



PILOTS MUTUAL BENEFIT FUND

ANNUAL REPORT

2019

Pilot Trustees

Craig Woodhams (Chairman)	Air NZ 787 Captain
Matthew Harrington	Air NZ A320 Captain from 14.02.2019
Jason Irvine	Virgin Australia (NZ) 737 Captain
Hamish Murray	Air NZ 777 First Officer
Andy Price	Air NZ A320 Captain to 31.03.2019
Rhys Ritchie	Air NZ 787 Captain to 31.03.2019
Pip Schofield	Air NZ 787 Second Officer

Company Trustee: Paul Kelway Air NZ Treasurer

Independent Trustee: Penelope Ryder-Lewis - Lawyer

Secretary: Elaine Brown

Administrator: Donna Lacey

Administrative Support: Marie Pugh

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"http://www.pilotsmbf.org.nz" www.pilotsmbf.org.nz

Chairman's Report

For the year ended 31 March 2019

Ladies and gentlemen, it is my pleasure to present the Chairman's Report for 2019.

Once again, if you choose not to read this report in detail, please note the following four important points .

- **A reminder to all members that you must notify the MBF office within 90 days of receiving notification of a loss of licence.**
- **Please note that the MBF is a separate organisation from NZ ALPA. Therefore, it is necessary for you to advise the MBF office of any changes to your employment or contact details. For your convenience you can call the MBF office on 0800 745 623 or email office@pilotsmbf.org.nz HYPERLINK "mailto:office@pilotsmbf.org.nz"**
- **If you are struggling to pay the MBF contributions on a six monthly basis please contact the MBF Office as other payment methods may be available. If your contribution remains unpaid you will drop back to the basic cover as per your respective CEA or to zero cover if contributions are not made by your employer.**
- **Please remember the MBF is here to help with a return to flying. We may also help with rehabilitation. While we are able to help with accessing specialists, some testing, consultations and advice, we are not and cannot be involved with financial support for medically based treatments.**

CHAIRMAN'S REPORT

The last year has been a difficult one in many ways. During the year we have all experienced an increase in our fees due to the costs associated with an increasing number of claimants. We have over 55 pilots on claim at the moment, and the Fund generally spends over \$225,000 every month on support and rehabilitation for those claimants.

On the positive side, we are also helping the great majority of those pilots get well and get back to work. The Fund has been successful in streamlining and improving our IT capabilities, and for Air New Zealand jet pilots we have been able to provide for automated fee deduction within the company pay system.

When the fee increase occurred during the last financial year the Trustees promised a review of the financial situation once we had enough time to understand the implications to our yearly performance. An actuarial review would have cost the Fund up to \$5000. The accounts show a modest surplus, mainly as a result of 11 claims received in March being approved after balance date because of when Trustee meetings fell. Where possible, for good governance reasons, Trustees prefer and endeavour to approve claims at Trustee meetings. A fee increase was unavoidable to restore ongoing surpluses and we are reluctant to accrue more cost burdens on the Fund.

The Trustees are about to put forward some rule changes for the members consideration. These Rule changes should help the Trustees administer the Fund more effectively. These will not be the only changes that the Trustees will propose over the next year as they manage the Fund and look to the future.

Regarding discussion around the fee increases and the cost of membership, I have to point out again that this mutual society is based on collective responsibility. The Fund is not an insurer, and so we do not load a premium for age or medical condition. I have been informed that there are potentially cheaper (insurance) options available in the market and that may be the case when you are young and have a career ahead of you. Unlike the MBF, those premiums will go up with age, and they will be loaded again should any illness occur. No insurer will provide case management, help and support when dealing with the C.A.A. (But the Fund does).

Our younger pilots may want to consider the long game in terms of cost of loss of license investment. Joining the Fund later in a career as insurance costs start to rise will come with significant restrictions on Fund membership and benefits available (such as age abatements).

TRUSTEE CHANGES

We have also had some changes within the pilot trustee ranks. Captain Andy Price and Captain Rhys Ritchie have resigned, as planned. Captain Ritchie was asked to fill a short term need during a difficult period and the Trustees thank him for his service to the Fund. I personally want to thank him for his help and fresh ideas over the last year and a half.

Captain Price has resigned after seven years of service to the Fund and I thank him for his efforts over those many years. I think a term of that length as a trustee goes above and beyond and the remaining Trustees wish him well in the future and hope for his return to flying in the near future.

During the year we had Captain Matt Harrington join the Fund as a trustee. Matt has been overseeing our IT services for a number of years and has developed our website. Matt has been involved in implementing changes to billing and accounting practices and has been a huge help to the Fund over a number of years. To have his IT expertise and now his involvement as a Trustee is of great benefit to the Fund and I am pleased to be able to welcome him to our team.

ADMINISTRATION

The MBFAL is a not for profit company. It was set up by the Pilots MBF approximately eight years ago to carry out the administration functions for both the Pilots and ATC Funds. It sub-leases an office in Johnsonville, Wellington. During the 2018/2019 year the MBFAL retained the services of three staff members. Elaine and Donna constitute our fulltime staff, and Marie is part time with the company. The MBFAL staff have had many changes introduced into the day to day running of the company this year and they have adapted to these changes with both enthusiasm and ability.

Paul Robinson continues his role as a Director of the MBFAL and his good work is appreciated by his fellow Directors with the managing both of the staff of the MBFAL but also the introduction of more stream lined cloud based accounting and management systems. This is

in keeping with the MBFAL ideal of the continuation of updating and running a more stream lined approach to the running of the company. Paul continues his involvement with NZALPA at council and board level representing his ATC colleagues. His help in running the MBFAL operating company is vital to the Pilots Fund.

Matt Harrington, Air NZ A320 Captain, and now appointed Trustee continues to work with his fellow Directors and staff in developing and implementing IT changes. Matt will be instrumental in the process which has begun of a totally different IT approach to the running of both the Pilots and ATC Funds.

NZALPA

The Fund is a separate entity from NZLAPA, however it is in the best interest of all members for the fund to have a good working relationship with NZALPA. It assists the Fund and its members greatly for NZALPA to have a good understanding of the work the Fund does for its members. The Trustees are comfortable that they do have such a relationship with NZALPA.

MEDICAL

The Fund uses a number of case managers to facilitate treatment, recovery and, in some cases, contact the regulator. Our case managers are all professional and appropriately qualified. There will still be pilot Trustees involved at some level with a claimant, but we increasingly rely on health professionals to oversee and manage claimants.

We rely on advice from the health and insurance industry when it comes to applying, or not, exclusions. Any advice we receive is considered by all the Trustees. We rely on our members to be open when declaring previous injury or illness. Members when applying for increased cover must disclose any health issues. If in doubt as to their significance members should advise on the application. Not all health issues have exclusions. Members should note that even if an exclusion is applied, it will apply only to that portion of cover which is being increased. Exclusions can also be removed when the medical issue is no longer present.

We expect our claimants to make %best efforts+to re-licence. On occasion, when that effort is not evident, the Trustees will act in the best interests of all the members. That action will not be taken lightly, and will be the final result of every reasonable effort to help and facilitate an opportunity to re-licence.

MEMBERSHIP

Membership at the end of the financial year was 1600. This is an increase of 62 members.

During the year the Fund increased its buy rate for cover to a standard seven dollars per thousand in response to an ongoing increase in claimants on the Fund. The graphs elsewhere in the Report show a big increase in claims for accident and in the miscellaneous other category. In the past such claims have been infrequent but they now comprise over 60 percent of claims.

