

**BNZ KiwiSaver Scheme  
Financial Statements  
For The Year Ended 31 March 2015**

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BNZ KiwiSaver Scheme  
Statement of Changes in Net Assets  
For the year ended 31 March 2015

	Notes	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
		Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014
		Dollars in thousands											
<b>Investment Income</b>													
Interest income	5	70	31	114	60	67	46	47	36	33	22	331	195
Dividends and distribution income		1,757	617	10,583	1,350	8,650	1,128	5,868	941	3,353	587	30,211	4,623
Net gain/(loss) on financial instruments at fair value through profit or loss		-	-	(101)	767	2,491	1,014	2,947	1,080	3,404	982	8,741	3,843
<b>Net investment income</b>		<b>1,827</b>	<b>648</b>	<b>10,596</b>	<b>2,177</b>	<b>11,208</b>	<b>2,188</b>	<b>8,862</b>	<b>2,057</b>	<b>6,790</b>	<b>1,591</b>	<b>39,283</b>	<b>8,661</b>
<b>Expenses</b>													
Management fees	5	157	57	687	256	850	257	680	216	523	150	2,897	936
Management fee rebates	5	-	-	(486)	(181)	(487)	(142)	(351)	(108)	(216)	(59)	(1,540)	(490)
<b>Total expenses</b>		<b>157</b>	<b>57</b>	<b>201</b>	<b>75</b>	<b>363</b>	<b>115</b>	<b>329</b>	<b>108</b>	<b>307</b>	<b>91</b>	<b>1,357</b>	<b>446</b>
<b>Profit attributable to Members</b>		<b>1,670</b>	<b>591</b>	<b>10,395</b>	<b>2,102</b>	<b>10,845</b>	<b>2,073</b>	<b>8,533</b>	<b>1,949</b>	<b>6,483</b>	<b>1,500</b>	<b>37,926</b>	<b>8,215</b>
<b>Membership activities</b>													
Opening net assets available for benefits		36,994	-	72,118	-	58,829	-	41,970	-	27,743	-	237,654	-
<b>Contributions</b>													
Member contributions		8,053	4,028	19,976	8,049	15,372	6,709	12,034	5,259	7,746	3,638	63,181	27,683
Employer contributions		4,770	2,295	11,973	4,497	8,895	3,821	6,213	2,735	4,001	1,667	35,852	15,015
Crown contributions		1,339	2,230	7,866	3,477	2,406	3,026	1,798	2,165	1,836	1,814	15,045	12,712
Transfers in from other scheme providers		17,423	29,382	53,391	56,901	39,574	44,685	28,632	30,330	20,726	18,763	157,746	180,061
Member tax credits		2,000	520	3,851	949	3,189	693	2,061	500	1,328	296	12,409	2,958
Switches in from other BNZ KiwiSaver Funds		1,213	444	844	415	1,470	555	2,101	954	3,540	1,503	9,168	3,872
<b>Total contributions in the Scheme</b>		<b>34,798</b>	<b>38,899</b>	<b>97,701</b>	<b>74,288</b>	<b>70,886</b>	<b>59,490</b>	<b>50,839</b>	<b>41,943</b>	<b>39,177</b>	<b>27,681</b>	<b>293,401</b>	<b>242,301</b>
<b>Benefits paid</b>													
Transfers out to other scheme providers		(2,672)	(673)	(5,905)	(1,151)	(3,754)	(718)	(2,466)	(579)	(2,183)	(641)	(16,980)	(3,782)
Retirement		(968)	(347)	(979)	(95)	(244)	(81)	(146)	(1)	(67)	(1)	(2,405)	(525)
Death and disability		(125)	(63)	(109)	(52)	(110)	(8)	(88)	(3)	(28)	(2)	(480)	(128)
First home		(1,055)	(515)	(2,148)	(831)	(1,449)	(469)	(687)	(254)	(488)	(217)	(5,827)	(2,286)
Hardship		(228)	(148)	(347)	(186)	(207)	(79)	(178)	(31)	(100)	(41)	(1,060)	(485)
Switches out to other BNZ KiwiSaver Funds		(1,058)	(476)	(3,343)	(1,396)	(2,585)	(899)	(1,405)	(746)	(777)	(355)	(9,168)	(3,872)
Other permitted withdrawals		(52)	(69)	(188)	(164)	(40)	(170)	(11)	(87)	(40)	(39)	(331)	(529)
<b>Total benefits paid from the Scheme</b>		<b>(6,159)</b>	<b>(2,291)</b>	<b>(13,019)</b>	<b>(3,875)</b>	<b>(6,389)</b>	<b>(2,424)</b>	<b>(4,881)</b>	<b>(1,701)</b>	<b>(3,683)</b>	<b>(1,296)</b>	<b>(36,231)</b>	<b>(11,587)</b>
<b>Other member movements</b>													
Members' administration fee		(203)	(108)	(405)	(177)	(293)	(135)	(195)	(92)	(162)	(68)	(1,258)	(580)
Members' PIE tax		(290)	(97)	(1,423)	(220)	(1,306)	(175)	(848)	(129)	(427)	(74)	(4,294)	(895)
<b>Net benefits accrued to Members</b>		<b>29,816</b>	<b>36,994</b>	<b>83,249</b>	<b>72,118</b>	<b>71,743</b>	<b>58,829</b>	<b>53,348</b>	<b>41,970</b>	<b>41,388</b>	<b>27,743</b>	<b>289,544</b>	<b>237,654</b>
<b>Closing net assets available for benefits</b>		<b>66,810</b>	<b>36,994</b>	<b>165,367</b>	<b>72,118</b>	<b>130,572</b>	<b>58,829</b>	<b>96,318</b>	<b>41,970</b>	<b>69,131</b>	<b>27,743</b>	<b>527,196</b>	<b>237,654</b>
<b>Units on issue (Units in thousands)</b>													
Balance at the beginning of the period		35,766	-	89,821	-	55,929	-	39,044	-	25,154	-	225,514	-
Contributions - units		33,114	38,210	89,841	73,843	63,994	58,596	44,765	40,892	33,832	26,510	285,346	238,051
Withdrawals - units		(6,316)	(2,444)	(13,583)	(4,222)	(8,910)	(2,567)	(5,225)	(1,848)	(3,873)	(1,356)	(37,707)	(12,537)
<b>Balance at the end of the period</b>		<b>62,564</b>	<b>35,766</b>	<b>145,879</b>	<b>69,621</b>	<b>111,013</b>	<b>55,929</b>	<b>78,584</b>	<b>39,044</b>	<b>55,113</b>	<b>25,154</b>	<b>453,153</b>	<b>225,514</b>

