

# **AON MASTER TRUST**

## **Financial Statements**

**For the Year Ended 31 March 2016**

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## Independent auditor's report

### To the members of the Aon Master Trust

#### Report on the financial statements

We have audited the accompanying financial statements of the Aon Master Trust (the "Fund") on pages 3 to 17. The financial statements comprise the statement of net assets as at 31 March 2016, the statements of changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in the 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 Fund's members as a body, for our audit work, this report or any of the opinions we have formed.

#### *Trustee's responsibility for the financial statements*

The Trustee is responsible on behalf of the Fund for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the Trustee 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with 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 the auditor's 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, the auditor considers internal control relevant to the Fund'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 Fund'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 presentation of the financial statements.

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

Our firm has also provided other services to the Fund in relation to prospectus reporting and accounting advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund. These matters have not impaired our independence as auditor of the Fund. The firm has no other relationship with, or interest in, the Fund.

***Opinion***

In our opinion the financial statements on pages 3 to 17:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Fund as at 31 March 2016 and of its financial performance and cash flows for the year then ended.

**Report on other legal and regulatory requirements**

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Aon Master Trust as far as appears from our examination of those records.



16 August 2016  
Auckland

**AON MASTER TRUST**

**Statement of Net Assets  
As at 31 March 2016**

	Note	2016 NZ\$'000	2015 NZ\$'000
<b>Assets</b>			
Cash at Bank		649	931
Unsettled Trades		-	11
Receivables	7.	257	279
Investments	15.	125,809	119,148
<b>Total Assets</b>		<b>126,715</b>	<b>120,369</b>
<b>Liabilities</b>			
Payables	8.	(581)	(1,204)
PIE Tax Payable		(508)	(1,004)
<b>Total Liabilities</b>		<b>(1,089)</b>	<b>(2,208)</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		<b>125,626</b>	<b>118,161</b>

<i>Represented By:</i> Member Account	6.	124,168	116,312
Reserve Account	5 & 6.	1,458	1,849
<b>TOTAL LIABILITY FOR PROMISED RETIREMENT BENEFITS</b>		<b>125,626</b>	<b>118,161</b>

This statement is to be read in conjunction with the accompanying notes on pages 6 to 17

For and on behalf of the Trustee, who authorised the issue of these financial statements on:

\_\_\_\_\_  
Director

3.8.16  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Director

03/08/16  
\_\_\_\_\_  
Date

## AON MASTER TRUST

### Statement of Changes in Net Assets For the Year Ended 31 March 2016

	Note	2016 NZ\$'000	2015 NZ\$'000
<b>Investment Revenue</b>			
Gains on disposal and changes in value of Investments	15.	6,346	14,966
Distribution Income		147	591
Interest Income		9	20
<b>Investment Expenses</b>			
Investment Management Fees		(540)	(757)
<b>Net Investment Revenue</b>		<b>5,962</b>	<b>14,820</b>
Other Income	9.	215	294
<b>Other Expenses</b>			
Auditor's Remuneration - Audit Fees	13.	(42)	(37)
Auditor's Remuneration - Consulting fees		(6)	-
Investment Consulting Fees		(143)	(79)
Trustee & Administration Management Fees		(494)	(564)
Group Life Premiums		(156)	(140)
Other Expenses		(84)	(93)
<b>Change in Net Assets before Membership Activities</b>		<b>5,252</b>	<b>14,201</b>
<b>Total Members' funds at beginning of the year</b>			
		<b>118,161</b>	<b>113,730</b>
Change in Net Assets before membership activities		5,252	14,201
Member Contributions		6,291	6,752
Employer Contributions		5,813	5,991
Complying Super Fund Crown Contributions		34	37
Transfers in from other schemes - Wholesale		4,212	345
Transfers out to other schemes - Wholesale		(1,833)	(1,424)
Transfers in from other schemes		1,413	8,871
Transfers out to other schemes		(219)	(722)
Administration Fees		(117)	(151)
Withdrawals	10.	(12,892)	(28,348)
PIE Tax Expense		(489)	(1,121)
<b>Increase in Net Assets during the year</b>		<b>7,465</b>	<b>4,431</b>
<b>Total Members' funds at the end of the year</b>		<b>125,626</b>	<b>118,161</b>

This statement is to be read in conjunction with the accompanying notes on pages 6 to 17

## AON MASTER TRUST

### Statement of Cash Flows For the Year Ended 31 March 2016

Note

#### CASH FLOWS FROM OPERATING ACTIVITIES

##### *Cash provided from*

Contributions Received  
Transfers In  
Rebates Received  
Group Life Claims  
Interest Received  
Other Income

