Asteron Superplan

Financial statements
for the financial year ended 31 March 2019

Asteron Life

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Asteron Superplan

Statement of changes in net assets
for the financial year ended 31 March 2019

	Notes	31 March 2019 $000's	31 March 2018 $000's
Investment revenue			
Gain on investments at fair value through profit or loss	5	15,500	26,075
Distribution income		4,077	4,309
Interest income		232	202
Management and administration fee rebate	10	502	1,589
		20,311	32,175
Less: Investment and other expenses			
Management fees	10	4,580	4,511
Life cover charges	10	155	170
		4,735	4,681
Surplus before Membership activities		15,576	27,494
Membership activities			
Members' contributions	6	10,604	10,741
Benefits paid	7	(27,995)	(24,951)
Net benefits paid		(17,391)	(14,210)
Cancellation of Members' benefits to settle PIE tax liability		(637)	(923)
Net Membership activities		(18,028)	(15,133)
Net (decrease)/increase in promised retirement benefits allocated to Members' accounts		(2,452)	12,361

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

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Statement of net assets
as at 31 March 2019

	Notes	31 March 2019 $000's	31 March 2018 $000's
Assets			
Cash and cash equivalents	*12*	4,163	5,596
Related party cash receivable	*10, 12*	50	-
Financial assets designated as fair value through profit or loss	*12*	262,721	263,943
Interest receivable	*12*	1	8
Investment and sundry receivables	*12*	116	124
Related party receivables	*10, 12*	651	141
PIE tax rebate receivable	*9*	65	83
Total assets		267,767	269,895
Less: Liabilities			
Related party cash payable	*10*	1,157	402
Investment and sundry payables		100	531
Total liabilities (excluding net assets available for benefits)		1,257	933
Net assets available for benefits		266,510	268,962
Represented by:			
Liability for promised retirement benefits	*8*	266,510	268,962

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 29 July 2019.

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 2019

	Notes	31 March 2019 $000's	31 March 2018 $000's
Cash flows from operating activities			
Cash was provided from:			
Members' contributions		10,174	11,058
Dividends received		-	3,098
Interest received		96	215
		10,270	14,371
Cash was applied to:			
Benefits paid		(27,995)	(24,951)
Cancellation of Members' benefits to settle PIE tax liability		(618)	(938)
Payments to Trustee, Administration and Investment Managers		(4,735)	(3,373)
		(33,348)	(29,262)
Net cash outflow from operating activities	*11*	(23,078)	(14,891)
Cash flows from investing activities			
Cash was provided from:			
Sale of investments		27,900	24,177
Cash was applied to:			
Purchase of investments		(6,960)	(8,512)
Net cash inflow from investing activities		20,940	15,665
Net (decrease)/increase in cash and cash equivalents		(2,138)	774
Opening cash and cash equivalents		5,194	4,420
Closing cash and cash equivalents		3,056	5,194
Cash and cash equivalents consist of:			
Call deposits		4,163	5,596
Related party cash payable	*10*	(1,157)	(402)
Related party cash receivable	*10*	50	-
Cash and cash equivalents at end of the year		3,056	5,194

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Notes to the financial statements
for the financial year ended 31 March 2019

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.

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 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".

These financial statements are presented in New Zealand dollars, which is the Scheme's functional and presentation currency, unless otherwise stated. All values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. The accompanying statement of net assets has been prepared using the liquidity format of presentation.

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, related party cash receivable, interest receivable, investment and sundry receivables, related party receivable and investment 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(xii) for securities determined using valuation techniques.

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- **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 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 records expected credit losses on all of its receivables, either on a 12 month or lifetime basis.

  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.

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(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 more than twelve months after the balance date given the retirement and savings nature of the Scheme.

(viii) **Tax**

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

The PIE tax rules require that all taxable income, 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 to each Member on their share of allocated net income 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 and tax credits to Members on a daily basis. The PIE tax liability is calculated, collected and paid to Inland Revenue on a quarterly basis. Income tax liabilities for each Member are met by cancelling the required number of units in the Members' accounts.

The Trustee is responsible for payment of all PIE tax liabilities 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

The Scheme has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2018.

• NZ IFRS 9 : *Financial Instruments*

The Company has initially applied NZ IFRS 9 from 1 April 2018.

NZ IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

NZ IFRS 9 contains three principal classification categories for financial instruments: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The following table shows the classifications under NZ IAS 39 and NZ IFRS 9.

Financial Instruments	**Original classification under IAS 39**	**New classification under IFRS 9**
Cash and cash equivalents, related party cash receivable/payable	Loans and receivables	Amortised cost
Receivables: related party, interest, investment, sundry	Loans and receivables	Amortised cost
Financial assets designated as FVTPL	FVTPL	FVTPL

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The adoption of NZ IFRS 9 has been applied retrospectively and, other than the changes to classification shown above, did not result in a change to the classification or measurement of financial instruments, in either the current or prior periods.

• NZ IFRS 15 : *Revenue from contracts with customers*
The Scheme's main sources of revenue are distributions, interest income and gains on financial instruments measured at fair value through profit and loss. As these are outside the scope of the new standard, the application of NZ IFRS 15 did not have a material impact on the Scheme's financial statements.

