

BNZ KiwiSaver Scheme

Financial Statements
For the year ended 31 March 2022



Directory

The Manager

BNZ Investment Services Limited
Level 4
80 Queen Street
Auckland 1010
Private Bag 92208
Auckland 1142

Telephone: 0800 269 5494

Email: bnz_investment_services@bnz.co.nz

BNZ Investment Services Limited is the Manager
and Issuer of the BNZ KiwiSaver Scheme.

Directors of BNZ Investment Services Limited as at 18 July 2022:

Richard Ansell
Hayley Cassidy
Emma Dobson
Karna Luke
Paul Richardson

The Supervisor

The New Zealand Guardian Trust Company Limited
Level 6
191 Queen Street
PO Box 1934
Auckland 1015

Auditor

Ernst & Young
Ernst & Young Building
2 Takutai Square
Britomart
Auckland 1010

Contents

Statements of Changes in Net Assets	2
Statements of Net Assets	3
Statements of Cash Flows	4
Notes to and Forming Part of the Financial Statements	5
Independent Auditor's Report	17

Statements of Changes in Net Assets

For the year ended 31 March 2022

	Notes	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022* \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
For the year ended 31 March																
Investment activities																
Interest income on financial assets at amortised cost		4	4	4	4	15	13	13	9	12	9	7	22	11	77	50
Net gains/(losses) on financial assets at fair value through profit or loss		1,878	2,137	(793)	9,859	(13,294)	54,586	(5,190)	71,251	799	88,769	(24,856)	14,255	167,715	(27,201)	394,317
Net investment income/(loss)		1,882	2,141	(789)	9,863	(13,279)	54,599	(5,177)	71,260	811	88,778	(24,849)	14,277	167,726	(27,124)	394,367
Expenses																
Management fees	6	728	730	1,115	1,022	4,257	4,411	3,693	3,536	3,599	3,180	509	6,033	4,664	19,934	17,543
Total expenses		728	730	1,115	1,022	4,257	4,411	3,693	3,536	3,599	3,180	509	6,033	4,664	19,934	17,543
Profit/(loss) attributable to Members		1,154	1,411	(1,904)	8,841	(17,536)	50,188	(8,870)	67,724	(2,788)	85,598	(25,358)	8,244	163,062	(47,058)	376,824
Membership activities																
Opening net assets available for benefits		235,650	253,329	218,652	176,229	911,543	795,140	670,738	508,276	618,977	436,979	-	975,040	577,879	3,630,600	2,747,832
Contributions into the Scheme																
Members' contributions		23,292	23,973	30,342	27,518	99,080	117,518	74,419	92,404	81,126	68,853	18,538	123,913	91,261	450,710	421,527
Employers' contributions		10,421	11,769	15,086	14,758	43,402	52,352	22,882	23,710	23,998	22,910	11,206	52,700	41,813	179,695	167,312
Government contributions		4,044	4,591	5,690	5,570	17,601	18,220	8,541	8,479	8,001	7,435	(7)	16,789	12,856	60,659	57,151
Transfers in from other scheme providers		15,278	15,062	15,958	19,870	20,117	22,182	25,004	23,742	44,036	31,369	379,580	78,196	66,618	578,169	178,843
Total contributions into the Scheme		53,035	55,395	67,076	67,716	180,200	210,272	130,846	148,335	157,161	130,567	409,317	271,598	212,548	1,269,233	824,833
Benefits paid from the Scheme																
Transfers out to other scheme providers		(9,731)	(8,432)	(13,323)	(10,214)	(36,823)	(34,804)	(22,714)	(19,209)	(27,523)	(21,611)	(12,634)	(69,523)	(41,395)	(192,271)	(135,665)
Retirement		(11,117)	(8,977)	(1,034)	(381)	(31,098)	(16,953)	(18,030)	(11,324)	(12,527)	(6,087)	(1,290)	(4,814)	(3,070)	(79,910)	(46,792)
Death and disability		(690)	(546)	(174)	(184)	(1,890)	(1,520)	(7,218)	(1,866)	(1,536)	(995)	(107)	(932)	(793)	(12,547)	(5,904)
First home		(10,723)	(14,712)	(20,497)	(23,226)	(18,249)	(22,516)	(9,305)	(9,794)	(7,566)	(7,155)	(766)	(15,506)	(12,814)	(82,612)	(90,217)
Hardship		(826)	(1,971)	(1,471)	(1,919)	(2,729)	(4,646)	(1,617)	(2,405)	(1,008)	(1,826)	(215)	(2,210)	(2,692)	(10,076)	(15,459)
Other permitted withdrawals		(463)	(538)	(636)	(501)	(2,235)	(1,659)	(826)	(1,049)	(792)	(667)	(229)	(2,938)	(1,563)	(8,119)	(5,977)
Total benefits paid from the Scheme		(33,550)	(35,176)	(37,135)	(36,425)	(93,024)	(82,098)	(59,710)	(45,647)	(50,952)	(38,341)	(15,241)	(95,923)	(62,327)	(385,535)	(300,014)
Switches within the BNZ KiwiSaver Scheme																
Switches in from other BNZ KiwiSaver Funds		53,650	23,914	33,446	21,346	54,993	30,320	47,500	32,106	63,673	50,309	132,186	157,435	123,935	-	-
Switches out to other BNZ KiwiSaver Funds		(35,110)	(62,908)	(26,496)	(18,578)	(231,506)	(89,798)	(64,827)	(36,673)	(65,580)	(41,832)	(57,739)	(61,625)	(32,141)	-	-
Total switches within the BNZ KiwiSaver Scheme		18,540	(38,994)	6,950	2,768	(176,513)	(59,478)	(17,327)	(4,567)	(1,907)	8,477	74,447	95,810	91,794	-	-
Other Members' movements																
Members' PIE tax		(254)	(315)	405	(477)	4,510	(2,481)	2,201	(3,383)	877	(4,303)	1,044	(2,260)	(7,916)	6,523	(18,875)
Total other Members' movements		(254)	(315)	405	(477)	4,510	(2,481)	2,201	(3,383)	877	(4,303)	1,044	(2,260)	(7,916)	6,523	(18,875)
Net benefits accrued to Members		38,925	(17,679)	35,392	42,423	(102,363)	116,403	47,140	162,462	102,391	181,998	444,209	277,469	397,161	843,163	882,768
Closing net assets available for benefits		274,575	235,650	254,044	218,652	809,180	911,543	717,878	670,738	721,368	618,977	444,209	1,252,509	975,040	4,473,763	3,630,600
Units on issue (Units in thousands)																
Balance at the beginning of the year		195,015	210,839	178,320	150,529	622,284	576,467	401,647	342,969	333,506	278,479	-	465,791	344,714	2,196,563	1,903,997
Contributions - units		88,603	66,651	82,470	74,554	163,346	167,669	106,555	112,150	116,239	102,921	538,545	197,112	174,005	1,292,870	697,950
Withdrawals - units		(57,446)	(82,475)	(52,300)	(46,763)	(220,362)	(121,852)	(73,990)	(53,472)	(61,676)	(47,894)	(74,556)	(74,506)	(52,928)	(614,836)	(405,384)
Balance at the end of the year		226,172	195,015	208,490	178,320	565,268	622,284	434,212	401,647	388,069	333,506	463,989	588,397	465,791	2,874,597	2,196,563