As Trustees, we have a duty first and foremost to make sure the Fund remains financially viable, with a set of rules that allows the Trustees to operate effectively and with the Fund's best interest front and centre.

This year the Fund has provided financial assistance to 101 members, or 6 percent of our total membership. Some of the issues that members claim for take some time to be resolved so that they can rely on it. The increased number of claimants receiving support as at the end of the financial year means provisions for future support payments have to be higher and this impacts the financial performance of the Fund.

Membership groupings as at 31 March 2019, respective to the employing companies are:

Air New Zealand		
Members with Basic + Additional Cover	2019	2018
Members with Extra Cover	68	210
	798	577
Mt Cook		
Members with Basic + Additional Cover	33	58
Members with Extra Cover	206	176
Air Nelson		
Members with Basic + Additional Cover	40	69
Members with Extra Cover	142	95
Jet Connect		
Members with Basic + Additional Cover	38	34
Members with Extra Cover	51	54
Virgin Australia		
Members with Basic Cover	106	94
Jet Star		
Members with Basic Cover only	48	42

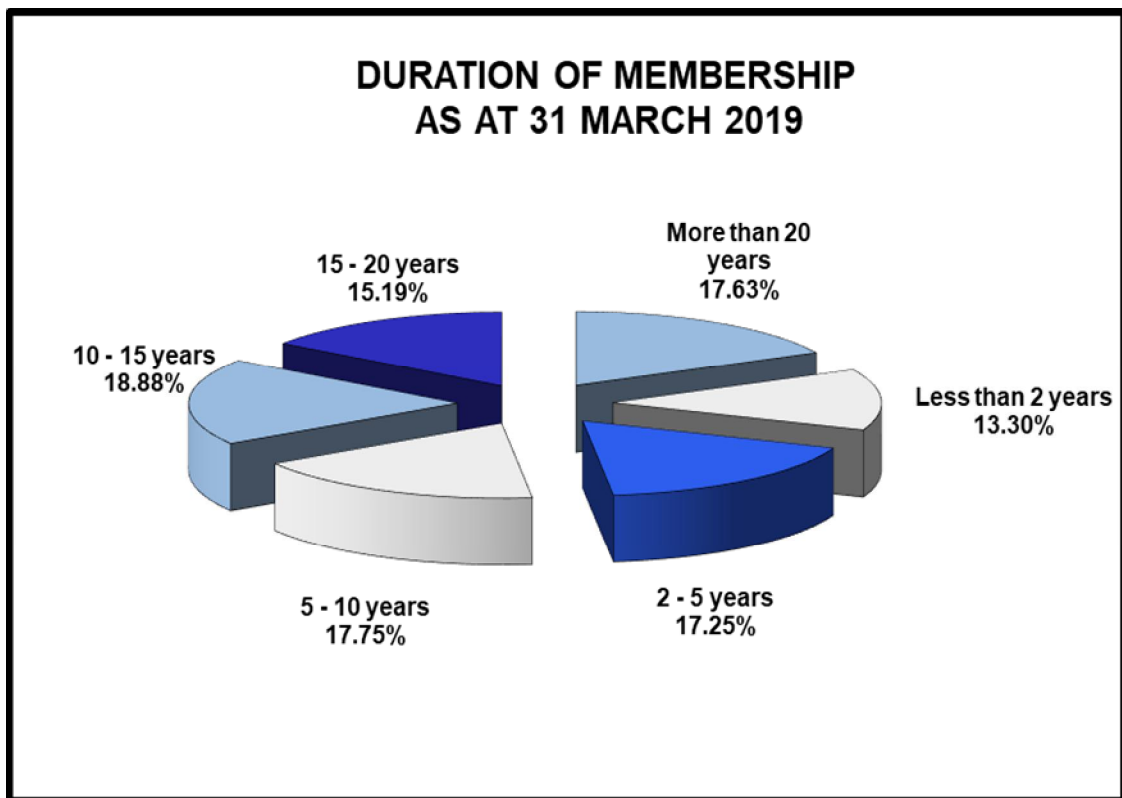
Other Aviation Groups * (No Company Contribution) 65 88

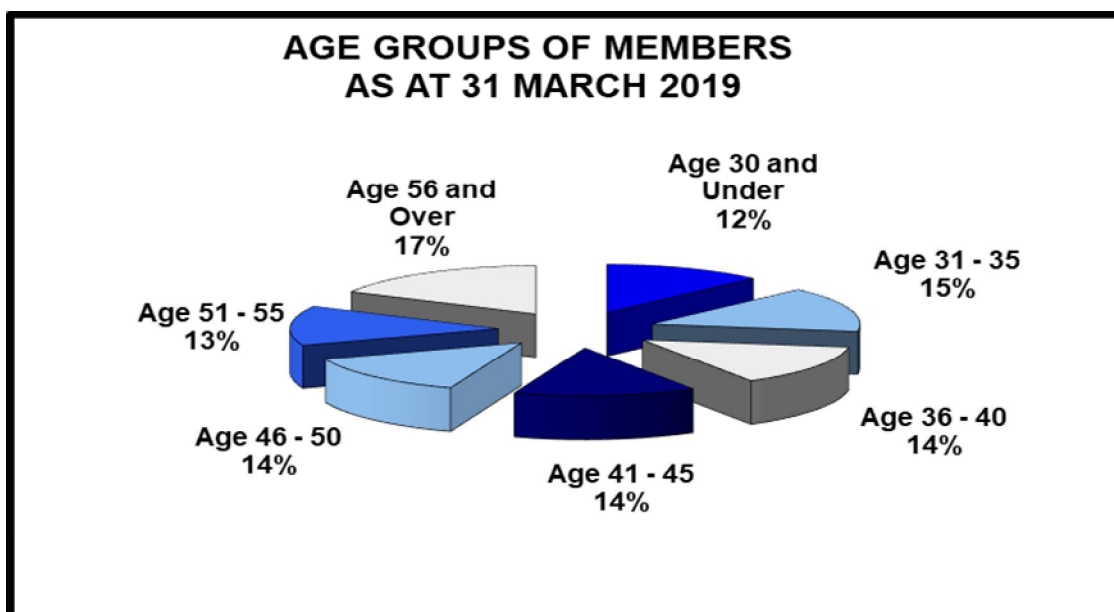
Air Chathams, Air Freight NZ Ltd, Air Wanganui, Airwork, Aviation Contractors, A V Lease Ltd, Canterbury Aero Club, CHC Helicopters, Classic Flights, With China Air, Fox & Franz Heli Services, Garden City Helicopters, Glacier Southern Lakes Helicopters, Helicopter Line, Helicopters NZ, Heliworks, Helilink, Ice Aviation, L3 Airline Academy, Marlborough Helicopters, Massey University, Milford Sounds Flights, Nelson Aviation College, Otago Airspread, Phillips Search & Rescue Trust, Robert Jones Holding, Skydive Auckland, Skyline Aviation, Sounds Air, Wanaka Helicopters, Wellington Aero Club.

6	Members have cover less than \$93,750
6	Members have cover of \$93,750
38	Members have cover over \$93,750
15	Members have cover of \$350,000

Pilots with Continued Membership	2019	2018
Cover of \$5,000 only	0	8

Membership by Activity	2019	2018
International Airline Operations	538	733
Domestic Airline Operations	421	466
Short Haul International (Virgin Australia), including Air NZ A320, Jet Connect and Jet Star	571	210
Helicopter Operations	20	23
Regional Operations	30	43
Flying Instructors	15	18





FINANCIAL

Long term investment strategy has also been a major issue. Last year in this report I talked about how and why we needed to change the way we go about investing.