The accounting policies and other notes form part of, and should be read in conjunction with, these Financial Statements.

Dollars in thousands	Notes	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
		As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
<b>Current assets</b>													
Cash and cash equivalents	5	66,801	432	57,082	811	11,661	759	4,011	524	2,871	419	142,426	2,945
Financial assets at fair value through profit or loss	6	-	36,408	108,888	70,637	119,316	57,839	91,709	41,197	66,283	27,106	386,194	239,987
Management fee rebate receivable	5	-	-	56	31	87	25	42	19	26	11	181	86
Contributions receivable		408	278	970	777	1,021	463	541	447	475	342	3,416	2,307
Other receivables		30	3	25	1	5	1	2	-	1	-	63	5
<b>Total assets</b>		<b>67,239</b>	<b>37,121</b>	<b>167,018</b>	<b>72,457</b>	<b>132,060</b>	<b>59,067</b>	<b>96,306</b>	<b>42,187</b>	<b>69,656</b>	<b>27,878</b>	<b>632,278</b>	<b>238,730</b>
<b>Current liabilities</b>													
Management fees payable	5	17	9	82	41	101	43	82	34	66	25	348	152
Redemptions payable		137	24	220	80	132	43	83	56	49	38	621	241
PIE tax payable on behalf of Members		275	84	1,350	218	1,255	172	822	127	410	72	4,112	665
<b>Total liabilities (excluding net assets attributable to Members)</b>		<b>429</b>	<b>127</b>	<b>1,652</b>	<b>339</b>	<b>1,488</b>	<b>258</b>	<b>987</b>	<b>217</b>	<b>525</b>	<b>135</b>	<b>5,081</b>	<b>1,078</b>
<b>Net assets available for benefits</b>		<b>66,810</b>	<b>36,994</b>	<b>165,367</b>	<b>72,118</b>	<b>130,572</b>	<b>58,829</b>	<b>95,318</b>	<b>41,970</b>	<b>69,131</b>	<b>27,743</b>	<b>627,198</b>	<b>237,654</b>
<b>Represented by:</b>													
<b>Net assets attributable to Members</b>		<b>66,810</b>	<b>36,994</b>	<b>165,367</b>	<b>72,118</b>	<b>130,572</b>	<b>58,829</b>	<b>95,318</b>	<b>41,970</b>	<b>69,131</b>	<b>27,743</b>	<b>627,198</b>	<b>237,654</b>

The accounting policies and other notes form part of, and should be read in conjunction with, these Financial Statements.

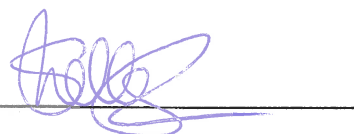
The Board of Directors of BNZ Investment Services Limited authorised these Financial Statements for issue on 17 July 2015.