* For the six months ended 31 March

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

Statements of Net Assets

As at 31 March 2022

	Notes	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme		
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
As at 31 March																	
Financial assets																	
Cash and cash equivalents		406	373	406	249	1,130	1,576	629	1,764	699	1,438	802	2,325	1,850	6,397	7,250	
Financial assets at fair value through profit or loss	5	274,790	235,294	253,183	218,306	804,033	910,198	715,021	669,198	720,259	617,015	442,405	1,251,097	973,324	4,460,788	3,623,335	
Contributions receivable		307	400	442	499	879	1,366	537	1,600	737	1,898	524	2,219	2,523	4,499	7,040	
Other receivables		-	221	-	654	-	2,141	979	2,532	-	3,250	-	-	6,234	979	15,032	
Total financial assets		275,503	236,288	254,031	219,708	806,042	915,281	717,166	675,094	721,695	623,601	443,731	1,255,641	983,931	4,472,663	3,652,657	
Financial liabilities																	
Management fees payable	6	72	64	99	99	307	413	271	349	271	321	128	473	503	1,621	1,749	
Redemptions payable		619	328	312	603	1,172	1,468	1,303	1,035	1,039	461	399	582	1,041	4,280	3,690	
PIE tax payable/(receivable) on behalf of Members		237	246	(424)	354	(4,617)	1,857	(2,286)	2,972	(983)	3,842	(1,005)	2,077	7,347	(7,001)	16,618	
Total financial liabilities (excluding net assets attributable to Members)		928	638	(13)	1,056	(3,138)	3,738	(712)	4,356	327	4,624	(478)	3,132	8,891	(1,100)	22,057	
Net assets available for benefits		274,575	235,650	254,044	218,652	809,180	911,543	717,878	670,738	721,368	618,977	444,209	1,252,509	975,040	4,473,763	3,630,600	
Represented by:																	
Net assets attributable to Members		274,575	235,650	254,044	218,652	809,180	911,543	717,878	670,738	721,368	618,977	444,209	1,252,509	975,040	4,473,763	3,630,600	

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 18 July 2022.

For and on behalf of the Manager

Director

Director

Statements of Cash Flows

For the year ended 31 March 2022

	Notes	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022* \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
For the year ended 31 March																
Cash flows from operating activities																
Cash was provided from:																
Proceeds from sale of financial assets at fair value through profit or loss		17,612	33,172	10,871	6,735	193,349	101,076	39,343	32,839	33,845	14,446	53,283	72,743	21,447	421,046	209,715
Purchase of financial assets at fair value through profit or loss		(55,009)	(16,057)	(45,887)	(40,903)	(98,337)	(166,613)	(88,803)	(127,308)	(133,040)	(116,505)	(520,544)	(330,027)	(267,311)	(1,271,647)	(734,697)
Interest income received		4	4	4	4	15	13	13	9	12	9	7	22	11	77	50
Cash was applied to:																
Operating expenses paid		(720)	(720)	(1,115)	(997)	(4,363)	(4,331)	(3,771)	(3,447)	(3,649)	(3,083)	(381)	(6,063)	(4,460)	(20,062)	(17,038)
Net cash (outflows)/inflows from operating activities	7	(38,113)	16,399	(36,127)	(35,161)	90,664	(69,855)	(53,218)	(97,907)	(102,832)	(105,133)	(467,635)	(263,325)	(250,313)	(870,586)	(541,970)
Cash flows from financing activities																
Cash was provided from:																
Contributions		106,778	82,561	100,579	89,589	235,680	242,260	179,409	180,192	221,995	179,931	540,979	429,337	336,434	1,271,874	829,037
Cash was applied to:																
Benefits paid		(68,369)	(98,955)	(63,922)	(55,035)	(324,826)	(172,602)	(124,269)	(83,038)	(115,954)	(80,988)	(72,581)	(158,007)	(95,466)	(385,045)	(304,154)
Members' PIE tax		(263)	(618)	(373)	(556)	(1,964)	(3,694)	(3,057)	(2,098)	(3,948)	(1,471)	39	(7,530)	(708)	(17,096)	(9,145)
Net cash inflows/(outflows) from financing activities		38,146	(17,012)	36,284	33,998	(91,110)	65,964	52,083	95,056	102,093	97,472	468,437	263,800	240,260	869,733	515,738
Net increase/(decrease) in cash and cash equivalents		33	(613)	157	(1,163)	(446)	(3,891)	(1,135)	(2,851)	(739)	(7,661)	802	475	(10,053)	(853)	(26,232)
Cash and cash equivalents at the beginning of the year		373	986	249	1,412	1,576	5,467	1,764	4,615	1,438	9,099	-	1,850	11,903	7,250	33,482
Cash and cash equivalents at the end of the year		406	373	406	249	1,130	1,576	629	1,764	699	1,438	802	2,325	1,850	6,397	7,250