	2016 NZ\$'000	2015 NZ\$'000
Contributions Received	12,160	12,806
Transfers In	5,625	9,215
Rebates Received	12	8
Group Life Claims	98	218
Interest Received	9	20
Other Income	8	-

##### *Cash applied to*

Withdrawals  
Transfers Out  
Administration Fees  
Auditor's Remuneration - Audit Fees  
Auditors' Remuneration - Accounting Advice  
Trustee & Administration Management Fees  
Investment Consulting Fees  
Investment Management Fees  
General Expenses  
Group Life Premiums  
PIE Tax Paid

Withdrawals	(13,472)	(28,039)
Transfers Out	(2,052)	(2,455)
Administration Fees	(117)	(151)
Auditor's Remuneration - Audit Fees	(42)	(41)
Auditors' Remuneration - Accounting Advice	-	-
Trustee & Administration Management Fees	(477)	(699)
Investment Consulting Fees	(130)	(75)
Investment Management Fees	(454)	(479)
General Expenses	(88)	(106)
Group Life Premiums	(150)	(133)
PIE Tax Paid	(985)	(1,327)

**Net Cash Flows used in Operating Activities**

11.

<b>(55)</b>	<b>(11,238)</b>
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#### CASH FLOWS FROM INVESTING ACTIVITIES

##### *Cash provided from*

Sale of Investments

11,227	20,169
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##### *Cash applied to*

Purchase of Investments

(11,454)	(8,806)
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**Net Cash Flows from Investing Activities**

<b>(227)</b>	<b>11,363</b>
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**Net (Decrease)/Increase in Cash Held**

<b>(282)</b>	<b>125</b>
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**Cash at Beginning of the Year**

<b>931</b>	<b>806</b>
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**Cash at End of the Year**

<b>649</b>	<b>931</b>
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This statement is to be read in conjunction with the accompanying notes on pages 6 to 17

## AON MASTER TRUST

### Notes to the Financial Statements For the Year Ended 31 March 2016

#### 1. Scheme Description

Aon Master Trust (the "Scheme") is a defined contribution Superannuation Scheme established under a Trust Deed dated 8th June 2007 by Superannuation Management Nominees Limited (the "Trustee"). This Trust Deed replaced the previous Deed dated 10th February 2004 as amended, which was a consolidation of earlier Deeds including the original Deed dated 1st March 1979. This Trust Deed was rescinded and replaced by a new Trust Deed on 27 September 2012. The Scheme is a profit oriented entity.

The Scheme is a Reporting Entity under the Financial Reporting Act 1993 and is registered under the Superannuation Schemes Act 1989. The Scheme is an Issuer for the purposes of the Financial Reporting Act 1993.

The Administration Manager of the Scheme is Aon New Zealand ("Aon") and Aon is incorporated and domiciled in New Zealand.

The Trustee was incorporated in New Zealand on 19 December 1983 and is registered under the Companies Act 1993. Aon New Zealand Group is the ultimate holding company of the Trustee in New Zealand and was registered as a company in Auckland, New Zealand in 2008.

The business address of the Trustee is Level 16 AMP Centre, 29 Customs Street West, Auckland, New Zealand.

The Scheme comprises four sections as follows:

The Staff section is open to employees of companies that have elected to provide a retirement savings scheme through the Scheme. This section is not open to members of the public.

The Complying section is open to employees of companies that have elected to provide a Complying Superannuation Fund option in conjunction with their retirement savings scheme and wish to invest in investment products offered by the Scheme. This section is subject to the Complying Superannuation Fund rules as contained in the Superannuation Schemes Act 1989. This section is not open to members of the public.

The Personal section is open to members of the public who wish to invest their retirement savings in the Scheme's investment products.

The Wholesale section is open to standalone superannuation schemes who wish to invest in investment products offered by the Scheme. This section is not open to members of the public.

The Scheme provides various investment choices. The financial statements have been prepared at the Scheme level as the liabilities of the individual investment choices are not limited to the assets of each investment choice. Therefore assets of one investment choice could be used to meet the liabilities of another.

#### Funding Arrangements

The Scheme is a profit oriented entity. Under the Trust Deed contributions are made by members of the Scheme, their employers and the Crown. Complying Superannuation fund members can choose to contribute either 3%, 4% or 8% of gross salary or wage. Members may from time to time make additional voluntary contributions to the Scheme. For these members, employers are required to contribute 3% of members' gross salary or wage to the Scheme. Employer contributions are reduced by Employer Superannuation Contribution Tax ("ESCT"). The Crown contributed a member tax credit contribution of 50% of Member contributions during the year up to a maximum of \$521.43.

#### Retirement Benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership.

#### Termination Terms

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

#### Changes in the Scheme

There were no material changes in the Scheme or Trust Deed during the year ending 31 March 2016.