For and on behalf of the Manager

Director



Director



	Notes	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
		Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014
Dollars in thousands													
<b>Cash flows to/from operating activities</b>													
Cash was provided from:													
Proceeds from sale of financial instruments at fair value through profit or loss		65,863	-	68,608	-	10,883	-	3,481	-	2,552	-	151,397	-
Interest income		40	31	89	60	62	46	45	36	32	22	268	195
Cash was applied to:													
Purchase of financial instruments at fair value through profit or loss	8	(27,695)	(35,794)	(95,780)	(68,721)	(60,834)	(55,698)	(44,915)	(39,176)	(34,811)	(25,537)	(264,035)	(224,926)
Operating expenses		(149)	(48)	(579)	(65)	(721)	(97)	(577)	(93)	(442)	(77)	(2,468)	(380)
<b>Net cash inflow/(outflow) from operating activities</b>	8	<b>38,059</b>	<b>(35,811)</b>	<b>(27,662)</b>	<b>(68,726)</b>	<b>(50,810)</b>	<b>(55,749)</b>	<b>(41,856)</b>	<b>(39,233)</b>	<b>(32,689)</b>	<b>(25,592)</b>	<b>(114,838)</b>	<b>(225,111)</b>
<b>Cash flows from financing activities</b>													
Cash was provided from:													
Contributions		34,668	38,621	97,508	73,511	70,328	59,027	50,745	41,496	39,044	27,339	292,293	239,994
Cash was applied to:													
Benefits paid		(6,249)	(2,375)	(13,284)	(3,972)	(8,593)	(2,516)	(5,149)	(1,737)	(3,834)	(1,326)	(37,109)	(11,928)
Members' PIE tax		(109)	(3)	(291)	(2)	(223)	(3)	(153)	(2)	(89)	(2)	(865)	(12)
<b>Net cash inflow from financing activities</b>		<b>28,310</b>	<b>36,243</b>	<b>83,933</b>	<b>69,537</b>	<b>61,512</b>	<b>56,508</b>	<b>45,443</b>	<b>39,757</b>	<b>35,121</b>	<b>25,011</b>	<b>254,319</b>	<b>228,056</b>
<b>Net increase in cash and cash equivalents</b>		<b>66,369</b>	<b>432</b>	<b>56,271</b>	<b>811</b>	<b>10,902</b>	<b>759</b>	<b>3,487</b>	<b>524</b>	<b>2,452</b>	<b>419</b>	<b>139,481</b>	<b>2,945</b>
Cash and cash equivalents at the beginning of the period		432	-	811	-	759	-	524	-	419	-	2,945	-
<b>Cash and cash equivalents at the end of the period</b>		<b>66,801</b>	<b>432</b>	<b>57,082</b>	<b>811</b>	<b>11,681</b>	<b>759</b>	<b>4,011</b>	<b>524</b>	<b>2,871</b>	<b>419</b>	<b>142,428</b>	<b>2,945</b>

The accounting policies and other notes form part of, and should be read in conjunction with, these Financial Statements.

## 1. General Information

### 1.1 Reporting entities

These financial statements are for the BNZ KiwiSaver Scheme (the "Scheme") which comprises the following five funds (each a "Fund", together the "Funds"):

- \* Cash Fund
- \* Conservative Fund
- \* Moderate Fund
- \* Balanced Fund
- \* Growth Fund

Each Member of the Scheme owns units in the Fund or Funds chosen by them.

The Scheme was established and is governed by a Trust Deed between BNZ Investment Services Limited and The New Zealand Guardian Trust Company Limited, dated 8 January 2013. The Scheme was registered under the KiwiSaver Act 2006 on 16 January 2013. The Scheme began accepting Members on 11 February 2013. The Scheme is designed to help members save for their retirement. The Scheme enables members to invest into one of the five available Funds, or to spread their contributions among several Funds. With the exception of the Cash Fund, each Fund invests across a number of investment sectors, countries and companies, primarily through other unit trusts offered by Russell Investment Group Limited. Each Fund offers a different investment mix and different levels of potential return. The principal activity of the Scheme is investment. The Scheme is domiciled in New Zealand. The Financial Statements have been prepared for the year ended 31 March 2015. The comparative period is from inception (8 January 2013) to 31 March 2014.

The Scheme's investment activities are managed by BNZ Investment Services Limited (the "Manager"). The Manager is a wholly owned subsidiary of Bank of New Zealand ("BNZ") [incorporated in New Zealand, who in turn is wholly owned by National Australia Bank Limited, a licensed bank in Australia]. The registered office of the Manager is Level 4, 80 Queen Street, Auckland. The Manager is the issuer of Membership interests in the Scheme for the purposes of the Securities Act 1978 and is responsible to Members for managing and administering the Scheme.

The Trustee of the Scheme is The New Zealand Guardian Trust Company Limited (the "Trustee"). The registered office of the Trustee is Level 13, 181 Queen Street, Auckland.

The Trustee is the external supervisor of the Scheme, responsible for supervising the performance of the Manager and for the custody of Scheme assets as well as assessing financial hardship and serious illness based withdrawal applications.

The Manager may terminate, close or alter any Funds, or amalgamate any two or more Funds on such terms and conditions as it thinks fit, subject to providing prior written notice to the Trustee.

### 1.2 Statutory base

The Scheme is a defined contribution superannuation scheme established under the KiwiSaver Act 2006 (the "Act") and is subject to the provisions of that Act.

Contributions are made by Members on a voluntary basis. The Funds are utilised products. Unit prices are calculated each business day. Units in the Scheme are offered under a registered prospectus.

These Financial Statements have been prepared in accordance with the requirements of the Superannuation Scheme Act 1989, the KiwiSaver Act 2006, the Financial Reporting Act 2013 and the provisions of the Trust Deed.