(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 is 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) 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.

(xii) **Restated comparatives**

The statement of cash flows for the comparative period ended 31 March 2018 has been restated to correct the presentation of non-cash income. This has resulted in a reduction in Dividends Received of $1,211,000 and a corresponding decrease in Investment Purchases. There is no impact on the net decrease in cash and cash equivalents.

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(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.
- Level 2 - derived from either quoted prices on an inactive market, or modelled using observable inputs.
- Level 3 - fair value measurement is not based on observable market data.

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 2019	**Level 1 $000's**	**Level 2 $000's**	**Level 3 $000's**	**Total $000's**
Forward foreign exchange contracts	-	(10)	-	(10)
International mutual funds	33,684	-	-	33,684
Nikko AM NZ unit trusts	-	229,047	-	229,047
Total financial assets designated as fair value through profit or loss	33,684	229,037	-	262,721

31 March 2018	Level 1 $000's	Level 2 $000's	Level 3 $000's	Total $000's
Forward foreign exchange contracts	-	(99)	-	(99)
International mutual funds	34,545	-	-	34,545
Nikko AM NZ unit trusts	-	229,497	-	229,497
Total financial assets designated as fair value through profit or loss	34,545	229,398	-	263,943

There have been no transfers between levels of the fair value hierarchy during the financial year ended 31 March 2019 or 31 March 2018.

5. Gain on investments at fair value through profit or loss

	31 March 2019 $000's	31 March 2018 $000's
Designated at fair value through profit or loss		
Forward foreign exchange contracts	**(146)**	27
Realised gains on unit trusts and mutual funds	**6,945**	5,843
Unrealised gains on unit trusts and mutual funds	**8,701**	20,205
Total	**15,500**	26,075

6. Members' contributions

	31 March 2019 $000's	31 March 2018 $000's
Regular contributions	**10,068**	10,316
Other contributions	**536**	425
Total Members' contributions	**10,604**	10,741

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7. Benefits paid

	31 March 2019 $000's	31 March 2018 $000's
Death	1,619	636
Retirement	15,365	13,525
Surrenders	2,111	1,402
Partial withdrawals	8,900	9,388
Total benefits paid	27,995	24,951

8. Liability for promised retirement benefits

	31 March 2019 $000's	31 March 2018 $000's
Balance at beginning of the year	268,962	256,601
Surplus before Membership activities	15,576	27,494
Members' contributions	10,604	10,741
Benefits paid	(27,995)	(24,951)
Cancellation of Members' benefits to settle PIE tax liability	(637)	(923)
Balance at end of the year	266,510	268,962

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 Inland Revenue, the PIE tax liability for each of its Members at their individual PIRs on a quarterly basis.

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

As at 31 March 2019, PIE tax of $65,000 is receivable by the Scheme on behalf of Members (31 March 2018: $83,000).

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 2019 (31 March 2018: 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.

Related Party	Transaction $000's
Asteron (Related company of Trustee and administration manager and insurer of the Scheme)	**Payment of life cover charges** **$155** (31 March 2018: $170) **Related party cash payable** **$1,157** (31 March 2018: $402) **Related party cash receivable** **$50** (31 March 2018:$Nil)
ARIL (Trustee)	**Management fees** **$4,580** (31 March 2018: $4,511) **Management and administration fee rebate*** **$502** (31 March 2018: $1,589) **Related party receivable** **$651** (31 March 2018: $141)

* Included within the management and administration fee rebate for the year ended 31 March 2018 is $1,293,000 in respect of an error in the calculation of management fee rebates credited to members' accounts following the transition to the PIE tax regime in 2008.

Audit fees are paid by Asteron on behalf of the Scheme. The audit fee for the year ended 31 March 2019 is $29,900 (31 March 2018: $30,000). Registry reasonable assurance engagement fees are paid by ARIL on behalf of the Scheme. The Fee of $11,000 for the year ended 31 March 2018 engagement was paid during the year ended 31 March 2019. The 31 March 2019 engagement has not yet been undertaken.

The Suncorp New Zealand Superannuation Scheme (superannuation scheme administered by Melville Jessup Weaver), which provides superannuation benefits to certain employees of companies within the Suncorp Group, has invested in the Scheme. The market value of this investment as at 31 March 2019 is $17,439,000 (31 March 2018: $18,569,000).

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

	31 March 2019 $000's	31 March 2018 $000's
Net increase in promised retirement benefits allocated to Members' accounts	**(2,452)**	12,361
Less items classified as investing activities:		
Gain on investments at fair value through profit or loss	**(15,500)**	(26,075)
Add / (Less) movement on other working capital items :		
Decrease in interest receivable	**7**	13
Decrease/(increase) in sundry receivables	**9**	(11)
Decrease/(increase) in PIE tax rebate receivable	**18**	(14)
Increase in related party receivable	**(510)**	(141)
Decrease in related party payable	**-**	(129)
(Decrease)/increase in sundry payables	**(430)**	317
Less non-cash income:		
Dividend and interest income	**(4,220)**	(1,211)
Net cash outflow from operating activities	**(23,078)**	(14,890)

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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.