The Trustee is currently in the process of obtaining a licensed independent Trustee and will transition to the Financial Markets Conduct Act 2013 before 1 December 2016.

#### Reclassification of Comparative Information

Certain comparative figures in the notes to the financial statements have been adjusted to conform to the current year presentation.

## AON MASTER TRUST

### Notes to the Financial Statements For the Year Ended 31 March 2016

#### 2. Basis of Preparation

##### Statement of Compliance

The financial statements of the Scheme have been prepared by Aon in accordance with the Trust Deed governing the Scheme, the Superannuation Schemes Act 1989, the Financial Reporting Act 2013, and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). For the purposes of complying with NZGAAP the entity is a Tier 1 for profit entity. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ-IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

#### 2. Basis of Preparation (continued)

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, effective for all for-profit entities with reporting periods beginning on or after 1 April 2014. In accordance with the transitional provisions under Section 55 of the Financial Reporting Act 2013 and Schedule (18)(1)(b) of the Financial Markets Conduct Act 2013 ("FMC Act 2013"), the financial statements of the scheme continue to comply with the Financial Reporting Act 1993 for the year ended 31 March 2016.

The Scheme expects to become an FMC reporting entity and will prepare its first set of financial statements under the FMC Act 2013 for the 31 March 2017 year end. The change in legislation will have no material impact on the Scheme's obligation to prepare general purpose financial statements.

##### Classification of assets and liabilities

The assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

##### Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of investments which are measured at fair value at balance date.

##### Functional and Presentation Currency

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates. All financial information presented has been rounded to the nearest thousand dollars.

#### 3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in the financial statements.

##### Interest Income

Interest income is recognised in the Statement of Changes in Net Assets using the effective interest method.

##### Distribution Income

Distribution income from managed funds is recognised in the Statement of Changes in Net Assets when the income has been applied to the Scheme.

##### Income & Expenses

All income and expenses are accounted for on an accruals basis.

##### Taxation

The Scheme is a Portfolio Investment Entity ("PIE"). Under the PIE regime detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the members and therefore income tax expense is not recognised by the Scheme. The tax liability arising on income is allocated to members and satisfied by the cancellation of their units held in the Scheme. As a consequence, deferred tax is also not recognised.

Members of the Scheme have the option to choose Prescribed Investor Rates of 10.50%, 17.50% or 28%.

##### Financial Instruments

###### (i) Classification

The Scheme classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by the Scheme 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 Trustee to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Trustee has determined that all financial assets and financial liabilities of the Scheme are designated at fair value through profit and loss with the exception of cash at bank, unsettled trades and receivables which are recognised as loans and receivables and payables which are classified as other liabilities.



## AON MASTER TRUST

### Notes to the Financial Statements For the Year Ended 31 March 2016

#### 3. Summary of Significant Accounting Policies (Continued)

##### (ii) Recognition and Derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership. All realised and unrealised gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised in the Statement of Changes in Net Assets.

##### (iii) Measurement

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

Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. Subsequently, these instruments are measured at amortised cost.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer a liability take place either:

- In the principal market of the asset or liability.
- In the absence of a principal market of the asset, in the most advantageous market for the asset or liability.
- The principal or most advantageous market must be accessible by the Scheme.

##### Receivables

Receivables do not carry any interest and are short-term in nature and are stated at amortised cost.

##### Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days at recognition. These financial liabilities are stated at amortised cost. Payables are not interest bearing.

##### Goods and Services Tax (GST)

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

##### Transfers In and Transfers Out

Transfers in and out are recognised on an accrual basis. Transfers in are recognised in the Statement of Changes in Net Assets when they become receivable or are received. Transfers out are recognised in the Statement of Changes in Net Assets when they become payable or are paid.

##### Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows.

Operating activities - include all transactions and other events that are not investing activities or financing activities.

Investing activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

Cash at bank includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### Promised Retirement Benefits

The amount held for Promised Retirement Benefits is the Scheme's obligation to pay benefits to members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the recognised liabilities as at balance date.

##### Contributions and benefits

Contributions are recognised in the Statement of Changes in Net Assets when they are receivable or received. Benefits are recognised in the Statement of Changes in Net Assets when they are payable or are paid.

## AON MASTER TRUST

### Notes to the Financial Statements For the Year Ended 31 March 2016

#### 3. Summary of Significant Accounting Policies (Continued)

##### Capital Risk Management

The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its members and maximise the Scheme's members value.

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits. The Scheme achieves this through obtaining contributions from members and investing these into financial assets.

The capital consists of the Member Account balances at balance date while the Reserve Account includes forfeited benefits as well as contributions and expenses to be allocated and deducted respectively in the next accounting period. The Scheme is not subject to any externally imposed capital requirements.