The Financial Statements were authorised for issue by the Directors of the Manager on 17 July 2015

## 2. Summary of significant accounting policies

### (2.1) Basis of preparation

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

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). For the purposes of complying with NZ GAAP, the Scheme is a profit-oriented entity. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"). The Financial Statements also comply with International Financial Reporting Standards ("IFRS"). These Financial Statements have been prepared under the historical cost method except for financial assets and liabilities measured at fair value through profit or loss.

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

#### (a) Presentation

The financial statements of the Scheme are presented in New Zealand dollars, which is the Scheme's functional currency. All amounts are rounded to the nearest thousand unless otherwise stated.

#### (b) Standards and amendments to existing standards effective 1 April 2014 impacting the Scheme

No new standards have been adopted by the Scheme effective 1 April 2014.

### (2.2) Interest income

Interest income on assets at fair value through profit or loss is included as interest in the Statement of Changes in Net Assets on an accruals basis. Changes in fair value of such instruments are recorded in accordance with the policies described in Note 2.8.

### (2.3) Dividend and distribution income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statements of Changes in Net Assets Available for Benefits within Members' PIE tax. Unit trust distributions are recognised on a present entitlement basis.

### (2.4) Investment gains and losses

Realised and unrealised gains and losses are reflected in the Statement of Changes in Net Assets Available as net gain/(loss) on financial instruments at fair value through profit or loss.

Unrealised gains or losses include the change in fair value of investments held as at reporting date. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

## 2. Summary of significant accounting policies (continued)

### (2.5) Expenses

All expenses are recognised in the Statement of Changes in Net Assets on an accrual basis.

### (2.6) Income tax

The Scheme qualifies as and has elected to be a Portfolio Investment Entity ("PIE") for tax purposes. Under the PIE regime, detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the Members, and therefore, the Scheme has no income tax expense. Accordingly, no income tax expense is recognised in the Statement of Changes in Net Assets. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Members' PIE tax in the Statement of Changes in Net Assets.

Under the PIE regime, the Manager attributes the taxable income of each Fund to Members in accordance with the proportion of their interest in the Fund. The income attributed to each Member is taxed at the Member's "prescribed investor rate" on redemption and annually on or around 31 March each year.

Member PIE tax disclosed in the Statement of Changes in Net Assets consist of withdrawals to meet Member tax liabilities (or contributions from Member rebates) under the PIE regime and any resident and foreign withholding taxes deducted at source.

### (2.7) Goods and services tax (GST)

The Scheme is not registered for GST. The Statement of Changes in Net Assets and Cash Flow Statement have been prepared so that all components are stated inclusive of GST. All items in the Statement of Changes in Net Assets are stated inclusive of any GST.

### (2.8) Financial Instruments

#### (a) Classification

The Scheme's financial instruments are classified as financial assets or financial liabilities at fair value through profit or loss, loans and receivables and other financial liabilities.

#### *Financial assets or financial liabilities at fair value through profit or loss*

This category has two sub-categories: financial assets or financial liabilities held for trading and those designated at fair value through profit or loss at inception.

##### *Financial instruments held for trading*

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is 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 categorised as held for trading. These include forward currency contracts, interest rate futures and interest rate swaps. Derivatives are carried as assets (liabilities) when the fair value is positive (negative). The Scheme does not designate any derivatives as hedges in a hedging instruments for hedge accounting purposes.

##### *Financial instruments designated at fair value through profit or loss at inception*

Financial assets and financial liabilities designated at fair value through profit or loss at inception 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 instruments on a fair value basis together with other related financial information [These are investments in Australia and New Zealand unlisted unit trusts].

The designation of financial instruments at fair value through profit or loss is consistent with the Scheme's risk management and investment strategy.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and may include cash and cash equivalents, rebates on management fees, amounts receivable for dividends, interest and trust distributions, amounts due from brokers for securities sold that have been contracted for but not yet delivered at the end of the accounting period and contributions receivable.

Cash and cash equivalents include cash in hand and deposits held at call with banks. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Scheme's main income generating activity.

#### Other financial liabilities

These amounts represent liabilities and accrued expenses owed by the Scheme at period end and may include amounts due to brokers for securities purchased that have been contracted for but not yet delivered at period end, withdrawals owed to Members and Net Assets attributable to Members. These amounts are recognised initially at fair value and subsequently stated at amortised cost.

#### Net assets attributable to members

The Net assets attributable to Members represent the liability for promised retirement benefits and is the Scheme's present obligation to pay benefits to Members. This has been calculated as the difference between carrying amounts of the assets and carrying amounts of the liabilities at the reporting date. The Funds issue units that are redeemable subject to the requirements of the Act at the Members' option and do not have identical features and are therefore classified as financial liabilities. The units can be put back to the Funds at any time for purposes of permitted withdrawals (such as reaching the retirement age of 65 or significant financial hardship), transfer to another Fund within the BNZ KiwiSaver Scheme or to a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the period end date if Members exercise their right to put the units back to the Funds.

As stipulated in the Trust Deed, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund. There are no separate classes of units within each Fund and each unit has the same rights attaching to it as all other units in the respective Fund.