* For the six months ended 31 March

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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March 2022

1. General information

1.1 Reporting entities

These Financial Statements are for the BNZ KiwiSaver Scheme (the “Scheme”) which comprises the following seven funds (each a “Fund”, together the “Funds”):

- Cash Fund;
- First Home Buyer Fund;
- Conservative Fund;
- Moderate Fund;
- Balanced Fund;
- Default Fund (commenced operations on 1 December 2021); and the
- Growth Fund.

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

The Scheme was established and initially governed by a Trust Deed between BNZ Investment Services Limited (the “Manager”) and The New Zealand Guardian Trust Company Limited, dated 8 January 2013. The Scheme was registered under the KiwiSaver Act 2006 (the “KiwiSaver Act”) on 16 January 2013. The Scheme began accepting Members on 11 February 2013. The First Home Buyer Fund was established on 16 September 2015, and began accepting Members on 17 September 2015. The Default Fund was established on 10 September 2021 and began accepting members on 1 December 2021. On 19 August 2016, the governing Trust Deed was substituted with a KiwiSaver Scheme Governing Deed (“Governing Document”) in order to comply with the requirements of the Financial Markets Conduct Act 2013 (“FMCA”), the KiwiSaver Act and all other relevant legislation and to make a number of other minor amendments to the Trust Deed as a consequence of the introduction of the FMCA and the amendments to other legislation or for more efficient operation of the Scheme. The Scheme is designed to help Members save for their retirement. The Scheme enables Members to invest into one of the seven 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, through other unit trusts. 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 Scheme’s investment activities are managed by 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 (“NAB”), a licensed bank in Australia. The registered office of the Manager is Level 4, 80 Queen Street, Auckland 1010. The Manager is the issuer of Membership interests in the Scheme for the purposes of the FMCA and is responsible to Members for managing and administering the Scheme.

The Supervisor of the Scheme is The New Zealand Guardian Trust Company Limited (the “Supervisor”). The registered office of the Supervisor is Level 6, 191 Queen Street, Auckland 1015. The Supervisor 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 Supervisor.

1.2 Statutory base

The Scheme is a KiwiSaver Scheme registered under the FMCA and is subject to the provisions of that Act.

Contributions are made by Members on a voluntary basis. The Funds are unitised products. Unit prices are calculated each business day. As a registered KiwiSaver Scheme units in the Scheme are offered under a Product Disclosure Statement.

The Financial Statements have been prepared in accordance with the requirements of the FMCA, the KiwiSaver Act and the Governing Document.

The Financial Statements were authorised for issue by the Board of Directors of the Manager on 18 July 2022.

Notes to and Forming Part of the Financial Statements continued

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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 comply with New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”), and International Financial Reporting Standards (“IFRS”). These Financial Statements have been prepared under the historical cost method, except for financial assets at fair value through profit or loss.

The Financial Statements have been prepared for the year ended 31 March 2022 with comparative information for the year ended 31 March 2021, except for the Default Fund for which the Financial Statements are presented for the six month ended 31 March 2022. Given that the current reporting period is the first year of operation for the Default Fund, no comparatives have been presented.

The results, positions and cash flows reported for the Total BNZ KiwiSaver Scheme have been prepared on a total basis across the individual Funds, with the elimination of interfund transactions and balances.

(a) Presentation

The Financial Statements are presented in New Zealand dollars, which is the Schemes’ functional currency and reflects the currency of the primary economic environment in which the Funds operate, compete for funds and are regulated. Units are denominated in New Zealand dollars and the performance of the Funds is measured in New Zealand dollars. All amounts are rounded to the nearest thousand unless otherwise stated.

(b) New standards and amendments

There are no new standards or amendments to existing standards that are effective for the financial year commencing on 1 April 2021 that have a material effect on the Financial Statements of the Scheme. There were also no standards issued but not yet effective that could have a material effect on the Scheme.

2.2 Financial instruments

(a) Classification

The Funds classify their investments based on both the Funds’ business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds are primarily focused on fair value information and use that information to assess the assets’ performance and to make decisions. The Funds’ financial assets are categorised as financial assets at fair value through profit or loss and financial assets at amortised cost as follows:

Financial assets at fair value through profit or loss comprise of **unlisted funds** as these investments are managed and evaluated on a fair value basis.

