

**ANZ PIE FUND  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018



## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March	Note	2018 \$000	2017 \$000
Interest income	3	36,577	22,197
Interest expense		(36,577)	(22,197)
<b>Profit before income tax</b>		-	-
Income tax expense		-	-
<b>Profit after income tax</b>		-	-

There are no items of other comprehensive income.

## BALANCE SHEET

As at 31 March	Note	2018 \$000	2017 \$000
<b>Current assets</b>			
Call deposits with ANZ		336,598	396,315
Term deposits with ANZ		952,786	808,800
Other assets		2,720	1,714
Total current assets		1,292,104	1,206,829
<b>Non current assets</b>			
Term deposits with ANZ		155,608	67,763
<b>Total assets</b>		1,447,712	1,274,592
<b>Current liabilities</b>			
PIE tax payable		2,720	1,714
<b>Total liabilities (excluding attributable to Unitholders)</b>		2,720	1,714
<b>Net assets attributable to Unitholders</b>	4	1,444,992	1,272,878

For and on behalf of the Board of Directors of the Manager



Bruce Macintyre  
Chair of the Board of Directors  
ANZ Investment Services (New Zealand) Limited  
21 June 2018



Annis O'Brien  
Director  
ANZ Investment Services (New Zealand) Limited  
21 June 2018

## CASH FLOW STATEMENT

	2018	2017
For the year ended 31 March	\$000	\$000
<b>Cash flows from operating activities</b>		
Interest received	36,054	17,379
Change in other assets	(1,006)	(693)
<b>Net cash flows provided by operating activities</b>	<b>35,048</b>	16,686
<b>Net cash flows from investing activities</b>		
Increase in term deposits	(231,308)	(562,450)
<b>Net cash flows used in investing activities</b>	<b>(231,308)</b>	(562,450)
<b>Cash flows from financing activities</b>		
Subscriptions from Unitholders	3,726,669	3,140,099
Unitholder redemptions	(3,581,548)	(2,807,484)
PIE tax paid on behalf of Unitholders	(8,578)	(3,926)
<b>Net cash flows provided by financing activities</b>	<b>136,543</b>	328,689
Net decrease in cash held	(59,717)	(217,075)
Cash and cash equivalents at beginning of year	396,315	613,390
<b>Cash and cash equivalents at end of year</b>	<b>336,598</b>	396,315

### Reconciliation of profit after tax with net cash flow provided by operating activities

Profit after income tax	-	-
<b>Non-cash items:</b>		
Interest expense paid to Unitholders	36,577	22,197
<b>Accruals of future operating cash receipts:</b>		
Change in accrued interest receivable	(523)	(4,818)
Changes in other assets	(1,006)	(693)
<b>Net cash flows provided by operating activities</b>	<b>35,048</b>	16,686

## STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

The Fund's net assets attributable to Unitholders are classified as a liability under NZ IAS 32 *Financial Instruments: Presentation*. As such the Fund has no equity and no items of changes in equity are presented for the current or comparative year. The following table shows the aggregate changes in net assets attributable to Unitholders, and is provided for information purposes only.

	2018	2017
For the year ended 31 March	\$000	\$000
<b>Opening net assets attributable to Unitholders</b>	<b>1,272,878</b>	922,685
Interest earned by Unitholders	36,577	22,197
Subscriptions during the year	3,726,669	3,140,099
Redemptions during the year	(3,581,548)	(2,807,484)
PIE tax deductions on behalf of Unitholders	(9,584)	(4,619)
<b>Closing net assets attributable to Unitholders</b>	<b>1,444,992</b>	1,272,878
	4	
<b>Number of units</b>	<b>Units</b>	<b>Units</b>
Opening units on issue	1,272,877,894	922,685,058
Net movement in units on issue during the year	172,113,955	350,192,836
<b>Closing units on issue</b>	<b>1,444,991,849</b>	1,272,877,894
	4	

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Fund is constituted by a master trust deed (the Trust Deed) dated 19 March 2008 (as amended and restated on 10 September 2015) between ANZ Investment Services (New Zealand) Limited (ANZIS) and The New Zealand Guardian Trust Company Limited (the Supervisor).

ANZIS is a wholly owned subsidiary of ANZ Bank New Zealand Limited (ANZ), which is incorporated in New Zealand. The Ultimate Parent Company of ANZIS is Australia and New Zealand Banking Group Limited which is incorporated in Australia.