Contributions received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed subject to the requirements of the KiwiSaver Act 2006 at the holder's option at prices based on the Funds' net asset value per unit at the time of issue or redemption. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of each Fund with the total number of outstanding units of each Fund. There are currently no entry or exit fees payable.

2. Summary of significant accounting policies (continued)

(2.8) Financial instruments (continued)

(b) Recognition, derecognition and measurement

The Scheme recognises financial assets on the date it becomes party to the contractual agreement (trade date). Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Changes in Net Assets.

Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all of the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial instruments designated at fair value through profit or loss are presented in the Statement of Changes in Net Assets within net gain/(loss) on financial instruments at fair value through profit or loss in the period in which they arise.

Loans and receivables are initially recognised at fair value, being the amounts receivable. They are subsequently measured at amortised cost, reduced for impairment as appropriate. Any impairment charge is recognised in the Statement of Changes in Net Assets.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(c) Fair value estimation

The Scheme measures its financial assets and liabilities at fair value at reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants without any deductions for transaction costs at the reporting date.

*· Fair value in an inactive or unquoted market*

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

Investments in other unlisted unit trusts, including any investments in unconsolidated funds that are controlled by the Scheme, are recorded at the redemption value per unit as reported by the managers of such funds. Where the units of the other funds are not publicly traded, redemption can only be made by the Funds on the redemption dates and subject to the required notice periods specified in the offering documents of the other funds. The rights of the Scheme to request redemption of its investments in other funds may vary in frequency from daily to annual redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Scheme may be materially affected by the actions of other investors who have invested in other funds in which the Scheme has invested.

### 3. Critical accounting estimates and judgements

The Manager of the Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience amongst other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Classification as an investment entity

The Scheme meets the definition of an investment entity as defined by NZ IFRS 10 because of the following characteristics:

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

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

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

### 4. Commitments and contingent liabilities

There were no material contingent liabilities or capital commitments as at 31 March 2015 (31 March 2014 : nil).

### 5. Related parties

The Manager is responsible for the administration of the Scheme. The Manager is ultimately owned by BNZ. At least one Director of the Manager is invested in the Scheme.

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

The Manager incurs the ordinary administrative expenses of the Scheme which it pays from the management fee it receives from the Scheme. The Manager also incurs the costs in relation to the audit and trustee fees of the Scheme.

Each Fund operates a bank account with BNZ on normal commercial terms.

Contributions receivable and redemptions payable are held in client monies bank accounts with BNZ.

The Trustee is considered a related party.

Prior to 31 March 2015 each of the Funds invested in the BNZ Cash PIE. The BNZ Cash PIE is also issued and managed by the Manager. The BNZ Cash PIE is a unit trust established under the Unit Trusts Act 1960. All related party investments and income earned is detailed below:

Investments held with related parties at balance date:

Dollars in Thousands	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
The Scheme invests into the following:												
BNZ Cash PIE	-	36,408	-	13,383	-	5,129	-	1,603	-	1,044	-	57,567
BNZ Bank Account	66,801	432	57,062	811	11,661	759	4,011	524	2,871	419	142,426	2,945
<b>Total</b>	<b>66,801</b>	<b>36,840</b>	<b>57,062</b>	<b>14,194</b>	<b>11,661</b>	<b>5,888</b>	<b>4,011</b>	<b>2,127</b>	<b>2,871</b>	<b>1,463</b>	<b>142,426</b>	<b>60,512</b>



5. Related Parties (continued)

Dollars in Thousands	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014
Income earned by the Scheme from the following investments with related parties:												
BNZ Cash PIE	1,757	817	1,182	227	274	83	86	28	80	17	3,328	972
BNZ Bank Account	70	31	114	60	67	46	47	36	33	22	331	195
<b>Total</b>	<b>1,827</b>	<b>648</b>	<b>1,266</b>	<b>287</b>	<b>341</b>	<b>129</b>	<b>133</b>	<b>64</b>	<b>93</b>	<b>39</b>	<b>3,660</b>	<b>1,167</b>

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

Management fee percentage per annum	0.30%	0.30%	0.58%	0.70%	0.90%	0.90%	1.00%	1.00%	1.10%	1.10%
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6. Financial assets held at fair value through profit or loss

The Scheme's Investment Manager is Russell Investment Group Limited. The Funds invest into investment products offered by Russell Investment Group as follows:

Dollars in Thousands	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
The Scheme invests into the following unlisted unit trusts:												
Russell Global Opportunities Fund NZ Hedged Class A Fund	-	-	25,033	11,205	38,480	16,581	37,884	18,007	37,714	14,552	139,111	58,345
Russell Global Bond Fund Class B Fund	-	-	57,384	33,693	58,214	25,845	34,848	15,156	13,309	5,265	163,856	79,980
Russell New Zealand Shares Fund	-	-	8,650	3,814	10,042	4,617	12,079	5,444	12,018	4,945	42,789	18,820
Russell NZ Fixed Interest Fund	-	-	17,819	8,742	12,580	5,667	8,787	2,987	3,242	1,299	40,438	18,688
BNZ Cash PIE	-	36,408	-	13,383	-	5,129	-	1,603	-	1,044	-	57,567
<b>Total</b>	<b>-</b>	<b>36,408</b>	<b>108,886</b>	<b>70,837</b>	<b>119,316</b>	<b>57,839</b>	<b>91,709</b>	<b>41,197</b>	<b>66,283</b>	<b>27,106</b>	<b>386,194</b>	<b>233,387</b>