Financial assets whose cash flows are solely payments of principal and interest and which meet the hold to collect criteria are categorised as **financial assets at amortised cost**. These consist of:

(a) **Cash and cash equivalents** includes cash in hand and deposits held at call with banks, denominated in New Zealand dollars.

(b) **Receivables** includes amounts due for management fee rebate receivables, contribution receivables, balance of accrued interest and outstanding settlement receivables.

Financial liabilities at amortised cost comprise of **payables** including related party fees, withdrawals payable and tax.

(b) Recognition, derecognition and measurement

The Funds recognise financial assets and financial liabilities on the date that they become party to the contractual agreement (trade date). All financial assets and financial liabilities are initially recognised at fair value. Transaction costs on financial assets at fair value through profit or loss are expensed as incurred in the Statements of Changes in Net Assets. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with gains or losses recognised in the Statements of Changes in Net Assets when they arise. Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment for expected credit losses. Any impairment charge is recognised in the Statements of Changes in Net Assets. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

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

Notes to and Forming Part of the Financial Statements continued

2. Summary of significant accounting policies continued

2.2 Financial instruments continued

(c) Fair value estimation

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Fair value in an active market

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

Fair value in an inactive or unquoted market

The fair value of financial assets and financial 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 as at each reporting date. Valuation techniques used include the use of recent comparable arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

The Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators. The Funds review the details of the reported information obtained from the other funds and consider: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; restrictions on redemptions; and the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information if it is obtained from the other funds' advisors.

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

If necessary, the Funds make adjustments to the net asset value of various other fund investments in order to obtain the best estimate of fair value. Net gains or losses on financial instruments at fair value through profit or loss reported in the Statements of Change in Net Assets include the change in fair value of other funds.

2.3 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 the carrying amounts of the assets and the carrying amounts of other liabilities as at the reporting date. The Funds issue units that are redeemable subject to the requirements of the KiwiSaver Act and the Governing Document at the Members' option and do not have identical features. 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 years or where there is significant financial hardship), transferred 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 reporting date if Members had exercised their right to put the units back to the Funds.

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 at the Members' option at prices based on the Funds' net asset value per unit at the time of either issue or redemption. The Funds' net asset value per unit is calculated by dividing the Net assets attributable to Members of each Fund with the total Units on issue of each Fund. There are currently entry and exit fees payables, the range being from 0 bps to 0.11 bps (31 March 2021: Nil).

Notes to and Forming Part of the Financial Statements continued

2. Summary of significant accounting policies continued

2.4 Investment income

Interest income

Interest earned on financial assets at amortised cost, including cash and cash equivalents, is recognised in the Statements of Changes in Net Assets using the effective interest method.

Net gains/(losses) on financial assets at fair value through profit or loss

Realised and unrealised gains or losses on investments are recorded in the Statements of Changes in Net Assets as Net gains/(losses) on financial assets at fair value through profit or loss.

2.5 Expenses

All expenses, including the Schemes' management fees are recognised in the Statements of Changes in Net Assets on an accruals basis.

2.6 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets are translated into the functional currency using the exchange rate prevailing as at the reporting date.

Foreign exchange gains or losses resulting from translation are included in the Statements of Changes in Net Assets.

Foreign exchange gains or losses relating to the financial assets liabilities carried at fair value through profit or loss are presented in the Statements of Changes in Net Assets within Net gains/(losses) on financial assets at fair value through profit or loss.

2.7 Income tax

The Scheme qualifies as, and has elected to be, a Portfolio Investment Entity ("PIE") for tax purposes. Under the PIE regime 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 Statements 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 Statements of Changes in Net Assets.

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

Scheme Members' tax liabilities disclosed in the Statements of Changes in Net Assets consist of withdrawals to meet Scheme Members' tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

2.8 Goods and services tax ("GST")

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

2.9 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements. These changes did not have a material impact on the presentation of the Financial Statements.

Notes to and Forming Part of the Financial Statements continued

3. Critical accounting estimates and judgements

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

Fair value of securities not quoted in an active market

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

The fair value of investments in other funds has been estimated in accordance with the policies set out above in Note 2.2(c).

Classification as an investment entity

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

- it obtains funds from one or more Members for the purpose of providing those Members with a managed investment product;
- it has committed to its Members 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 typical characteristics that are associated with an investment entity:

- it holds more than one investment;
- it has more than one investor/Member; and
- ownership interest in the Scheme is represented by units of Members' interests.

4. Financial risk management

4.1 Financial risk factors

The Governing Document for the Scheme requires the Manager to invest the assets of each Fund of the Scheme in accordance with the Statement of Investment Policy and Objectives ("SIPO") investment guidelines, as notified to the Supervisor from time to time. The Manager monitors compliance with the investment policies on a daily basis as part of its operational risk and mandate monitoring processes. The Manager reviews the appropriateness of the Funds' authorised investments as outlined in the SIPO on an annual basis, or more frequently if market conditions change, or changes to the nature or characteristics of the authorised investments warrant it.

The Funds' activities expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Funds' 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 on the Funds' financial performance. This includes holding a diversified investment portfolio across asset classes, countries, sectors, security types and styles of investing through its ownership of unlisted unit trusts managed by the Manager. Further information of the risks that investors are exposed to are set out in the BNZ KiwiSaver Product Disclosure Statement and Other Material Information, available on www.bnz.co.nz.

All securities investments present a risk of loss of capital. The Funds hold unlisted unit trusts where the maximum loss of capital is limited to the carrying value of those positions.