##### Critical Judgement and Accounting Estimates

The Trustee has applied judgement in selecting the accounting policy to designate financial assets and financial liabilities through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as unit prices from investment managers are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However as with all investments their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustee apply judgement as to what constitutes observable prices in an active market. For further details please refer to Note 15 (Investments at Fair Value).

##### New Standards and Interpretations not yet adopted

The following new standards, amendments to standards or interpretations have been issued but are not effective for the period ended 31 March 2016, and have not been applied in preparing these statements:

**NZ IFRS 9:** On 24 July 2014, the XRB issued the complete NZ IFRS 9 (NZ IFRS 9 (2014)). The mandatory effective date of NZ IFRS 9 is for annual periods beginning on or after 1 January 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

NZ IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under NZ IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

The Scheme intends to adopt NZ IFRS 9 (2014) in the financial statements for the annual period beginning on 1 April 2018. The Scheme does not expect the standard to have a material impact on the financial statements.

**NZ IAS 1:** On 18 December 2014, the XRB issued amendments to NZ IAS 1 *Presentation of Financial statements* as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure initiative"). The amendments are effective for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The Scheme intends to adopt these amendments in its financial statements for the annual period beginning on 1 April 2016. The Scheme does not expect the amendments to have a material impact on the financial statements.

#### 4. Vested Benefits

	2016	2015
	NZ\$'000	NZ\$'000
	122,604	114,912

Vested Benefits are benefits payable to Members or Beneficiaries, under the conditions of the Scheme, on the basis of all Members ceasing to be members of the Scheme at balance date.

## AON MASTER TRUST

### Notes to the Financial Statements For the Year Ended 31 March 2016

#### 5. Reserve Account

Pursuant to the Trust Deed, the Trustee shall establish a Reserve Account which shall be credited with the following:

- any amount not paid to a member upon ceasing employment with the Employer;
- any unclaimed benefit;
- any unallocated funds transferred in from another superannuation scheme;
- the Reserve Account's share of the Scheme's earnings or loss;
- any profit share or other interest allocated by the Scheme's investment manager and not otherwise allocated to members accounts.

The Reserve Account in respect of each Employer and the Members deriving membership through such Employer may be used at the direction of the Employer in any one or more of the following ways for the benefit of those Members:

- in payment of all or part of the contributions of all members of the Scheme on an equitable basis;
- in payment of all or part of the employers' contributions to the Scheme;
- in payment of the expenses of the Scheme;
- in increasing the employer accounts of all Members on an equitable basis;
- in providing benefits other than retirement benefits for all members of the Scheme on an equitable basis;
- in providing personal benefits for members or their dependants in cases of hardship;
- in such other manner as is permitted from time to time under the Superannuation Schemes Act in respect of superannuation schemes.

#### 6. Liability for Promised Retirement Benefits

##### Changes in Promised Retirement Benefits:

	2016			2015		
	Member Account NZ\$'000	Reserve Account NZ\$'000	Total NZ\$'000	Member Account NZ\$'000	Reserve Account NZ\$'000	Total NZ\$'000
Balance 1 April	116,312	1,849	118,161	111,628	2,102	113,730
Member Contributions	6,291	-	6,291	6,752	-	6,752
Employer Contributions	5,813	-	5,813	5,991	-	5,991
Crown Contributions	34	-	34	37	-	37
Transfers in from external schemes	5,625	-	5,625	9,216	-	9,216
Withdrawals and Transfers Out	(14,944)	-	(14,944)	(30,494)	-	(30,494)
Forfeited Benefit Transfer to Reserve	(129)	129	-	(226)	226	-
Payments from Reserve	520	(520)	-	479	(479)	-
Net Income Received	4,646	-	4,646	12,929	-	12,929
<b>Balance 31 March</b>	<b>124,168</b>	<b>1,458</b>	<b>125,626</b>	<b>116,312</b>	<b>1,849</b>	<b>118,161</b>

Liability for Promised Retirement Benefits is maintained through member's account and reserve account (details in note 5).

Member's account means an account maintained in respect of each Member which shall be credited with the amounts of contributions and transfer of funds, transfers from the Reserve Account if any, credited interest and shall be debited with benefits payable, any payment made to the member and transfers to the Reserve Account if any.