7. Financial instruments by category

	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Dollars in Thousands												
<b>Assets</b>												
Designated at fair value through profit or loss at inception	-	36,408	108,886	70,837	119,316	57,839	91,709	41,197	66,283	27,106	386,194	233,387
Financial assets at fair value through profit or loss	-	36,408	108,886	70,837	119,316	57,839	91,709	41,197	66,283	27,106	386,194	233,387
<b>Total financial assets designated at fair value through profit or loss at inception</b>	<b>-</b>	<b>36,408</b>	<b>108,886</b>	<b>70,837</b>	<b>119,316</b>	<b>57,839</b>	<b>91,709</b>	<b>41,197</b>	<b>66,283</b>	<b>27,106</b>	<b>386,194</b>	<b>233,387</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>36,408</b>	<b>108,886</b>	<b>70,837</b>	<b>119,316</b>	<b>57,839</b>	<b>91,709</b>	<b>41,197</b>	<b>66,283</b>	<b>27,106</b>	<b>386,194</b>	<b>233,387</b>
<b>Loans and receivables</b>												
Contributions receivable	408	278	970	777	1,021	463	541	447	475	342	3,415	2,307
Other receivables	30	3	25	1	5	1	2	-	1	-	63	5
Management fee rebate receivable	-	-	56	31	57	25	42	19	26	11	181	86
Cash and cash equivalents	66,801	432	57,082	811	11,661	759	4,011	524	2,871	419	142,426	2,945
<b>Total loans and receivables</b>	<b>67,239</b>	<b>713</b>	<b>58,133</b>	<b>1,620</b>	<b>12,744</b>	<b>1,248</b>	<b>4,596</b>	<b>990</b>	<b>3,373</b>	<b>772</b>	<b>146,085</b>	<b>5,343</b>
<b>Total financial assets</b>	<b>67,239</b>	<b>37,121</b>	<b>167,019</b>	<b>72,457</b>	<b>132,060</b>	<b>59,087</b>	<b>96,305</b>	<b>42,187</b>	<b>69,656</b>	<b>27,878</b>	<b>532,279</b>	<b>238,730</b>
<b>Liabilities</b>												
<b>At amortised cost</b>												
Management fees payable	17	9	82	41	101	43	82	34	86	25	348	152
Redemptions payable	137	24	220	80	132	43	83	56	49	38	621	241
PIE tax payable on behalf of Members	275	94	1,350	218	1,255	172	822	127	410	72	4,112	683
Net assets attributable to Members	66,810	36,994	165,367	72,118	130,572	58,829	95,318	41,970	69,131	27,743	527,198	237,654
<b>Total financial liabilities</b>	<b>67,239</b>	<b>37,121</b>	<b>167,019</b>	<b>72,457</b>	<b>132,060</b>	<b>59,087</b>	<b>96,305</b>	<b>42,187</b>	<b>69,656</b>	<b>27,878</b>	<b>532,279</b>	<b>238,730</b>

8. Reconciliation of profit/(loss) attributable to members to net cash (outflow)/inflow from operating activities

	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014	Year ended 31 March 2015	15 month period ended 31 March 2014
Dollars in Thousands												
Profit attributable to Members before membership activities	1,670	591	10,395	2,102	10,845	2,073	8,533	1,949	6,483	1,500	37,928	8,215
Proceeds from sale of financial instruments at fair value through profit or loss	65,863	-	68,808	-	10,883	-	3,491	-	2,552	-	151,397	-
Purchase of financial instruments at fair value through profit or loss	(27,695)	(35,794)	(95,780)	(68,721)	(60,834)	(55,698)	(44,915)	(39,176)	(34,811)	(25,537)	(284,035)	(224,926)
Net (gain)/loss on financial instruments designated at fair value through profit or loss	-	-	101	(767)	(2,491)	(1,014)	(2,947)	(1,080)	(3,404)	(982)	(8,741)	(3,843)
Change in other receivables	(27)	(3)	(49)	(1)	(36)	(1)	(25)	-	(16)	-	(153)	(5)
Change in management fees payable	8	9	41	10	58	18	48	15	41	14	196	66
Non cash items:												
Management Fee Rebates	-	-	(394)	-	(384)	-	(273)	-	(161)	-	(1,212)	-
Distribution reinvested	(1,760)	(614)	(10,582)	(1,348)	(8,648)	(1,127)	(5,868)	(940)	(3,351)	(566)	(30,207)	(4,615)
Foreign withholding tax	-	-	(2)	(1)	(3)	-	(2)	(1)	(2)	(1)	(9)	(3)
	<b>36,389</b>	<b>(36,402)</b>	<b>(38,057)</b>	<b>(70,828)</b>	<b>(61,455)</b>	<b>(57,822)</b>	<b>(50,489)</b>	<b>(41,182)</b>	<b>(38,152)</b>	<b>(27,092)</b>	<b>(152,784)</b>	<b>(233,326)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>38,059</b>	<b>(35,811)</b>	<b>(27,662)</b>	<b>(68,726)</b>	<b>(50,610)</b>	<b>(55,749)</b>	<b>(41,956)</b>	<b>(38,233)</b>	<b>(32,669)</b>	<b>(25,592)</b>	<b>(114,838)</b>	<b>(226,111)</b>

## 9. Financial risk management

The Trust Deed of the Scheme requires the Manager to invest the assets of each Fund of the Scheme in accordance with the investment guidelines, as notified to the Trustee from time to time. The Scheme's activities result in exposure to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Manager's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects of financial risks on the Funds' financial performance.