The Funds are also indirectly exposed to risk factors such as liquidity risk, credit risk, currency risk and interest rate risk via their investments in the underlying investment funds. However, under NZ IFRS, the risk management section outlined below is not prepared on a look through basis. This means that the explanation of risks is limited to the Fund's direct investments and does not take account of the specific risks in the underlying investment funds. For further information on risks that investors are exposed to, please refer to the above mentioned Product Disclosure Statement and Other Material Information.

In addition to internal risk management which is carried out by the Manager and the underlying investment managers, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the Funds' SIPO.

Notes to and Forming Part of the Financial Statements continued

4. Financial risk management continued

4.1 Financial risk factors continued

The Funds use different methods to measure and manage the various types of risk to which the Funds are exposed; these methods are explained below.

4.1.1 Market risk

(a) Price risk

The Funds are exposed to price risk due to their investments in unlisted unit trusts, for which prices in the future are uncertain. This risk includes, but is not limited to, indirect foreign currency exposure, indirect interest rate exposure, and indirect valuation exposure. The Funds manage their price risk 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/(loss) attributable to Members and Net assets attributable to Members to price movements in non-monetary assets as at the reporting date (units in unlisted unit trusts). The analysis is based on a price movement of 5% which represents the Manager's best estimate of a reasonable shift in prices with regard to historical volatility. If prices for the Schemes' investments which the Funds invest in as at the reporting date had either increased or decreased by 5% with all other variables held constant, this would have had the following impact on the Schemes' Profit/(loss) attributable to Members and Net assets attributable to Members by approximately:

As at 31 March	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund		Growth Fund		Total BNZ KiwiSaver Scheme	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Prices increased by 5%	13,740	11,765	12,659	10,915	40,202	45,510	35,751	33,460	36,013	30,851	22,120	62,555	48,666	223,040	181,167	
Prices decreased by 5%	(13,740)	(11,765)	(12,659)	(10,915)	(40,202)	(45,510)	(35,751)	(33,460)	(36,013)	(30,851)	(22,120)	(62,555)	(48,666)	(223,040)	(181,167)	

The Funds also manage their exposure to price risk by analysing, monitoring and adjusting where necessary the weighting to various investment sectors within investment management guidelines. The Fund'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.

(b) Foreign exchange risk

Foreign exchange risk, as defined in NZ IFRS 7 Financial Instruments: Disclosure ("NZ IFRS 7"), arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. Foreign currency exposure arising from the underlying fund the Funds invest into, is considered as a component of market price risk (which forms part of the Price risk sensitivity (see Note 4.1.1(a) Price risk) not foreign currency risk).

In accordance with the NZ IFRS 7 definition, the Scheme held no direct monetary assets denominated in foreign currency as at the reporting date. The Funds are indirectly exposed to foreign exchange risk when their holdings in underlying unlisted unit trusts, have investment securities denominated in a foreign currency. The Manager and the investment manager of the underlying Fund monitors this exposure on a daily basis and may enter into foreign exchange derivatives to hedge the foreign exchange risk in accordance with the policies included within the SIPO and agreed with the Supervisor.

As at the reporting date the Funds had no foreign currency exposure.

Notes to and Forming Part of the Financial Statements continued

4. Financial risk management continued

4.1 Financial risk factors continued

4.1.1 Market Risk continued

(c) Cash flow and fair value interest rate risk

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and financial liabilities and future cash flows.

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

The table below summarises the sensitivity impact on the Scheme's Profit/(loss) attributable to Members and Net assets attributable to Members had the relevant interest rates either increased or decreased by 1% as at the reporting date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in interest rates with regard to historical volatility.

	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
As at 31 March															
Interest rate increased by 1%	4	4	4	2	11	16	6	18	7	14	8	23	19	63	73
Interest rate decreased by 1%	(4)	(4)	(4)	(2)	(11)	(16)	(6)	(18)	(7)	(14)	(8)	(23)	(19)	(63)	(73)

These movements arise substantially from the cash flow variability from cash and cash equivalents, held in on-call bank accounts with BNZ.

In addition to the Scheme's direct exposure to interest rate changes on the cash flows of cash and cash equivalents shown above, the Scheme is indirectly affected by the impact of interest rate changes on the value of their investments in BNZ Wholesale NZ Cash Fund, BNZ Wholesale NZ Fixed Interest Fund and BNZ Wholesale International Fixed Interest (Index) Fund, respectively. These indirect exposures form part of the Price risk sensitivity (see Note 4.1.1(a) Price risk). Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's Net assets attributable to Members of future movements in interest rates. The Manager and the investment manager of the underlying Funds, monitors interest rate exposure on a daily basis and compliance with the policies included within the SIPO and agreed with the Supervisor.

4.1.2 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 (known as default risk). The Funds are primarily invested in unlisted unit trusts, and as such, their direct exposure to credit risk is limited to their bank account balances held with BNZ. BNZ has a credit rating of AA- as at 31 March 2022 (31 March 2021: AA-), as measured by Standard & Poor's.

The Scheme measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. By ensuring the significant majority of its fixed interest investments in the underlying investment funds are held in investment grade securities, Management considers default risk to be very low. As a result, no loss allowance has been recognised based on expected credit losses as any such impairment would be wholly insignificant to the Fund.