Suncorp Group's internal audit function is responsible for providing independent, objective assurance to management and boards that risk management practices and internal controls are functioning as intended.

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 2019 and 31 March 2018 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.

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The following table gives credit exposures by financial asset category:

	31 March 2019 $000's	31 March 2018 $000's
Cash and cash equivalents	4,163	5,596
Related party cash receivable	50	-
Financial assets designated as fair value through profit or loss	33,674	34,446
Interest receivable	1	8
Investment and sundry receivables	116	124
Related party receivables	651	141
	38,655	40,315

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 2019 $000's	31 March 2018 $000's
Nikko AM Wholesale Core Equity Fund	66,640	65,353
Nikko AM Global Equity Unhedged Fund	60,878	60,552
Nikko AM Wholesale NZ Cash Fund	40,819	41,897
Nikko AM Wholesale NZ Bond Fund	27,047	27,638
Nikko AM Global Equity Hedged Fund	13,356	13,414
Nikko AM Wholesale Global Bond Fund	6,778	6,856
Nikko AM Wholesale Option Fund	5,863	6,179
Nikko AM Wholesale Property Fund	5,295	5,202
Nikko AM Wholesale Concentrated Equity Fund	1,379	1,407
Nikko AM Wholesale Multi Strategy Fund	992	999
	229,047	229,497

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

	31 March 2019 %	31 March 2019 $000's	31 March 2018 %	31 March 2018 $000's
Nikko AM Wholesale Core Equity Fund	25%	66,640	24%	65,353
Nikko AM Global Equity Unhedged Fund	23%	60,878	23%	60,552
Nikko AM Wholesale NZ Cash Fund	15%	40,819	16%	41,897
Nikko AM Wholesale NZ Bond Fund	10%	27,047	10%	27,638
F&C European Growth & Income Fund	7%	17,630	6%	17,080
F&C North American Fund	6%	15,319	6%	16,799
Nikko AM Global Equity Hedged Fund	5%	13,356	5%	13,414

(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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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 2019 $000's	31 March 2018 $000's
5% increase in prices of investments	**13,136**	13,197
5% decrease in prices of investments	**(13,136)**	(13,197)

(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. Foreign currency hedging activities are undertaken by the Investment Manager in respect of the Scheme's foreign currency exposure.

	31 March 2019 $000's	31 March 2018 $000's
The forward foreign exchange contracts notional values at balance date are:		
Foreign Currency		
United States Dollar	**4,349**	4,517
Euro	**3,713**	4,395
The nominal value of direct investments denominated in foreign currencies are as follows:		
Foreign Currency		
British Pound	**33,684**	34,546
Euro	**3**	(39)

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 2019 $000's	31 March 2018 $000's
5% Increase in Currency Rates		
British Pound	**1,773**	1,818
United States Dollar	**229**	215
Euro	**(195)**	(233)
5% Decrease in Currency Rates		
British Pound	**(1,604)**	(1,645)
United States Dollar	**(207)**	(238)
Euro	**177**	211

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.

(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.

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 2019 (31 March 2018: nil).

14. Guaranteed benefits

No guarantees have been made in respect of any part of the liability for promised retirement benefits (31 March 2018: 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 2019 Redemption Price $	31 March 2018 Redemption Price $
Superplan		
Balanced	**3.695**	3.486
Capital	**2.783**	2.742
Global Equity	**3.094**	2.896
Trans-Tasman	**7.119**	6.539
North American	**4.411**	4.019
European	**3.082**	3.227
Conservative	**2.986**	2.840
Dynamic	**3.419**	3.200
NZ Bond	**3.865**	3.642
Global Bond	**3.012**	2.887
Aggressive	**2.196**	2.150
Superplan 2000		
Balanced	**2.982**	2.791
Capital	**2.391**	2.343
Global Equity	**2.694**	2.503
Trans-Tasman	**5.753**	5.248
North American	**3.205**	2.883
European	**2.682**	2.794
Conservative	**2.793**	2.637
Dynamic	**3.067**	2.855
NZ Bond	**3.033**	2.857
Global Bond	**3.201**	3.054
Aggressive	**2.392**	2.324

18. Events occurring after balance date

There is no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect the Scheme's operations, the results of those operations, or the Scheme's state of affairs as at 31 March 2019.

Independent Auditor's Report

To the Trustees and members of Asteron Superplan

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Asteron Superplan (the "Scheme") on pages 1 to 16:

i. present fairly in all material respects the Scheme's financial position as at 31 March 2019 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

— the statement of net assets as at 31 March 2019;

— 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 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Our firm has also provided other services to the Scheme in relation to our reasonable assurance engagement over the 31 March 2019 collective 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 relationship with, or interest in, 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 in the current period. 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
Carrying amount and existence of 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.

Other information

The Trustees, 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 General Partner for the special purpose financial statements

The Trustees, 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 special purpose 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

29 July 2019