The Manager has delegated the investment management of the funds to Russell Investments Group Limited ("Russell Investments"). However it is important to note that this delegation does not relieve the Manager of responsibility for the investment management of the Funds. Russell Investments manages risk on a day-to-day basis, using qualitative and quantitative methods, both at an asset allocation level, as well as within asset classes. Russell provide regular performance and risk reporting to the Manager. This reporting is also reviewed by BNZ's Research Team and the BNZ Investment Review Committee.

All securities investments present a risk of loss of capital. The maximum exposure on unlisted unit trusts is limited to the fair value of those securities.

The various types of risk to which the Funds are exposed are explained below.

### (a) Credit risk

Credit risk is the risk that a counterparty or issuer of a security will be unable to pay amounts in full when they fall due. The Funds are primarily invested in unlisted unit trusts, which are considered to have equity risk, rather than market risk, and therefore their direct exposure to credit risk is limited to their bank account balances held with BNZ.

The Funds may be indirectly exposed to credit risk through their investments in unlisted unit trusts, who in turn, invest in direct assets such as debt instruments issued by domestic and international companies and governments.

Limits are set for the management of counterparty risk by the Funds and compliance with these limits is monitored daily and reported to the Manager quarterly and by exception. The maximum credit risk of financial instruments is considered to be their carrying value. The investment strategy incorporates an appropriate diversification of investments (at an underlying unlisted unit trust level) so that each Fund has no significant concentration of credit risk (except for the Cash Fund which invests solely in BNZ deposits and operates banks account with BNZ). The Funds' investments in cash balances are all with BNZ which has a credit rating of AA- at balance date as measured by Standard & Poor's.

### (b) Liquidity risk

Liquidity risk is the risk that a Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity management is designed to ensure that each of the Funds has the ability to generate sufficient cash in a timely manner to meet their financial commitments and normal levels of withdrawals. Each Fund has benchmark liquidity levels which are monitored and maintained on a daily basis. Liquidity risk is managed by holding liquid investments to enable each of the Funds to meet liabilities as they fall due and unit withdrawals when requested. In the event of abnormal levels of withdrawals, timing of payment may be dependent on the ability of the particular Fund to realise its underlying investments on a timely basis.

At balance date, all the Funds (with the exception of the Cash Fund) invest primarily in unlisted unit trusts and where a Fund invests into other investment funds, those underlying funds allow for withdrawals to match the Scheme's daily redemption policy. However, underlying funds may be subject to weekly or monthly redemption options or discretionary redemption restrictions exercisable by the manager of the underlying fund, including the ability to suspend withdrawals or withhold varying amounts of any withdrawals requested.

Management fees payable and redemptions payable are due for settlement within one month of balance date. The Manager does not expect any significant levels of withdrawals in the short to medium term for any Fund within the Scheme.

### (c) Currency risk

Foreign currency risk arises as the value of monetary assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates.

The Scheme held no direct monetary assets denominated in foreign currency during the period and therefore has no direct exposure to currency risk.

The Scheme is indirectly exposed when a unit trust it invests in has a functional currency of New Zealand dollars, but has investments that are denominated in a foreign currency.

The Manager has hedging policies. Certain underlying unit trusts enter into foreign exchange derivatives both to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in a foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities.

9. Financial risk management (continued)

(d) Cash flow and fair value interest rate risk

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of a financial instrument. The Scheme's direct exposure to interest rate risk is through its on call bank account balances with BNZ.

The following table summarises the sensitivity of the Scheme's profit and net asset attributable to Members to changes in interest rate movements at balance date. The analysis is based on the assumptions that the relevant interest rate increased/decreased by 1%, with all other variables held constant. This represents the Manager's best estimate of a reasonable shift in the interest rates, with regard to historical volatility of those rates.

Dollars in Thousands	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
+1% change	668	368	571	142	117	59	40	21	29	15	1,424	605
-1% change	(668)	(368)	(571)	(142)	(117)	(59)	(40)	(21)	(29)	(15)	(1,424)	(605)

The movement of the Funds within the Scheme arises mainly from cash flow variability of cash and cash equivalents. The Funds may be indirectly exposed to interest rate risk arising from interest rate sensitive financial assets or liabilities (including certain derivatives) which are held by unit trusts to which the Funds invest into and therefore the above sensitivity analysis may not fully indicate the total effect on the profit before membership activities and net asset attributable to members of the Scheme of future movements in interest rates.