The Scheme is indirectly exposed to credit risk through its investments in unlisted unit trusts, who in turn, invest in direct assets such as debt instruments issued by domestic and international companies and governments. The Scheme is indirectly exposed to credit risk through its investments in the BNZ Wholesale NZ Cash Fund, BNZ Wholesale NZ Fixed Interest Fund, BNZ Wholesale International Fixed Interest (Index) Fund, BNZ Wholesale Australasian Equities Fund, BNZ Wholesale Australasian Equities (Index) Fund and BNZ Wholesale International Equities (Index) Fund, respectively; the exposure to which forms part of the Price risk sensitivity (see Note 4.1.1(a) Price risk).

Limits are set for the management of counterparty risk by the Scheme and compliance with these limits is monitored daily and reported to the Manager quarterly and by exception. As at the reporting date, the maximum credit risk of financial assets was 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 within the Scheme has no significant concentration of credit risk and underlying fixed interest exposures mainly comprise investment grade securities.

Notes to and Forming Part of the Financial Statements continued

4. Financial risk management continued

4.1 Financial risk factors continued

4.1.3 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.

The Funds are exposed to daily redemptions of units. The liquidity policy applied by the Manager is to be fully invested in unlisted unit trusts that provide adequate liquidity to match the Scheme's redemption policy given normal market conditions. However, underlying funds may be subject to discretionary redemption restrictions exercisable by the Manager, including the ability to suspend withdrawals or withhold varying amounts of any withdrawals requested by the Funds, which in turn, may impact their own ability to meet redemption requests. These measures are only in place to ensure that all Members of the Scheme are treated equitably. Each of the Funds also holds an allocation of cash and cash equivalents to help the Manager meet the redemption of units and expenses.

Liquidity risk is managed within the underlying Funds by investing in authorised investments that have satisfactory levels of liquidity themselves.

Management fees payable and Redemption of units payable are due for settlement within one month of the reporting date. The Manager does not expect any significant levels of withdrawals in the short to medium term for any Fund within the Scheme, however, higher levels of cash are held during periods of extreme market volatility to support the increased risk.

4.2 Capital risk management

The Scheme manages its Net assets attributable to Members as capital. 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 to allow for adequate liquidity within the Funds to meet Members' redemption obligations.
- (b) Redeem and issue new units in accordance with the Governing Document of the Scheme, which includes the ability to restrict withdrawals and require certain minimum holdings and subscriptions.

The Scheme receives funding from Members' contributions, Members' employers and the New Zealand Government via the Inland Revenue Department in the form of annual Government Contributions. The Scheme strives to invest Members' contributions in investments that meet the Scheme's objectives while maintaining sufficient liquidity to meet Members' redemptions.

All investments made with the monies 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 the 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 accounting records in respect of each Fund.

The Scheme does not have any externally imposed capital requirements.

Neither the Supervisor, 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.

Notes to and Forming Part of the Financial Statements continued

4. Financial risk management continued

4.3 Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting 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 financial 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 as at each reporting date.

NZ IFRS 13 Fair Value Measurement requires the Funds to classify 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 (i.e. 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) (i.e. Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (i.e. 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. 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 Scheme holds no financial assets that are classified as Level 1 or Level 3 within the fair value hierarchy. There were no transfers between any of the levels for the year ended 31 March 2022 (31 March 2021: Nil).

Due to the short-term nature of the financial assets and financial liabilities at amortised cost, the carrying amount of these financial instruments approximates their fair value.

5. Financial assets at fair value through profit or loss

As at the reporting date the Funds invested into the following investment products:

As at 31 March	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
The Scheme invested into the following unlisted unit trusts:															
BNZ Wholesale NZ Cash Fund	274,790	235,294	161,033	137,626	216,717	254,955	120,849	118,569	42,776	48,107	24,576	21,776	47,866	862,517	842,417
BNZ Wholesale NZ Fixed Interest Fund	-	-	15,049	10,865	124,381	117,039	84,195	65,926	71,155	48,346	43,874	61,748	28,963	400,402	271,139
BNZ Wholesale International Fixed Interest (Index) Fund	-	-	42,915	41,396	308,686	369,328	234,917	223,416	185,638	156,984	114,236	198,400	136,047	1,084,792	927,171
BNZ Wholesale Australasian Equities Fund	-	-	5,090	8,833	27,663	53,883	42,435	79,900	68,101	115,379	-	159,751	253,345	303,040	511,340
BNZ Wholesale Australasian Equities (Index) Fund	-	-	5,203	-	27,996	-	44,139	-	68,839	-	85,046	164,265	-	395,488	-
BNZ Wholesale International Equities (Index) Fund	-	-	23,893	19,586	98,590	114,993	188,486	181,387	283,750	248,199	174,673	645,157	507,103	1,414,549	1,071,268
Total financial assets at fair value through profit or loss	274,790	235,294	253,183	218,306	804,033	910,198	715,021	669,198	720,259	617,015	442,405	1,251,097	973,324	4,460,788	3,623,335

Notes to and Forming Part of the Financial Statements continued

6. Related parties

6.1 General

The Manager is responsible for the administration of the Scheme. The Manager is ultimately owned by NAB, a licensed bank in Australia. All dealings with NAB and its subsidiaries are conducted on standard commercial terms.

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

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 Supervisor fees of the Scheme.

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

As at 31 March	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund		Growth Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Management fee percentage per annum	0.30%	0.30%	0.45%	0.50%	0.45%	0.50%	0.45%	0.58%	0.45%	0.58%	0.35%	0.35%	0.45%	0.58%

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

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

The Supervisor is considered a related party.

The Directors of the Manager and other related entities may invest in the Funds. They contribute on the same basis and have the same rights as other Members.

6.2 Related party transactions

There were no related parties transactions during the year ended 31 March 2022 (31 March 2021: Nil).