With a previous actuarial review signalling some exposure to risk for the Fund by having the majority of our investments in term deposit, the Trustees were advised that we should diversify our investments, while retaining a very conservative risk profile. To that end, the Fund has retained Eriksens Global not only as our actuaries but also as our investment consultants. This is a role they have undertaken for the ATC MBF for some time. The ATC MBF provides us with a successful model of investment diversification, and by using Eriksens Global we are able to leverage off the previous experiences of the ATC Fund.

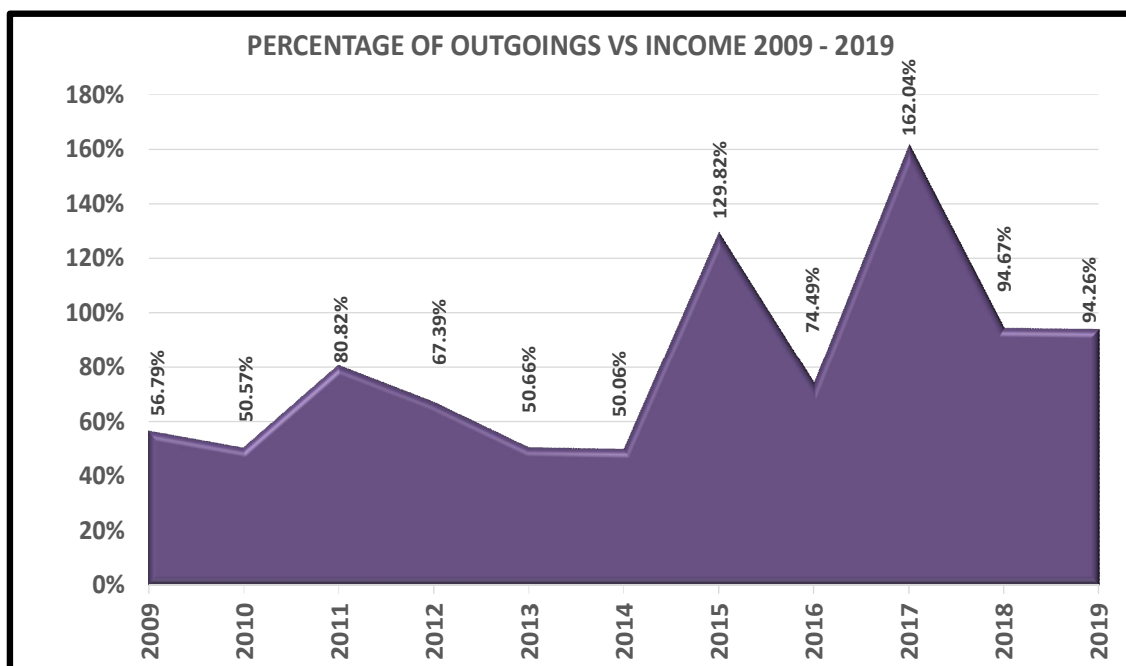
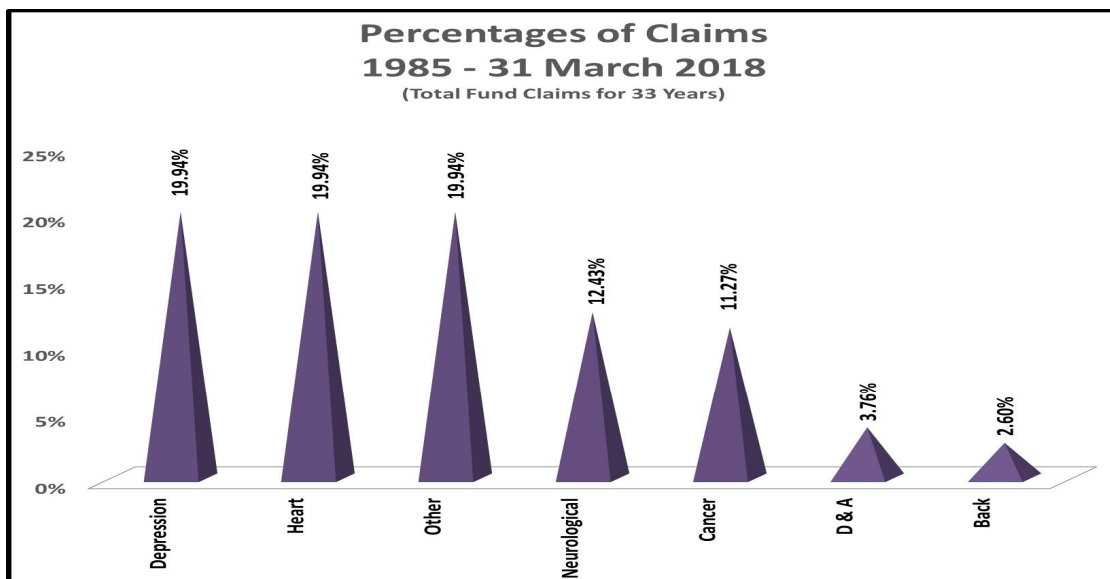
This has been a long, careful and considered project. The Pilots MBF is taking a very conservative position in our changing investment strategy and expects to have approximately 20% of our investment capital moved into managed Funds over the next year or so. The Trustees must stress the long term nature of the investment program, and while these funds will allow the Fund to draw back any investment as cash very quickly if the need arises, we expect that this programme will continue to develop over the next 5 years or so.

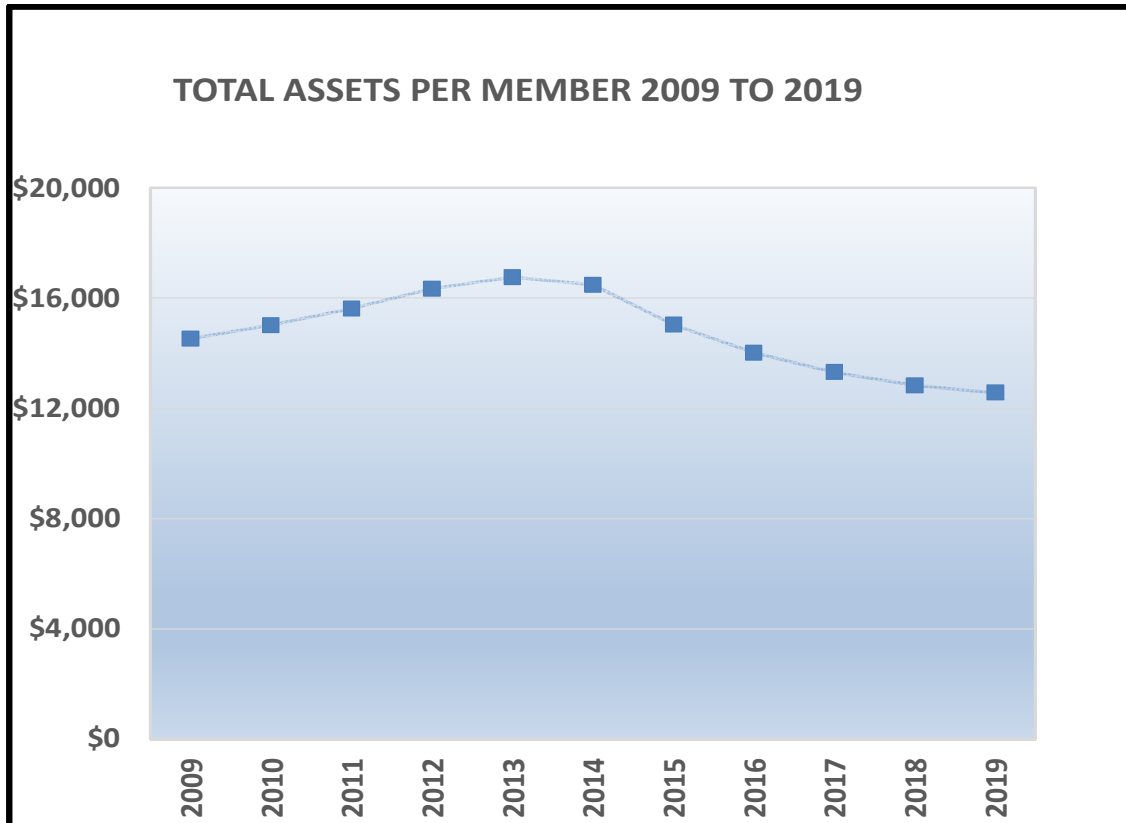
This is a significant change in the way the Fund invests, but the Trustees agree that some measured increase in risk in our investment strategy may allow for increased returns and achieve the diversification in investment our actuaries recommended.