#### 7. Receivables

Contributions Receivable

	2016 NZ\$'000	2015 NZ\$'000
Contributions Receivable	257	279
	<b>257</b>	<b>279</b>

#### 8. Payables

Trustee & Administration Management Fees Payable  
Audit Fees Payable  
Investment Consulting Fees Payable  
General Expenses Payable  
Taxation advice payable  
Accounting consulting fees  
Investment Management Fees Payable  
Benefits Payable  
Refundable Contributions  
Wholesale Redemption Payable

	2016 NZ\$'000	2015 NZ\$'000
Trustee & Administration Management Fees Payable	(81)	(64)
Audit Fees Payable	(39)	(37)
Investment Consulting Fees Payable	(34)	(21)
General Expenses Payable	(18)	(13)
Taxation advice payable	(3)	-
Accounting consulting fees	(5)	-
Investment Management Fees Payable	(121)	(210)
Benefits Payable	(272)	(852)
Refundable Contributions	(8)	(7)
Wholesale Redemption Payable	-	-
	<b>(581)</b>	<b>(1,204)</b>

## AON MASTER TRUST

### Notes to the Financial Statements For the year ended 31 March 2016

#### 9. Other income

Rebates Received  
Sundry Income  
Group Life Claims

	2016 NZ\$'000	2015 NZ\$'000
Rebates Received	104	75
Sundry Income	13	-
Group Life Claims	98	219
	<b>215</b>	<b>294</b>

#### 10. Withdrawals

Retirement  
Resignation  
Redundancy  
Hardship  
Permanent Emigration  
Death and Permanent Incapacity  
In Service Partial Withdrawals

	2016 NZ\$'000	2015 NZ\$'000
Retirement	(2,045)	(1,780)
Resignation	(4,701)	(5,184)
Redundancy	(2,696)	(17,503)
Hardship	-	-
Permanent Emigration	-	-
Death and Permanent Incapacity	(156)	(829)
In Service Partial Withdrawals	(3,294)	(3,052)
	<b>(12,892)</b>	<b>(28,348)</b>

#### 11. Reconciliation of Net Cash Flows from Operating Activities to increase/(decrease) in Net Assets

Increase in Net Assets

##### Non-cash Items

(Gains) on Investments  
Distributions received as Units  
Rebates & Sundry Income Received  
Investment Management Fees

##### Movements in other working capital items

Decrease in Contributions Receivable  
Decrease in Benefits/Redemptions Payable  
Decrease in Prepaid Contributions  
Increase in Sundry Creditors  
Decrease in PIE Tax Payable  
**Net Cash Flows used in operating activities**

	2016 NZ\$'000	2015 NZ\$'000
Increase in Net Assets	7,465	4,431
(Gains) on Investments	(6,346)	(14,966)
Distributions received as Units	(147)	(591)
Rebates & Sundry Income Received	(97)	(67)
Investment Management Fees	79	278
Decrease in Contributions Receivable	22	211
Decrease in Benefits/Redemptions Payable	(579)	(58)
Decrease in Prepaid Contributions	-	(129)
Increase in Sundry Creditors	44	(141)
Decrease in PIE Tax Payable	(496)	(206)
	<b>(55)</b>	<b>(11,238)</b>

## AON MASTER TRUST

### Notes to the Financial Statements For the year ended 31 March 2016

#### 12. Financial risk management

The Scheme utilises a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the note 3.

The Trustee has approved a Statement of Investment Policies and Objectives (SIPO) which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustee and asset reallocations undertaken as required.

<b>Financial Instruments by Category</b>	<b>2016</b>	<b>2015</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>
<b>Financial assets at fair value through profit or loss</b>		
Investments	125,809	119,148
<b>Loans and receivables</b>		
Cash at bank	649	931
Receivables	257	290
<b>Total financial assets</b>	<b>126,715</b>	<b>120,369</b>
<b>Financial liabilities</b>		
Payables	581	1,204
<b>Total financial liabilities</b>	<b>581</b>	<b>1,204</b>

The Scheme's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

#### Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Schemes reputation.

The Scheme's Trust deed provides for the payment of benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals at any time.

The Scheme's investments are considered to be readily realisable. Financial liabilities of the Scheme consist of payables. Payables are typically settled within 30 days. Net assets available for benefits are payable on demand, providing certain Scheme withdrawal conditions are satisfied.

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Scheme to credit risk consist of cash and short term deposits, receivables and investments in unlisted products. The maximum exposure to credit risk is the carrying value of these financial instruments.

The Trustee manages and monitors credit risk by agreeing on target asset allocations for each Investment Fund and by diversifying the Scheme's investment portfolio over a range of investment products. The Trustee performs due diligence over all Fund Managers before appointment and uses the services of an investment consultant to alert them to any potential or actual risks associated with the Fund Managers.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Due to the unlisted nature of the investments it is not practical to determine the sensitivity of the unit price to changes in foreign exchange rates or interest rates. The investments are managed by ANZ New Zealand Investments Limited, Milford Funds Limited, Russell Investment Management Limited and Nikko Asset Management New Zealand Limited. Risk management activities are undertaken by the Scheme's Fund Managers to operate within the guidelines provided by the Trustee.