6.3 Unconsolidated subsidiaries

The following tables detail instances where the Scheme is deemed to control another related-party investment entity. The Manager deems a unitholding of 75% or more in another investment entity to be a controlling interest. The Funds do not prepare consolidated financial statements in instances where the Funds are deemed to control another Fund and investments in units issued by subsidiaries are accounted for as financial assets at fair value through profit or loss in Note 5.

As at 31 March	BNZ KiwiSaver Scheme	
	2022	2021
Subsidiaries	Proportion of ownership	
BNZ Wholesale NZ Cash Fund	78%	76%
BNZ Wholesale International Fixed Interest (Index) Fund	-	86%
BNZ Wholesale International Equities (Index) Fund	86%	87%

There are no restrictions on the ability of any unconsolidated subsidiary to transfer funds to the Scheme. There has been no financial or other support provided by the Scheme to any unconsolidated subsidiary and there are no contractual arrangements to provide financial support to any unconsolidated subsidiary. Income earned by the Funds from their investments in unconsolidated subsidiaries is disclosed below.

Notes to and Forming Part of the Financial Statements continued

6. Related parties continued

6.4 Related party investments

The Funds invest in on-call Treasury bank deposits with BNZ and also BNZ Wholesale Funds that are also managed by the Manager. There are no management fees charged in the BNZ Wholesale Funds and transactions with these Funds are made at the prevailing unit prices at the time of the transaction. BNZ operates as a subsidiary of NAB.

As at the reporting date, all related party investments and income earned were detailed as follows:

	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
As at 31 March															
Investments held as at 31 March:															
BNZ Wholesale NZ Cash Fund	274,790	235,294	161,033	137,626	216,717	254,955	120,849	118,569	42,776	48,107	24,576	21,776	47,866	862,517	842,417
BNZ Wholesale NZ Fixed Interest Fund	-	-	15,049	10,865	124,381	117,039	84,195	65,926	71,155	48,346	43,874	61,748	28,963	400,402	271,139
BNZ Wholesale International Fixed Interest (Index) Fund	-	-	42,915	41,396	308,686	369,328	234,917	223,416	185,638	156,984	114,236	198,400	136,047	1,084,792	927,171
BNZ Wholesale Australasian Equities Fund	-	-	5,090	8,833	27,663	53,883	42,435	79,900	68,101	115,379	-	159,751	253,345	303,040	511,340
BNZ Wholesale Australasian Equities (Index) Fund	-	-	5,203	-	27,996	-	44,139	-	68,839	-	85,046	164,265	-	395,488	-
BNZ Wholesale International Equities (Index) Fund	-	-	23,893	19,586	98,590	114,993	188,486	181,387	283,750	248,199	174,673	645,157	507,103	1,414,549	1,071,268
BNZ bank accounts	406	373	406	249	1,130	1,576	629	1,764	699	1,438	802	2,325	1,850	6,397	7,250
Total	275,196	235,667	253,589	218,555	805,163	911,774	715,650	670,962	720,958	618,453	443,207	1,253,422	975,174	4,467,185	3,630,585

The total income or gains earned or losses incurred on the investments with related parties were:

	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022* \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
For the year ended 31 March															
BNZ Wholesale NZ Cash Fund	1,878	2,137	1,143	1,073	1,866	2,463	970	698	403	311	106	346	323	6,712	7,005
BNZ Wholesale NZ Fixed Interest Fund	-	-	(903)	24	(7,805)	116	(5,086)	1,026	(4,205)	659	(1,677)	(3,837)	581	(23,513)	2,406
BNZ Wholesale International Fixed Interest (Index) Fund	-	-	(2,200)	459	(15,444)	3,730	(12,234)	3,870	(9,579)	2,547	(7,905)	(9,259)	1,539	(56,621)	12,145
BNZ Wholesale Australasian Equities Fund	-	-	88	1,588	975	9,452	1,061	14,637	1,190	18,863	-	1,988	38,561	5,302	83,101
BNZ Wholesale Australasian Equities (Index) Fund	-	-	(298)	-	(1,402)	-	(2,565)	-	(3,959)	-	(5,393)	(9,511)	-	(23,128)	-
BNZ Wholesale International Equities (Index) Fund	-	-	1,377	6,715	8,516	38,825	12,664	51,020	16,949	66,389	(9,987)	34,528	126,711	64,047	289,660
BNZ bank accounts	4	4	4	4	15	13	13	9	12	9	7	22	11	77	50
Total	1,882	2,141	(789)	9,863	(13,279)	54,599	(5,177)	71,260	811	88,778	(24,849)	14,277	167,726	(27,124)	394,367