The recommendation by our investment consultants has been to initially invest in the Mint Diversified Income Fund and the Milford diversified income Fund. The Trustees are required to ask for and to consider the advice of our investment consultants. The SIPO (Statement of Investment Policy and Operation) the Trustees are working to has met with the approval of Eriksens Global and was developed with their input.

The Trustees must emphasise that any change in our investment strategy has come about by consulting with professionals, seeking the best advice we can get and acting upon that advice in such a way as to meet the requirements of our own SIPO.

We have based our SIPO on industry best practice and feel comfortable that it allows for the required review of performance and results that all MBF members would expect. I have to emphasise this is not a bunch of pilots coming up with a bright idea. We have taken some time to get to this stage because we have made every effort to ensure transparency, review and best practice through regulation. This type of investment change has been successful for the ATC Fund over the long term, and while any investment strategy has risk, we feel we have done all we can to manage the diversification required while managing risk at a very conservative level.





TAXATION

The Fund continues to enjoy the tax-free status as provided by the sickness, accident and death mutuality Fund provisions of the Income Tax Act. The Trustees are cognisant of this status in considering any changes to the provisions or Rules of the Fund.

As the Fund enjoys a tax-free status it does not pay tax on any surplus nor is it liable for GST. Contributions are not subject to GST nor can contributions be claimed back in individual members' tax returns. Any disability or capital payment from the Fund is likewise not subject to any income tax.

Cover levels @ \$7/1000 for year ending 31 March 2019
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	<u>Income Covered</u>		<u>Cost</u>	<u>Paid by</u>
<u>AIR NEW ZEALAND</u>				
Basic Cover	177,873	@ \$7/1000	\$1,245.11	Company Contribution
Additional Cover	132,160	@ \$7/1000	{ \$462.56	Company Contribution
(Company matches Pilot contribution)			{ \$462.56	Member Contribution
	<u>310,033</u>			
Extra Cover	<u>289,967</u>	@ \$7/1000	\$2029.77	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>AIR NELSON</u>				
Basic Cover	100,000	@ \$7/1000	\$700.00	Company Contribution
Additional Cover	57,143	@ \$7/1000	{ \$200.00	Company Contribution
(Company matches Pilot contribution)			{ \$200.00	Member Contribution
	\$ <u>157,143</u>			
Extra Cover	<u>442,857</u>	@ \$7/1000	\$3100.00	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>MOUNT COOK</u>				
Basic Cover	100,000	@ \$7/1000	\$700.00	Company Contribution
Additional Cover	57,143	@ \$7/1000	{ \$200.00	Company Contribution
(Company matches Pilot contribution)			{ \$200.00	Member Contribution
	\$ <u>157,143</u>			
Extra Cover	<u>442,857</u>	@ \$7/1000	\$3100.00	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>VIRGIN AIRLINES</u>				
Basic Cover	380,714	@ \$7/1000	\$2665.00	Company Contribution
TO				
Basic Cover	484,143	@ \$7/1000	\$3389.00	Company Contribution
(May need individual accounts to be sent to members if they exceed the company's allocation of contributions this will be the quarter 01.02.... to 30.04.....)				
<u>JET CONNECT</u>				
Basic Cover	171,429	@ \$7/1000	\$1,200.00	Company Contribution
Extra Cover	<u>428,571</u>	@ \$7/1000	\$3,000.00	Member Contribution
TOTAL	\$ <u>600,000</u>			
TO				
Basic Cover	271,062	@ \$7/1000	\$1,897.44	Company Contribution
Extra Cover	<u>328,938</u>	@ \$7/1000	\$2,302.57	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>CANTERBURY AERO CLUB</u>				
Basic Cover	66,964	@ \$7/1000	\$468.75	Company Contribution
<u>OTHER AIRLINES /OPERATORS</u>				
No Company Contribution				
Basic Cover (Minimum)	50,000	@ \$7/1000	\$350.00	Member Contribution

DISABILITY CLAIMS

During the financial year, 1 April 2018 to 31 March 2019 there were 101 claimants. This is an increase of 20 up from the 81 claimants in the previous year.

Of these 101 claimants as at 31 March 2019:

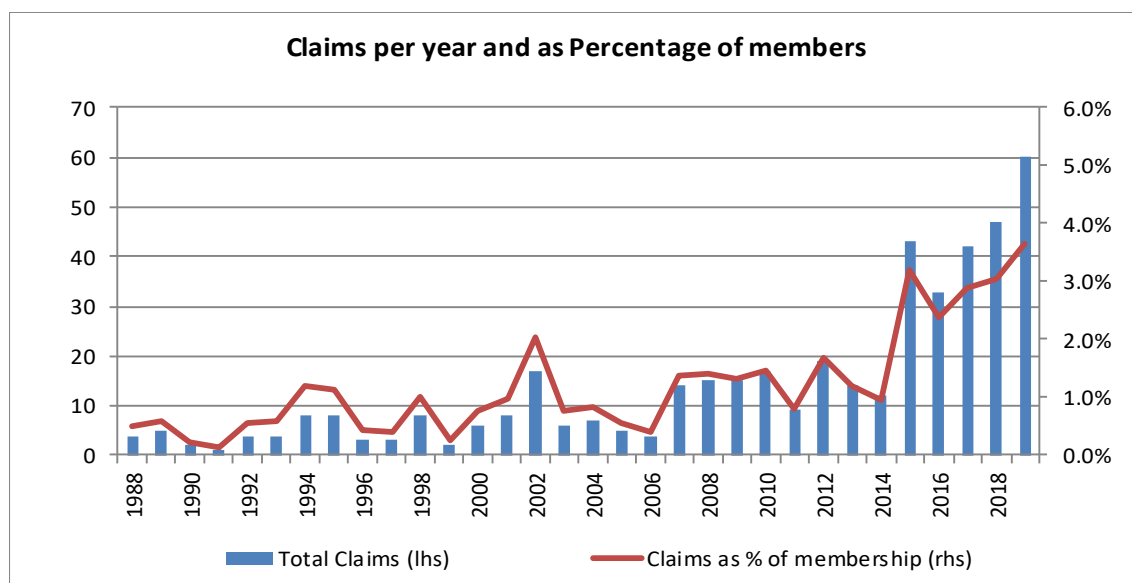
- 1 Claimant passed away and Capital Benefit paid out to beneficiaries of the will
- 4 Capital Benefits were paid out
- 47 Medical Certificates were reinstated
- 18 were receiving Full Benefits
- 3 were receiving ACC Top-Up Benefits
- 6 were receiving Sick Leave Top-Up Benefits
- 2 were receiving G.D.I. Top-Up Benefits
- 2 were receiving Ground Based Duties Top-Up Benefits
- 2 Benefit Payments were suspended
- 3 Claimants involved in full time ground based duty roles . not receiving payment
- 2 Claimants with claims approved with benefit payments yet to commence
- 11 Claims received prior to 31 March and approved subsequent to balance date