The Trustee monitors the standard deviation of investment returns of each Investment Fund against a performance target maximum standard deviation set out in the SIPO. The Trustee also uses the services of an investment consultant to alert it to any actual or potential risks associated with the Fund Manager or their products.

## AON MASTER TRUST

### Notes to the Financial Statements For the year ended 31 March 2016

#### 12. Financial risk management (Continued)

##### Market risk (Continued)

a) *Currency risk*: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. Risk management activities are undertaken by the Scheme's Fund Managers to operate within the guidelines provided by the Trustee.

The Trustee in conjunction with the investment consultant monitors currency risk by receiving reports from all Fund Managers which are reviewed and assessed against relevant asset allocation profiles and performance targets.

b) *Interest rate risk*: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in unitised products which invest in cash and fixed interest investments.

The Scheme's interest rate risk is monitored on a daily basis by the Fund Managers in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Trustee monitors interest rate risk on a regular basis by monitoring the asset allocation and performance against relevant asset allocation profiles and performance targets.

c) *Other price risk*: Other price risk is the risk that the value of the Scheme's investments will increase or decrease due to a change in the unit prices of its investments. The Scheme is exposed to other price risk through its investment in unitised products. The Scheme is indirectly exposed to underlying equities. The Investment Managers track these underlying equities on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns.

The Trustee, in consultation with its investment consultant, monitors the performance of the funds against performance objectives set out in the SIPO.

##### Sensitivity analysis - other price risk

The following table shows the impact on the Scheme's Net Assets under two scenarios - a ten percent decrease in the unit prices of the Scheme's investment funds and a ten percent increase in the unit prices of the Scheme's investment funds.

	A ten percent decrease in the unit price of the Scheme's investment funds		A ten percent increase in the unit price of the Scheme's investment funds	
	2016 NZ\$'000	2015 NZ\$'000	2016 NZ\$'000	2015 NZ\$'000
Milford Active Growth Fund	(845)	(725)	845	725
Nikko Cash Fund	(57)	(23)	57	23
Nikko Conservative Fund	(104)	(92)	104	92
Nikko Balanced Fund	(599)	(682)	599	682
Nikko Growth Fund	(138)	(109)	138	109
ANZ Investments Cash Fund	(340)	(287)	340	287
ANZ Investments Capital Stable Fund	(455)	(528)	455	528
ANZ Investments Conservative Fund	(1,423)	(1,351)	1,423	1,351
ANZ Investments Balanced Fund	(5,577)	(4,901)	5,577	4,901
ANZ Investments Growth Fund	(907)	(881)	907	881
ANZ Investments NZ Bond Fund	(54)	(114)	54	114
ANZ Investments Overseas Bond Fund	(123)	(184)	123	184
ANZ Investments Australasian Shares Fund	(42)	(63)	42	63
ANZ Investments International Shares Fund	(126)	(238)	126	238
ANZ Investments Australasian Property Fund	(4)	(4)	4	4
ANZ Investments Global Property Fund	(3)	(3)	3	3
ANZ Investments Absolute Returns Fund	-	(31)	-	31
IOOF Global 65 Fund	-	(111)	-	111
IOOF Global 75 Fund	-	(55)	-	55
IOOF Global 85 Fund	-	(23)	-	23
IOOF Global 95 Fund	-	(69)	-	69
Russell Investments Conservative Fund	(184)	(188)	184	188
Russell Investments Moderate Fund	(323)	(273)	323	273
Russell Investments Balanced Fund	(514)	(376)	514	376
Russell Investments Growth Fund	(252)	(172)	252	172
Russell Investments 2015 Fund	(116)	(107)	116	107
Russell Investments 2025 Fund	(119)	(94)	119	94
Russell Investments 2035 Fund	(160)	(131)	160	131
Russell Investments 2045 Fund	(117)	(101)	117	101
<b>Aon Master Trust</b>	<b>(12,582)</b>	<b>(11,916)</b>	<b>12,582</b>	<b>11,916</b>

## AON MASTER TRUST

### Notes to the Financial Statements For the year ended 31 March 2016

#### 12. Financial risk management (Continued)

##### Counterparty risk and risks relating to the performance of parties involved in the Scheme

Counterparty risk is the risk that a party to a contract with the Scheme defaults, fails to complete a transaction, or otherwise becomes unable to meet its financial obligations.

In addition, various parties are involved in the operation of the Scheme which are the Trustee and Fund Managers. Decisions made by either one of the parties are based upon a range of variables which by their nature are prospective. Therefore, there is a risk that such decisions will not always have good results for members.