* For the six months ended 31 March

Notes to and Forming Part of the Financial Statements continued

7. Reconciliation of profit/(loss) attributable to Members to net cash (outflows)/inflows from operating activities

	Cash Fund		First Home Buyer Fund		Conservative Fund		Moderate Fund		Balanced Fund		Default Fund	Growth Fund		Total BNZ KiwiSaver Scheme	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022* \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
For the year ended 31 March															
Profit/(loss) attributable to Members	1,154	1,411	(1,904)	8,841	(17,536)	50,188	(8,870)	67,724	(2,788)	85,598	(25,358)	8,244	163,062	(47,058)	376,824
Adjustments for non-cash items															
Net unrealised changes in the fair value of financial assets and financial liabilities	(1,509)	(1,574)	2,757	(8,810)	35,408	(47,996)	17,020	(68,114)	11,240	(86,831)	23,862	9,525	(165,281)	98,303	(378,606)
Movements in working capital items															
Increase/(decrease) in trade and other payables	8	10	-	25	(106)	80	(78)	89	(50)	97	128	(30)	204	(128)	505
(Increase)/decrease in net cost of investments	(37,766)	16,552	(36,980)	(35,217)	72,898	(72,127)	(61,290)	(97,606)	(111,234)	(103,997)	(466,267)	(281,064)	(248,298)	(921,703)	(540,693)
	(39,267)	14,988	(34,223)	(44,002)	108,200	(120,043)	(44,348)	(165,631)	(100,044)	(190,731)	(442,277)	(271,569)	(413,375)	(823,528)	(918,794)
Net cash inflows/(outflows) from operating activities	(38,113)	16,399	(36,127)	(35,161)	90,664	(69,855)	(53,218)	(97,907)	(102,832)	(105,133)	(467,635)	(263,325)	(250,313)	(870,586)	(541,970)

* For the six months ended 31 March

8. Commitments or contingent liabilities

There were no material commitments or contingent liabilities as at 31 March 2022 (31 March 2021: Nil).

9. Events occurring after the reporting date

No significant events have occurred since the reporting date which would have either impacted the financial position of the Funds disclosed in the Statements of Financial Position as at 31 March 2022 or the results and cash flows of the Funds for the reporting period ended on that date.

Independent Auditor's Report



Chartered Accountants

Independent auditor's report to the Members of BNZ KiwiSaver Scheme

Opinion

We have audited the financial statements of Cash Fund, First Home Buyer Fund, Conservative Fund, Moderate Fund, Balanced Fund and Growth Fund (each a "Fund"), being the constituent Funds of BNZ KiwiSaver Scheme (the "Scheme"), on pages 2 to 16, which comprise the statements of net assets of each Fund and the Scheme as at 31 March 2022, and the statements of changes in net assets and statements of cash flows for the year then ended of each Fund and the Scheme, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 2 to 16 present fairly, in all material respects, the financial position of each Fund and the Scheme as at 31 March 2022 and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Scheme's members, as a body. Our audits have been undertaken so that we might state to the Scheme's 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.

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Ernst & Young provides agreed upon procedures in relation to the Scheme. Partners and employees of our firm may deal with the Funds or the Scheme on normal terms within the ordinary course of trading activities of the business of the Funds or the Scheme. We have no other relationship with, or interest in, the Funds or the Scheme.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the financial statements of the current year. These matters were addressed in the context of our audits of the financial statements as a whole, and in forming our opinions thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audits addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements section of the audit report*, including in relation to these matters. Accordingly, our audits included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinions on the accompanying financial statements.

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

Why significant	How our audit addressed the key audit matter
<ul style="list-style-type: none"> ▶ Each Fund's and the Scheme's financial assets at FVTPL (being investments) exceed 99% of the respective Fund's and the Scheme's total assets. ▶ Market volatility can have a significant impact on the value of these financial assets. Therefore, the recognition and measurement of assets at FVTPL is considered a key area of audit focus. As detailed in the accounting policies, as described in Note 2 to the financial statements, financial assets at FVTPL are recognised in accordance with NZ IFRS 9 <i>Financial Instruments</i> and NZ IFRS 13 <i>Fair Value Measurement</i>. ▶ Disclosures regarding each Fund's and the Scheme's financial assets at FVTPL are included in Note 5 to the financial statements. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ▶ Gaining an understanding of the processes used to record investment transactions and to value the portfolio. As the Administrator, Custodian and Registrar (which are all external parties) are involved in the management of the investments, this included evaluating the service organisation reports issued by an independent auditor on the design and operation of the controls at the Administrator, Custodian and Registrar throughout the reporting period. Our procedures focussed on the nature and significance of services provided by the service organisations, the relevant internal controls and the implications of any identified control deficiencies relevant to our audit of the financial statements.

Independent Auditor's Report continued



Why significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> ▶ Receiving confirmation, directly from the Registrar, of the number of units held in the unlisted funds/trusts in which each Fund invests as at 31 March 2022. ▶ Receiving confirmations, directly from the custodian or counterparty, of the investments held by the unlisted funds/trusts in which each Fund invests as at 31 March 2022. ▶ Recalculating each Fund's proportionate share of investments held by the unlisted funds/trusts, based on the confirmations above. ▶ Engaging internal valuation specialists to independently re-price a sample of investments held by the underlying unlisted funds/trusts in which each Fund invests as at 31 March 2022 and ensuring appropriate fair value measurement in accordance with NZ IFRS 9 <i>Financial Instruments</i> and NZ IFRS 13 <i>Fair Value Measurement</i>, taking into account current economic and market conditions. ▶ Assessing whether the disclosures in the financial statements appropriately reflected each Fund's and the Scheme's exposure to financial instrument risk with reference to NZ IFRS 7 <i>Financial Instruments: Disclosures</i>.

Information other than the financial statements and auditor's report

The Manager of the Scheme is responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinions on the financial statements do not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audits 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 during the audits, or otherwise appears to be materially misstated.

If, based upon 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.

The Manager's responsibilities for the financial statements

The Manager is responsible, on behalf of each Fund and the Scheme, for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing on behalf of each Fund and the Scheme, each Fund's and the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate any of the Funds or the Scheme or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>. This description forms part of our auditor's report.

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

Chartered Accountants
Auckland
18 July 2022

bnz.co.nz/kiwisaver • [0800 269 5494](tel:08002695494) • [VISIT YOUR LOCAL BRANCH](#)