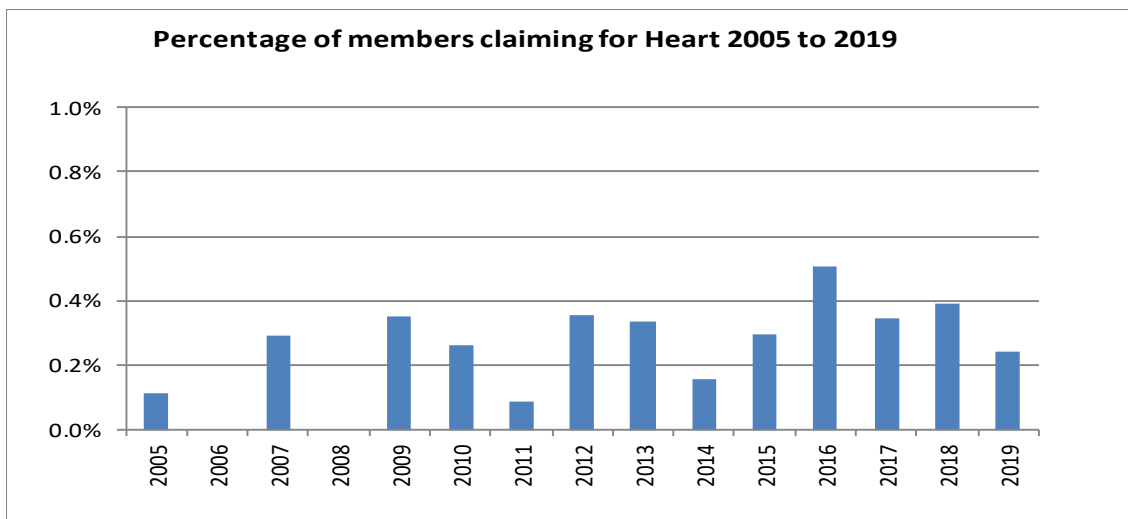
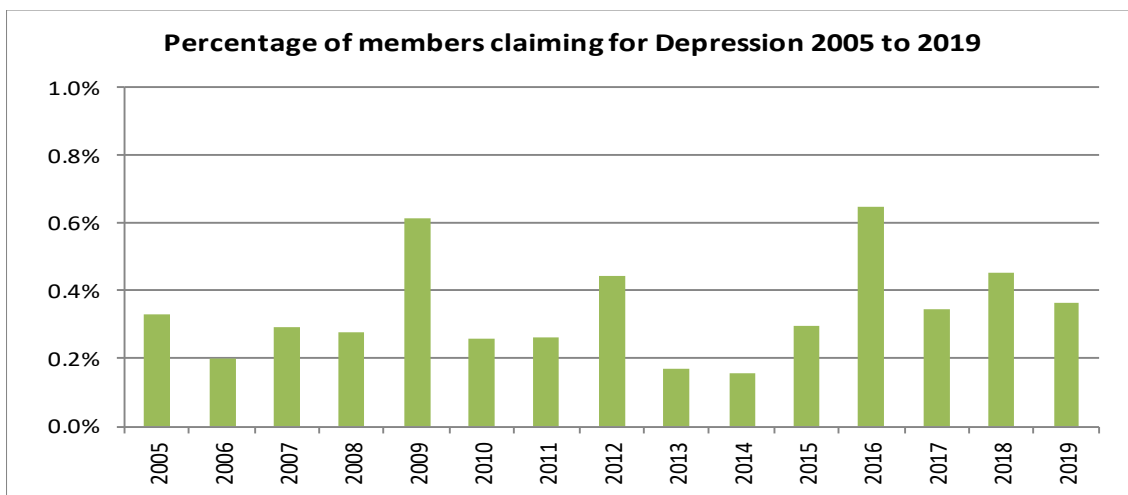
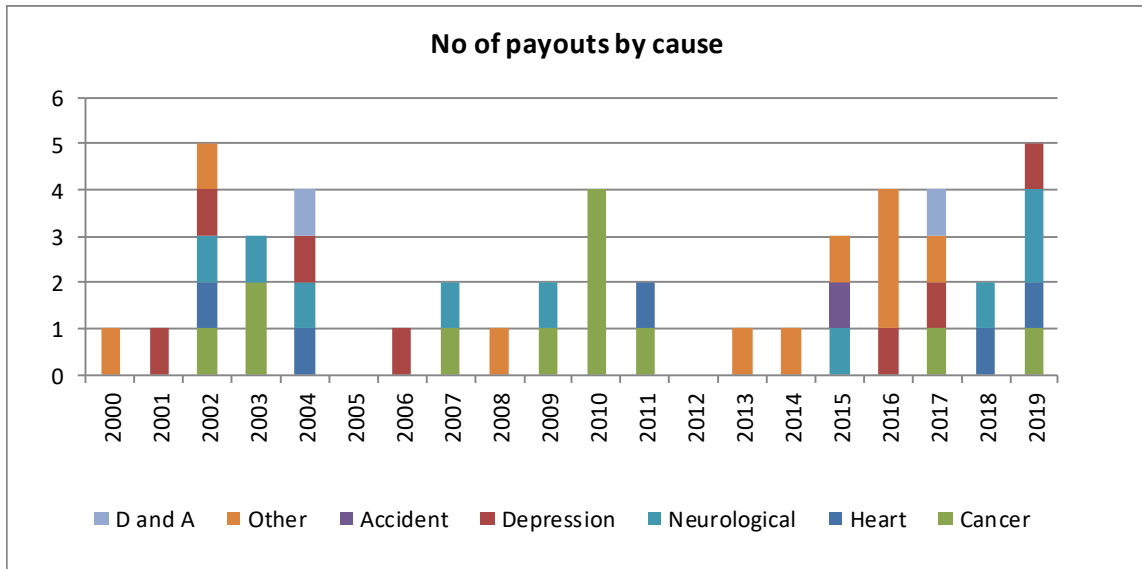
Actual Disability/Capital Benefit payments for the 12 month period to 31 March 2019 amounted to \$3.59m, which represented 77% of the Fund's income.