For the purposes of the Financial Markets Conduct Act 2013, the Fund is a managed investment scheme made up of cash and term portfolio investment entity (PIE) units issued by a subsidiary of a registered bank without disclosure. ANZIS and ANZ provide investment and administrative services to the Fund for no charge.

The Fund's principal activity is investing in ANZ deposits, which are on normal commercial terms.

### 2. ACCOUNTING POLICIES

#### (i) Basis of preparation

These financial statements have been prepared in accordance with the Trust Deed.

These financial statements comply with

- New Zealand Generally Accepted Accounting Practice, as defined in the Financial Reporting Act 2013
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for publicly accountable for-profit entities
- International Financial Reporting Standards (IFRS)

#### (ii) Basis of measurement

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts.

#### (iii) Changes in accounting policies and adoption of new accounting standards

The accounting policies applied by the Fund are consistent with those applied and disclosed in the prior period.

While the impact is still being assessed, there are no standards issued but not yet effective that are expected to have a material impact on the Fund's financial statements.

#### (iv) Presentation currency and rounding

The amounts contained in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated.

#### (v) Specific accounting policies

These following specific accounting policies have been applied.

#### Revenue and expense recognition

Revenue, which includes interest income, is recognised to the extent that it is probable that economic benefits will flow to the Fund and that revenue can be reliably measured. Expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

#### Interest income and interest expense

Interest income and interest expense is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

#### Income tax

As all taxable income of the Fund is distributed to Unitholders of the Fund in accordance with the Trust Deed, the Fund has no income tax expense.

#### Call and term deposits with ANZ

Call and term deposits with ANZ are stated at their amortised cost, including accrued interest.

#### Cash and cash equivalents

Cash and cash equivalents are call deposits with ANZ and are readily convertible to cash.

#### Investors' taxation

The Fund is registered as a PIE. Investors with any Prescribed Investor Rate (PIR) other than 0% are referred to as tax paying investors. The tax liability on PIE income allocated to tax paying investors is calculated using the PIR notified by each investor and the Fund on their behalf deducts and pays the tax to the Inland Revenue Department. The Unitholders' tax liability on PIE income is funded through a reduction in Unitholders' funds.

#### Unitholders' funds

Units issued do not have identical features due to units paying different rates of return and having different maturities. Therefore the units do not meet the definition of a puttable financial instrument classified as equity under NZ IAS 32 *Financial Instruments: Presentation*. Unitholders' funds are classified as a financial liability and disclosed as Net Assets Attributable to Unitholders, and distributions to Unitholders are classified as interest expense. Unitholders' funds are carried at amortised cost and, due to their demand features, are not discounted.

### 3. INCOME AND EXPENSES

All deposits are invested with, and interest is received from, ANZ.

Certain expenses including Supervisor's fees, legal fees and other administrative expenses have been paid by the Manager without reimbursement. ANZ has paid the Fund's auditor, on behalf of the Fund without reimbursement, \$12,180 (2017: \$12,180) for the audit of the financial statements and \$16,818 (2017: \$16,818) for compliance reporting to the Supervisor.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. UNITS ON ISSUE

Net assets attributable to Unitholders represent the Unitholders' funds and comprise units of \$1.00 each. Each unit has one vote. Units are arranged into classes based on their term and rates of return. Each unit is fully paid and entitles the holder to a pro rata share of the relevant pool of funds in which that class of units is invested. The units on issue at 31 March 2018 had a net tangible asset backing of \$1.00 each (2017: \$1.00).

ANZIS manages the Fund's obligation to redeem units, when required, by investing in deposits with terms matched to the terms for units issued. The table below shows the contractual maturity of units on issue, based on the scheduled withdrawal date. The amounts are undiscounted principal and interest cash flows and may differ to the amounts reported on the balance sheet.

	2018 \$000	2017 \$000
At call	336,598	396,315
Up to 90 days	420,421	439,507
Over 90 to 180 days	294,044	170,631
Over 180 days to 12 months	249,872	257,832
Over 1 to 5 years	166,887	23,398
	<b>1,467,822</b>	1,287,683

### 5. FAIR VALUE MEASUREMENTS

#### Financial assets and financial liabilities not measured at fair value

No assets or liabilities are carried at fair value. Below is a comparison of the carrying amounts as reported on the balance sheet with the fair value of financial asset and liability categories, other than those categories where the carrying amount is considered a reasonable approximation of fair value.

