified in respect of this matter.

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 in the current period. Except for the matter described in the emphasis of matter - going concern, we summarise below those matters and our key audit procedures to address those matters in order that the members, as a body, may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The key audit matter	How the matter was addressed in our audit
Existence and valuation of investments	
Refer to notes 4 and 12 to the financial statements for disclosures on Investments. The Scheme's investments are considered a key audit matter due to their significance to the financial statements as a whole (the portfolio of investments makes up 99% of the Scheme's total assets).	Our audit procedures included: — documenting our understanding of the processes the Scheme has in place to record investment transactions including fair value of the investment portfolio. This included evaluating the control environment in place at the investment manager and custodian through review of their control reports and related assurance opinions issued by an independent auditor; — agreeing investment holdings and investment fair value to external confirmations received from the investment scheme manager; and — consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available.

Other information

The Directors of the Trustee, on behalf of the Scheme, are responsible for the other information included in the Scheme's Annual Report. Other information includes the Trustee report and other disclosures relating to management of the Scheme and corporate governance. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors of the Trustee for the financial statements

The Directors of the Trustee, on behalf of the Scheme, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:
http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/

This description forms part of our independent auditor's report.

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

For and on behalf of

KPMG
Auckland

28 June 2021