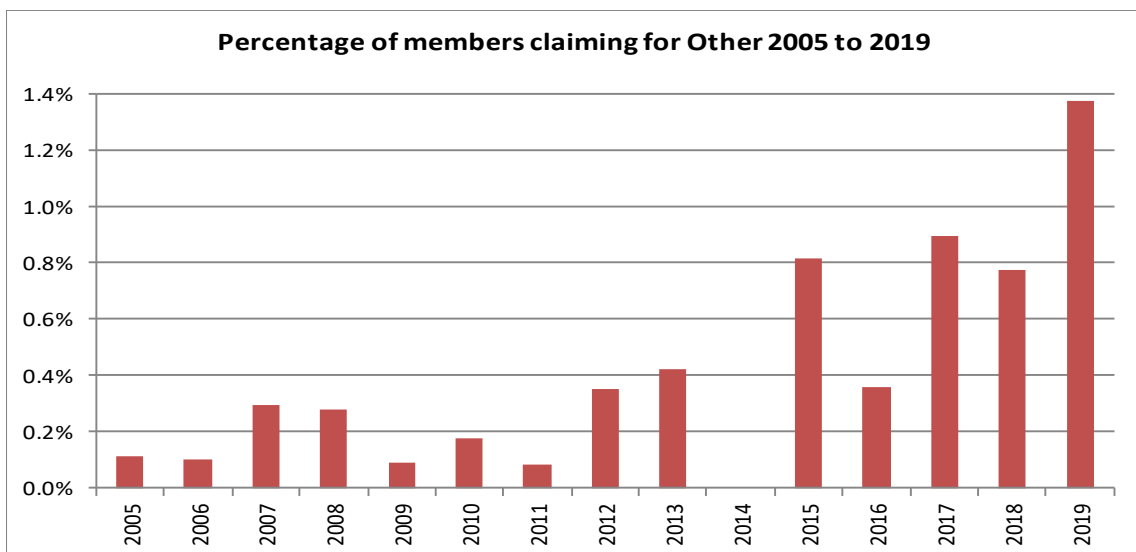
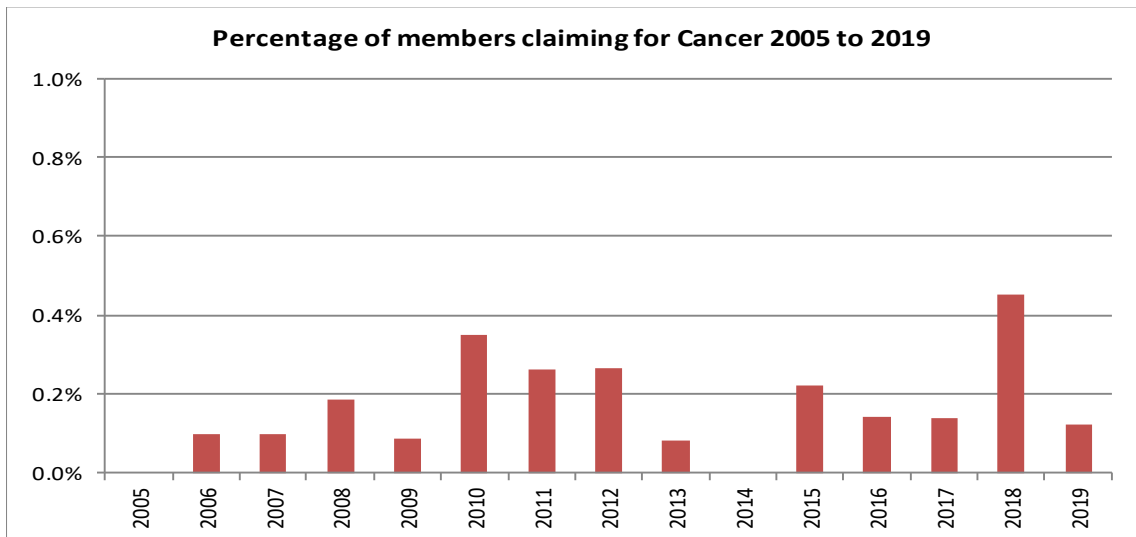
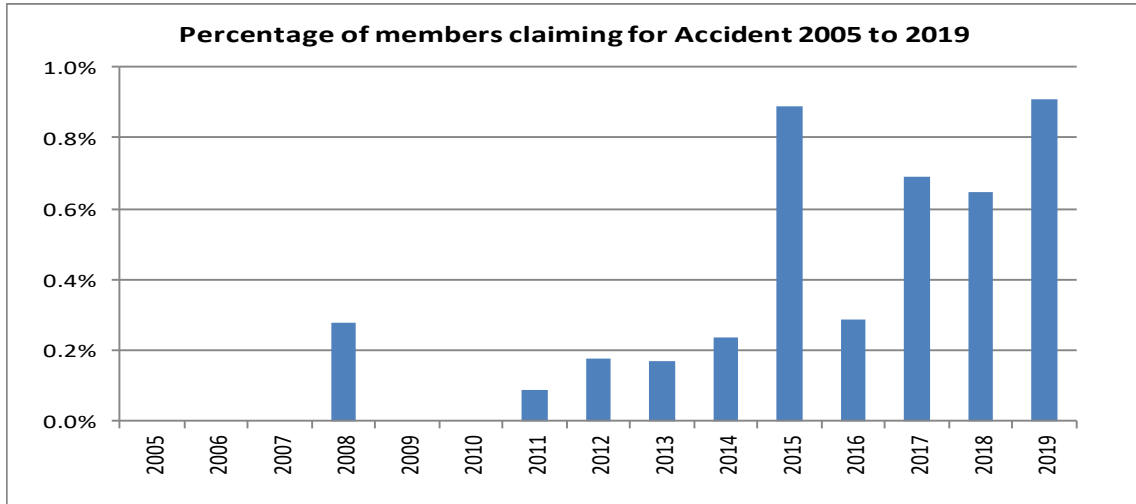
The following graphs give members a perspective on the nature of the issues the Fund is dealing with.

Some comments are:

- The number of claims as a percentage of the membership is rising and is now around 3.5 percent of membership up from the 1.5 percent seen in the 2005 to 2014 period.
- Capital benefit pay outs rose in 2019 totalled 5 after a drop last year.
- The Fund is seeing a greater number of claims in the diverse other category than previously







TRUSTEES

Pilot Trustees

Craig Woodhams (Chairman)

Jason Irvine

Hamish Murray

Pip Schofield

Matt Harrington

Employer Trustee

Paul Kelway

Independent Trustee

Penelope Ryder-Lewis

A handwritten signature in black ink, appearing to read 'C Woodhams', with a stylized, cursive script.

Craig Woodhams
Chairman

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
PERFORMANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2019

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
PERFORMANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2019

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THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP

AS AT 31 MARCH 2019

DIRECTORY

Trustees:

Craig Woodhams (Chairman)
Matthew Harrington
Jason Irvine
Paul Kelway
Hamish Murray
Penelope Ryder-Lewis
Philippa Schofield

Accountants:

Baker Tilly Staples Rodway Wellington
Level 6
95 Customhouse Quay
Wellington

Auditors:

BDO Wellington Audit Limited
Tower Building
50 Customhouse Quay
Wellington

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP

AS AT 31 MARCH 2019

ENTITY INFORMATION

Legal Name:	New Zealand Airline Pilots Mutual Benefit Fund
Type and Legal Basis:	Non Profit Making Tax Free (SAD Status)
Purpose or Mission:	The object of the Mutual Benefit Fund is to provide financial benefits and other assistance to members of the Fund whose earning capacity as a pilot has ceased due to the suspension and/or disqualification of their CAA or CASA Medical Certificates.
Structure:	<p>The Fund has not less than seven or more than ten Trustees with one independent Trustee and one Contributing Company Trustee. Pilot Trustees are elected by ballot. Currently there are five pilot Trustees. One of the Pilot Trustees is elected as Chairman.</p> <p>The Board meets bi-monthly. The administrative office is in Johnsonville, Wellington and is staffed by two full-time and one part-time employee.</p>
Main Source of Cash and Resources:	Member contributions - increased to \$7 per \$1,000 of cover at 1 January 2019 up from \$5 per \$1,000 for 1 April 2018 to 31 December 2018. Contributions are also received from employers who are contractually bound. Investment income is derived also from registered bank term deposits and bonds.
Physical Address:	Survey House 23-29 Broderick Road Johnsonville Wellington 6037
Postal Address	PO Box 83-049 Johnsonville Wellington 6440
Phone:	+64 4 478 3632 0800 PIL MBF (0800 745 623)
Fax:	+64 9 523 9207
Website / Email:	www.pilotsmbf.org.nz office@pilotsmbf.org.nz

Description of Outcomes:

The Fund's goal is to provide full support to a pilot to achieve reinstatement of their medical certificate. In the first instance income support is provided by way of 90% of net earnings as a pilot. In addition significant rehabilitation services are provided where Trustees, in consultation with the Fund's medical advisers, and case managers create a plan that they deem appropriate to facilitate a return to work. Claimants of the Fund are expected to make their best effort to achieve vocational rehabilitation.