The risk is managed by requiring the supervision of various parties. The Trustee monitors the investment performance of fund managers and reports in details on a quarterly basis. In addition, external parties such as the Scheme's auditor, monitor the activities of the Scheme during the annual audit of the Scheme's financial statements.

#### 13. Auditor's Remuneration - Audit Fees

	2016	2015
	NZ\$'000	NZ\$'000
Audit of financial statements	36	37
Other assurance services (Note A)	6	-

Note A: Other assurance services comprise prospectus reporting. This fee is in respect of the prospectus issued in September 2015.

KPMG also provided accounting advice costing NZ\$6,100 during the year (2015: NZ\$0).

#### 14. Related Parties

Related parties consist of the Administration Manager of the Scheme, Aon New Zealand ("Aon"), the Scheme Trustee, Superannuation Management Nominees Limited and all participating employers within the Scheme.

The Scheme pays administration, consulting and trustee & administration management fees to Aon. The administration, consulting and trustee & administration management fees charged to the Statement of Changes in Net Assets for the current year was NZ\$870,000 (2015: NZ\$794,000). Payables at year end were consulting fees of NZ\$34,000 (2015: NZ\$21,000) and trustee & administration management fees of NZ\$81,000 (2015: NZ\$64,000).

Outstanding balances at balance date are unsecured, interest free and settlement will occur in cash. No related party debts have been written off or forgiven during either the current or prior year.

The Scheme does not have any employees. Key management personnel include the Directors of the Trustee. No Trustee fee remuneration was paid.

One Director of the Trustee, namely Janet Hayden, is also a member of the Scheme and has an interest in the Scheme insofar as she is entitled to all relevant benefits set out in the Trust Deed.

The Scheme does not hold direct investments in any of the employer companies or any of its related parties. The Scheme received contributions from the participating employers during the year of NZ\$5,813,000 (2015: NZ\$5,991,000).

## AON MASTER TRUST

### Notes to the Financial Statements For the year ended 31 March 2016

#### 15. Investments at Fair Value (Continued)

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).
- Valuation techniques using 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).
- Valuation techniques using 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 level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable in an active market" requires significant judgement by the Trustee. The Trustee considers "observable in an active market" to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market, based on which the Trustee believe the Scheme's investments should be classified as level 2 investments.

The following table analyses within the fair value hierarchy the Scheme's investments measured at fair value:

2016	NZ\$'000 Level 1	NZ\$'000 Level 2	NZ\$'000 Level 3	NZ\$'000 Total
<b>Fair Value Measurements</b>				
<b>Unitised Investment Funds</b>				
Milford Active Growth Fund	-	8,454	-	8,454
Nikko Cash Fund	-	571	-	571
Nikko Conservative Fund	-	1,043	-	1,043
Nikko Balanced Fund	-	5,993	-	5,993
Nikko Growth Fund	-	1,376	-	1,376
ANZ Investments Cash Fund	-	3,397	-	3,397
ANZ Investments Capital Stable Fund	-	4,547	-	4,547
ANZ Investments Conservative Fund	-	14,231	-	14,231
ANZ Investments Balanced Fund	-	55,765	-	55,765
ANZ Investments Growth Fund	-	9,068	-	9,068
ANZ Investments NZ Bond Fund	-	538	-	538
ANZ Investments Overseas Bond Fund	-	1,226	-	1,226
ANZ Investments Australasian Shares Fund	-	420	-	420
ANZ Investments International Shares Fund	-	1,262	-	1,262
ANZ Investments Australasian Property Fund	-	41	-	41
ANZ Investments Global Property Fund	-	25	-	25
ANZ Investments Absolute Returns Fund	-	4	-	4
Russell Investments Conservative Fund	-	1,842	-	1,842
Russell Investments Moderate Fund	-	3,230	-	3,230
Russell Investments Balanced Fund	-	5,135	-	5,135
Russell Investments Growth Fund	-	2,520	-	2,520
Russell Investments 2015 Fund	-	1,159	-	1,159
Russell Investments 2025 Fund	-	1,192	-	1,192
Russell Investments 2035 Fund	-	1,596	-	1,596
Russell Investments 2045 Fund	-	1,174	-	1,174
<b>Total</b>	-	<b>125,809</b>	-	<b>125,809</b>

On 1st July 2015, the Trustees resolved to close the IOOF Global 65, Global 75, Global 85 and Global 95 Funds.