(e) Price risk

Price risk is the risk that the value of each Fund's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by diversification and by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The table below summarises the sensitivity of the Scheme's profit attributable to members and net assets attributable to Members to price movements of non monetary assets at balance date. The analysis is based on a price move of 5% which represents the Manager's best estimate of a reasonable shift in prices with regard to historical volatility. If the prices of investments which the Funds invest in at balance date had increased or decreased by 5% with all other variables held constant, this would have increased/(decreased) profit and Net assets attributable to Members by approximately:

Dollars in Thousands	Cash Fund		Conservative Fund		Moderate Fund		Balanced Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
+5% change	-	-	5,444	2,873	5,966	2,636	4,585	1,980	3,314	1,303	19,309	8,792
-5% change	-	-	(5,444)	(2,873)	(5,966)	(2,636)	(4,585)	(1,980)	(3,314)	(1,303)	(19,309)	(8,792)

The Funds also manage their exposure to price risk by analysing and monitoring the weighting to various investment sectors. The Scheme's policy is to concentrate the investment portfolios in sectors where the Manager believes the Funds can maximise the returns derived for the level of risk to which the respective Fund is exposed. This is achieved largely through investing into other unit trusts. A breakdown of concentrations is disclosed in Note 6.

#### 9. Financial risk management (continued)

##### (f) Fair values of financial assets and financial liabilities

All financial assets and financial liabilities included in the Statement of Net Assets are carried at amounts that represent or approximate fair value.

##### (g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the period end date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Manager uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

For instruments for which there is no active market, the Manager may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

All Funds primarily invest in unlisted unit trusts (with the exception of the Cash Fund). The values of these underlying unit trusts are determined by the manager of the underlying unit trust and therefore these investments are classified as Level 2 in the fair value hierarchy. The Manager believes that the Scheme could have redeemed their investments at the net asset value per unit recognised at the balance date. The Scheme holds no financial assets that are classified as Level 1 or Level 3 within the fair value hierarchy.

##### (h) Capital risk management

The Scheme manages its Net assets attributable to Members as capital, notwithstanding Net assets attributable to Members is classified as a liability. The Net assets attributable to Members can change significantly on a daily basis as the Funds are subject to daily contributions and withdrawals which are at the discretion of Members. The Scheme's objective when managing capital is to safeguard the Scheme's ability to continue as a going concern in order to provide returns for Members and to maintain a strong capital base to support the development of the investment activities of the Scheme. In order to maintain or adjust the capital structure, the Scheme's policy is to perform the following:

- a) monitor the level of daily contributions and redemptions relative to the assets it expects to be able to liquidate within 7 days.
- b) redeem and issue new units in accordance with the constitutional documents of the Scheme, which include the ability to restrict withdrawals and require certain minimum holdings and subscriptions.

The Scheme receives funding from Member contributions, Member's employers and the New Zealand Government via the Inland Revenue Department (IRD) in the form of a \$1,000 kick start contribution and annual Member tax credits. The Scheme strives to invest Members' contributions in investments that meet the Scheme's objectives while maintaining sufficient liquidity to meet Member redemptions.

The Scheme does not have any externally imposed capital requirements.

Neither the Trustee, the Manager, BNZ, their Directors, nor any members of their groups of companies nor any other person promises or guarantees the units offered by the Scheme, the performance or returns of the Funds.

All investments made with the moneys of a Fund are held exclusively for that Fund, and for the exclusive benefit of the members who have Units in that Fund. This means that all liabilities incurred in relation to a Fund are met only from the assets held for (or apportioned to) that Fund, except where the Manager transfers value between the Funds to accommodate BNZ KiwiSaver Scheme being a single taxpayer, or where (and only to the extent that) there are insufficient assets in a Fund to meet a liability for tax attributable to that Fund. The Manager does not permit the assets or liabilities of any Fund to become intermingled with those of any other Fund, and maintains separate records in respect of each Fund.

#### 10. Events occurring after balance date

No significant events have occurred since the balance date which would impact the financial position of the Funds disclosed in the balance sheet as at 31 March 2015 or on the results and cashflows of the Funds for the year ended on that date.

## Independent Auditor's Report

### To the Members of BNZ KiwiSaver Scheme

#### Report on the Financial Statements

We have audited the financial statements of the Cash Fund, the Conservative Fund, the Moderate Fund, the Balanced Fund and the Growth Fund (the "Funds") and the combination of those funds (the "Scheme") on pages 2 to 13, which comprise the statement of net assets as at 31 March 2015, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the scheme members, as a body, in accordance with the Financial Reporting Act 2013. Our audit has been undertaken so that we might state to the scheme members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme and the scheme's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation of the financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interest in the Scheme.

#### Opinion

In our opinion, the financial statements on pages 2 to 13:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ comply with International Financial Reporting Standards; and
- ▶ give a true and fair view of the financial position of the Funds and the Scheme as at 31 March 2015 and their financial performance and cash flows for the year then ended.

#### Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 2013, we report that:

- ▶ We have obtained all the information and explanations that we have required.
- ▶ In our opinion, proper accounting records have been kept by the Scheme as far as appears from our examination of those records.



17 July 2015  
Auckland