The Fund could provide a Capital Benefit payment of up to \$600,000 where a claimant is permanently unable to gain re-instatement of their Medical Certificate.

There were 1,600 members of the Fund as at 31 March 2019 (2018: 1,538 members).

Description of Performance:

In the 2019 financial year the Fund assisted 101 claimants (2018: 81 claimants). There were 47 pilots who achieved medical certificate reinstatement (2018: 41 pilots). 4 pilots were unable to achieve medical certificate reinstatement and were paid Capital Benefits totalling \$1,141,910 (2018: 2 pilots unable to regain their medical certificates and paid out benefits totalling \$1,079,355) plus 1 pilot who died whilst in receipt of disability payments with the remainder of his/her Capital Benefit paid out to the beneficiaries of his/her will.

The Fund expects to have between 40 and 50 claimants receiving support at any one time, up from recent levels.

A claimant is assigned a Pilot Trustee as a liaison supporter and usually a case manager. Most claimants are highly motivated to return to work and the Fund acts to positively support that process.

The Fund spent \$3,350,000 (2018: \$2,450,000) directly on members comprising 73% (2018: 68%) of the Fund's income.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group		Parent	
		2019	2018	2019	2018
		\$	\$	\$	\$
INCOME					
Administration Fees - ATCMBF		60,859	66,853	-	-
Interest Received		685,393	675,850	685,393	675,850
Contributions		3,926,133	2,918,306	3,926,133	2,918,306
Total Income		4,672,385	3,661,009	4,611,526	3,594,156
Less Expenses					
Administration Expenses					
Accident Compensation Levy		595	500	-	-
Accounting Fees		20,018	19,727	14,266	13,794
Actuarial Fees		2,243	10,928	2,243	10,928
Administration		43,952	44,972	336,964	344,787
Audit Fees		21,435	21,285	18,885	18,225
Bank Charges		515	316	314	173
Car Parking Expenses		2,600	2,620	-	-
Communications		4,220	4,843	-	294
Computer Expenses		19,657	13,423	12,753	12,811
Consultancy		3,623	-	3,623	-
Depreciation		1,961	4,611	-	-
Directors Expenses		1,631	2,382	-	-
Directors' Fees		85,947	96,588	-	-
General Expenses		2,621	4,264	1,110	3,051
Hire of Equipment		3,182	3,086	-	-
Insurance		6,490	6,374	-	-
Legal Expenses		7,803	10,365	-	-
Printing, Postage & Stationery		550	1,127	65	569
Rent & Outgoings		15,289	15,080	-	-
Salaries		173,620	166,808	-	-
Staff Training		2,605	-	-	-
Support Services		17,755	16,115	-	-
Total Administration Expenses		438,310	445,413	390,221	404,632
Membership Expenses					
Case Management		98,566	134,857	98,566	134,857
Disability Benefits	3	3,589,957	2,575,599	3,589,957	2,575,599
Legal - Membership expenses		98,021	89,144	98,021	89,144
Medical Fees & Rehabilitation		86,172	94,969	86,172	94,969
Travel - Membership expenses		8,125	8,708	8,125	8,708
Total Membership Expenses		3,880,841	2,903,277	3,880,841	2,903,277
Trustee Expenses					
Meetings - Accommodation & Catering		22,721	22,793	22,721	22,793
Meetings - Trustees Allowances and Expense		18,392	23,957	18,392	23,957
Meetings - Professional Trustee Fees		28,175	53,758	28,175	53,758
Travel		15,495	22,115	15,495	22,115
Total Trustee Expenses		84,783	122,623	84,783	122,623
Total Expenses		4,403,933	3,471,313	4,355,845	3,430,532
NET SURPLUS/(DEFICIT)		268,452	189,696	255,681	163,624

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 MARCH 2019



	Note	Group		Parent	
		2019	2018	2019	2018
		\$	\$	\$	\$
ACCUMULATED FUNDS AT START OF YEAR		17,051,400	16,861,704	17,079,210	16,915,586
Net Surplus/(Deficit)		268,452	189,696	255,681	163,624
ACCUMULATED FUNDS AT END OF YEAR		<u>17,319,851</u>	<u>17,051,400</u>	<u>17,334,892</u>	<u>17,079,210</u>

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	Group		Parent	
		2019	2018	2019	2018
		\$	\$	\$	\$
CURRENT ASSETS					
Bank Accounts & Term Deposits	8	17,058,140	7,753,477	16,965,907	7,596,149
Contributions Receivable		511,949	539,503	511,949	539,503
Accrued Income		-	46,569	-	46,569
Accrued Interest		27,263	30,435	27,263	30,435
Investments	9	-	100,000	-	100,000
Taxation		11	-	-	-
Payments in Advance		5,089	4,925	-	-
Total Current Assets		17,602,452	8,474,909	17,505,119	8,312,656
NON-CURRENT ASSETS					
Non-Current Term Deposits	8	2,500,000	11,250,000	2,500,000	11,250,000
Loan - MBFAL	7	-	-	71,500	71,500
Plant & Equipment		6,288	6,088	-	-
Investments	9	-	0	6,000	6,000
Total Non-Current Assets		2,506,288	11,256,088	2,577,500	11,327,500
TOTAL ASSETS		20,108,740	19,730,997	20,082,619	19,640,156
CURRENT LIABILITIES					
GST Due for Payment		18,448	19,346	-	-
Accounts Payable		90,137	146,925	67,423	47,620
Income in Advance		17,683	35,816	17,683	35,816
Accrued Expenses		41,543	25,000	41,543	25,000
Disability Benefits - Current Portion	3	2,173,461	1,474,390	2,173,461	1,474,390
Total Current Liabilities		2,341,272	1,701,477	2,300,110	1,582,826
NON-CURRENT LIABILITIES					
Disability Benefits - Non-Current Portion	3	447,617	978,120	447,617	978,120
Total Non-Current Liabilities		447,617	978,120	447,617	978,120
TOTAL LIABILITIES		2,788,889	2,679,597	2,747,727	2,560,946
NET ASSETS		17,319,851	17,051,400	17,334,892	17,079,210
Represented by:					
ACCUMULATED FUNDS					
Retained Earnings		17,319,851	17,051,400	17,334,892	17,079,210
ACCUMULATED FUNDS		17,319,851	17,051,400	17,334,892	17,079,210

These financial statements are signed on behalf of the company by;