## AON MASTER TRUST

Notes to the Financial Statements  
For the year ended 31 March 2016

### 15. Investments at Fair Value (Continued)

2015	NZ\$'000 Level 1	NZ\$'000 Level 2	NZ\$'000 Level 3	NZ\$'000 Total
<b>Fair Value Measurements</b>				
<b>Unitised Investment Funds</b>				
Milford Active Growth Fund	-	7,248	-	7,248
Nikko Cash Fund	-	225	-	225
Nikko Conservative Fund	-	918	-	918
Nikko Balanced Fund	-	6,821	-	6,821
Nikko Growth Fund	-	1,085	-	1,085
ANZ Investments Cash Fund	-	2,866	-	2,866
ANZ Investments Capital Stable Fund	-	5,284	-	5,284
ANZ Investments Conservative Fund	-	13,522	-	13,521
ANZ Investments Balanced Fund	-	49,017	-	49,017
ANZ Investments Growth Fund	-	8,805	-	8,805
ANZ Investments NZ Bond Fund	-	1,142	-	1,142
ANZ Investments Overseas Bond Fund	-	1,843	-	1,843
ANZ Investments Australasian Shares Fund	-	630	-	630
ANZ Investments International Shares Fund	-	2,383	-	2,383
ANZ Investments Australasian Property Fund	-	35	-	35
ANZ Investments Global Property Fund	-	25	-	25
ANZ Investments Absolute Returns Fund	-	313	-	313
IOOF Global 65 Fund	-	1,108	-	1,108
IOOF Global 75 Fund	-	553	-	553
IOOF Global 85 Fund	-	231	-	231
IOOF Global 95 Fund	-	687	-	687
Russell Investments Conservative Fund	-	1,880	-	1,880
Russell Investments Moderate Fund	-	2,725	-	2,725
Russell Investments Balanced Fund	-	3,761	-	3,761
Russell Investments Growth Fund	-	1,719	-	1,719
Russell Investments 2015 Fund	-	1,069	-	1,069
Russell Investments 2025 Fund	-	940	-	940
Russell Investments 2035 Fund	-	1,309	-	1,309
Russell Investments 2045 Fund	-	1,005	-	1,005
<b>Total</b>	-	<b>119,149</b>	-	<b>119,148</b>

There were no transfers between Level 1 and Level 2 during the year.

The Scheme invests in managed funds, which are not directly quoted in active markets. The fair value is based upon unit prices calculated by the Manager of the fund.

The unit price is based upon a Net Asset Valuation using observable inputs of quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The Net Asset Valuation of the Fund may also include securities or derivatives which have inputs such as foreign exchange spot and forward rates and interest rate curves derived from quoted bond prices. The Net Asset Valuation may also have adjustments to reflect fees associated with the Fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

Due to the nature of unitised investments it is not possible to determine if a single underlying investment exceeds 5% of the Scheme's net assets of any class or type of security. Please refer to the tables above for details of investments held by the Scheme as at year-end.

## AON MASTER TRUST

### Notes to the Financial Statements For the year ended 31 March 2016

#### 15. Investments at Fair Value (Continued)

	2016	2015
Gains and losses on investments at fair value	NZ\$'000	NZ\$'000
Milford Active Growth Fund	602	789
Nikko Cash Fund	(2)	5
Nikko Conservative Fund	34	51
Nikko Balanced Fund	567	936
Nikko Growth Fund	80	138
ANZ Investments Cash Fund	103	115
ANZ Investments Capital Stable Fund	225	412
ANZ Investments Conservative Fund	611	1,654
ANZ Investments Balanced Fund	2,512	7,049
ANZ Investments Growth Fund	383	1,355
ANZ Investments NZ Bond Fund	36	101
ANZ Investments Overseas Bond Fund	49	195
ANZ Investments Australasian Shares Fund	51	77
ANZ Investments International Shares Fund	83	482
ANZ Investments Australasian Property Fund	6	7
ANZ Investments Global Property Fund	-	17
ANZ Investments Absolute Returns Fund	1	-
IOOF Global 55 Fund	-	4
IOOF Global 65 Fund	76	(30)
IOOF Global 75 Fund	13	64
IOOF Global 85 Fund	23	41
IOOF Global 95 Fund	38	74
Russell Investments Conservative Fund	93	148
Russell Investments Moderate Fund	169	257
Russell Investments Balanced Fund	219	386
Russell Investments Growth Fund	109	185
Russell Investments 2015 Fund	55	95
Russell Investments 2025 Fund	57	91
Russell Investments 2035 Fund	89	152
Russell Investments 2045 Fund	64	116
<b>Total Gains on Investments</b>	<b>6,346</b>	<b>14,966</b>

#### 16. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 31 March 2016 (2015: Nil).

#### 17. Events after Balance Date

The Trustee intends to request approval from the Financial Markets Authority ("FMA") to amalgamate a number of schemes with the Aon Master Trust subsequent to balance date. The amalgamation, once approved, will occur on a date as close as practicable to the date of transition to the Financial Markets Conduct Act 2013.

There have been no further material events after balance date that require adjustment to or disclosure in the financial statements. (2015: Nil).