Fair values are level 2 estimates, that is, present value estimates using the latest applicable term deposit interest rates as at the reporting date.

	2018		2017	
	Carrying Amount \$000	Fair Value \$000	Carrying Amount \$000	Fair Value \$000
<b>Financial assets</b>				
Term deposits with ANZ	1,108,394	1,112,231	876,563	879,528
<b>Financial liabilities</b>				
Units on issue	1,444,992	1,448,829	1,272,878	1,275,843

### 6. FINANCIAL RISK MANAGEMENT

Financial instruments are fundamental to the Fund's operations. Accordingly, the risks associated with financial instruments are a significant component of the risks faced by the Fund. These risks and the Fund's policies and objectives for managing those risks are outlined below.

#### Credit risk

Credit risk is the potential that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing loss. The key circumstances in which this might occur is if there was a failure by a bank, financial institution, corporate, local authority or other entity in which the Fund has invested. The Fund only invests in deposits with ANZ, which has a long term Standard and Poors' credit rating of AA-. The maximum credit risk exposure for all deposits is equivalent to their carrying value.

#### Liquidity risk

Liquidity risk is the risk that under certain conditions, cash outflows can exceed cash inflows in a given period and that the Fund may

therefore not be able to meet its obligations as they fall due. Liquidity risk arises from mismatches in the final maturity of balance sheet assets and liabilities. ANZIS manages the liquidity risk of the Fund by matching the maturity profile of its investments with the maturity profile of its obligations. The contractual maturity profile for the Fund's financial liabilities is disclosed in note 4.

#### Interest rate risk

Interest rate risk is the risk caused by fluctuations in market interest rates on future cash flows. Interest rate risk arises from differences in interest rates, and mismatches in the interest rate repricing profiles of, assets and liabilities. ANZIS manages the interest rate risk of the Fund by matching the interest rate profile of its investments with the interest rate profile of its obligations.

Based on the amount of deposits held at 31 March 2018, a 100 basis point increase in interest rates would result in an increase in interest income and gross return to unitholders of \$14.4 million (2017: \$12.7 million), and a 100 basis point decrease in interest rates would result in a decrease in interest income and gross return to unitholders of \$11.4 million (2017: \$9.2 million).



# Independent Auditor's Report

To the unitholders of ANZ PIE Fund

## Report on the financial statements

### Opinion

In our opinion, the accompanying financial statements of ANZ PIE Fund (the Fund) on pages 1 to 4:

- i. present fairly in all material respects the Fund's balance sheet as at 31 March 2018 and its statements of comprehensive income, statements of changes in unitholders' funds, and cash flow statements for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the balance sheet as at 31 March 2018;
- the statements of comprehensive income, changes in unitholders' funds, and cash flow statements for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

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

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

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

Our firm has also provided other services to the Fund in relation to reporting to the Fund's supervisor. 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.



### Use of this independent auditor's report

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



## Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Fund, are responsible for:

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



## Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-6/>

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

The engagement partner on the audit resulting in this independent auditor's report is **Jamie Munro**

For and on behalf of



KPMG  
Auckland

27 June 2018

## DIRECTORY

### **Manager:**

ANZ Investment Services (New Zealand) Limited, a wholly owned subsidiary of ANZ Bank New Zealand Limited

### **Directors of Manager:**

Paul Daley, Wellington  
Bruce Macintyre, Wellington  
Craig Mulholland, Auckland  
Annis O'Brien, Auckland  
Antonia Watson, Auckland

### **Registered Office of Manager:**

ANZ Investment Services (New Zealand) Limited  
Ground Floor  
ANZ Centre  
23-29 Albert Street  
Auckland

### **Auditor:**

KPMG  
Chartered Accountants  
18 Viaduct Harbour Avenue  
P O Box 1584  
Auckland

### **Supervisor:**

The New Zealand Guardian Trust Company Limited  
Level 14  
191 Queen Street  
Auckland

### **Registrar of Unitholders:**

C/- ANZ PIE Funds  
Ground Floor  
ANZ Centre  
23-29 Albert Street  
Auckland