Trustee  Trustee 

Date 18 June 2019

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES				
Cash was received from:				
Receipts from Providing Goods or Services	48,300	73,238	-	-
Contributions	3,872,857	2,935,805	3,872,857	2,935,805
Interest Received	688,565	673,797	688,565	673,797
Net GST	-	12,964	-	-
Cash was Applied to:				
Payments to Suppliers and Employees	(793,630)	(886,551)	(693,581)	(877,802)
Disability Benefits	(3,348,083)	(2,453,735)	(3,348,083)	(2,453,735)
Net GST	(11,178)	-	-	-
Taxation	(11)	-	-	-
Net Cash Flows from Operating Activities	456,820	355,517	519,758	278,065
CASHFLOWS FROM INVESTING AND FINANCING ACTIVITIES				
Cash was received from:				
Receipts from the Sale of Investments	100,000	55,000	100,000	55,000
Term Deposits > 90 days Term	750,000	-	750,000	-
Loan to Subsidiary	-	-	-	7,500
Cash was Applied to:				
Plant and Equipment	(2,157)	(705)	-	-
Term Deposits > 90 days Term	-	(1,250,000)	-	(1,250,000)
Net Cash Flows from Investing and Financing Activities	847,843	(1,195,705)	850,000	(1,187,500)
Net Increase/ (Decrease) in Cash	1,304,663	(840,187)	1,369,758	(909,435)
Opening Cash	503,477	1,343,665	346,149	1,255,585
Closing Cash	1,808,140	503,477	1,715,907	346,149
This is represented by:				
ANZ Bank -00 Account	145,078	202,426	145,078	202,426
ANZ Bank Call Account	1,663,062	301,051	1,570,829	143,723
Bank Accounts	1,808,140	503,477	1,715,907	346,149

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1 STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The New Zealand Airline Pilots' Mutual Benefit Fund Group being a sickness, accident and death benefit fund is not required to use any particular reporting framework but has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Reporting Entity

For the results for the year ended 31 March 2019 The New Zealand Airline Pilots' Mutual Benefit Fund Group comprises the following entities:

The New Zealand Airline Pilots' Mutual Benefit Fund (Parent)
Mutual Benefit Fund Administration Limited (Subsidiary)

The New Zealand Airline Pilots' Mutual Benefit Fund is a sickness, accident, and death benefit fund as approved by the Inland Revenue Department.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical basis are followed by the entity, with the exception of certain items for which specific accounting policies have been identified.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial functional and presentational currency. These financial statements have been rounded to the nearest dollar.

(a) Consolidation of Subsidiaries

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being The New Zealand Airline Pilots' Mutual Benefit Fund (the parent) and its subsidiary as defined in PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements (Not-for-profit)*. A list of subsidiaries is above. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such subsidiary.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the Group are eliminated in full.

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(b) Plant and Equipment

The entity has the following classes of fixed assets;

Office Equipment	8.5 - 67% CP
Leasehold Improvements	7% CP

All plant and equipment is recorded at cost less accumulated depreciation.

Depreciation of plant and equipment has been calculated at the maximum rates permitted by the Income Tax Act 2007.

(c) Goods & Services Tax

Subsidiary financial statements are prepared and have been consolidated on a GST exclusive basis.

(d) Income Tax

The parent is exempt from income tax. No provision for income tax has been made for the subsidiary as there is no current or deferred tax payable.

(e) Investments

Investments are stated at cost.

(f) Leased Assets

Operating Leases

Operating leases are those where all the risks and benefits are substantially retained by the lessor. Lease payments are expensed in the periods the amounts are payable.

(g) Disability Benefits

The disability benefit expense includes an accrual which represents the trustees best estimate of the amount likely to be paid out to members whose claims have been received and approved and who have not re-licenced as at balance date.

The accrual requires significant judgement and estimation due to the nature of the benefits being paid. All claims are subject to medical review which is continually assessed. In addition the Trustees and employees have significant experience to call upon to exercise judgement on the potential extent of a liability for a members claim.

The assumptions used by the Trustees include:

- Where evidence available gives a relatively clear time period for the member returning to work then this time period is accrued as a liability.
- Where evidence available indicates it is improbable a member will return to work then the full value of the capital benefit is accrued as a liability.
- Where the evidence available means the Trustees are unable to identify a clear date for a potential return to work, or non-return to work, then an accrual is made for the period where there is relative certainty that the member will not return to work. For the period beyond where there is relative certainty, the Trustees have disclosed as a contingent liability the range of possible future disability benefit payments as well as the Trustees best estimate of the likely liability based on the Trustees experience and with reference to probabilities developed from historical payouts for the applicable conditions.

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(h) Revenue Recognition

Administration Fees

Administration fees are recognised as revenue on an accrual basis.

Contributions Received

Contributions being a primary source of funding are recognised when they become receivable from members and employer contributions are recognised on an accrual basis.

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

Dividend Income is recognised when the right to receive payment has been established.

(i) Bank Accounts and Cash

Bank and Cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

2 AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

3 DISABILITY BENEFITS

As noted in the accounting policy at 1(g) the determination of the amount of liability in respect of member claims is subject to a significant degree of estimation and judgement. The disability accrual has been determined using all available evidence and in light of the Trustees' experience and judgement.

Disability Benefits Accrual

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
Current Portion	2,173,461	1,474,390	2,173,461	1,474,390
Non-Current Portion	447,617	978,120	447,617	978,120
Total Disability Accrual	<u>2,621,078</u>	<u>2,452,510</u>	<u>2,621,078</u>	<u>2,452,510</u>

During the year disability benefits of \$1,844,761 (2018: \$1,898,426) were paid out for claims where the event leading to the claim had occurred on or before 31 March 2018. This compares to \$1,474,390 (2018: \$2,202,849) which was the Trustees estimate that was included in the current liabilities as at 31 March 2018.

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Disability Accrual and Expense Reconciliation

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
Opening Disability Accrual	2,452,510	2,326,243	2,452,510	2,326,243
Provision Utilised	(1,844,761)	(1,898,426)	(1,844,761)	(1,898,426)
Increase in Provision	2,013,329	2,024,693	2,013,329	2,024,693
Closing Disability Accrual	<u>2,621,078</u>	<u>2,452,510</u>	<u>2,621,078</u>	<u>2,452,510</u>
Disability Benefits Paid or Payable	3,421,388	2,449,332	3,421,388	2,449,332
Less: Provision Utilised	(1,844,761)	(1,898,426)	(1,844,761)	(1,898,426)
Plus: Increase in Provision	2,013,329	2,024,693	2,013,329	2,024,693
Recognised Disability Expense	<u>3,589,957</u>	<u>2,575,599</u>	<u>3,589,957</u>	<u>2,575,599</u>

4 CONTINGENT LIABILITIES

The obligation the Fund has in respect to existing claims on the Fund is contingent upon future events over which the Fund has no control. Due to the uncertainty surrounding certain future disability benefit payments the range of possible future disability benefit payments for which a liability has not been recognised has been calculated for claims approved prior to balance date being \$0 to \$7,311,119 (2018: \$0 to \$7,705,244). The Trustees best estimate of the likely liability based on the Trustees' experience and with reference to probabilities developed from historical payout patterns for the applicable conditions is \$992,386 (2018: \$774,631) as per accounting policy (g). The New Zealand Airline Pilots' Mutual Benefit Fund Group has not granted any securities in respect of liabilities payable by any other party.

Within the contingent liability range are the residual capital benefits of 3 claimants that are disputing the outcomes of their claims. It is uncertain what the outcome of this may be, but it may result in additional costs for the fund.

5 CAPITAL COMMITMENTS

At balance date there are no known Capital Commitments. (2018: Nil)

6 COMMITMENTS

The Mutual Benefit Fund Administration Ltd agreed to sublease office space from MBS Copy Centre for a period of two years. The operating lease liabilities are as follows:

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
Current Portion	20,332	8,671	-	-
Non-Current Portion	11,661	-	-	-
Total	<u>31,993</u>	<u>8,671</u>	<u>-</u>	<u>-</u>

7 LOAN - MBFAL

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
Mutual Benefit Fund Administration Ltd	<u>-</u>	<u>-</u>	<u>71,500</u>	<u>71,500</u>

The loan is repayable on demand and interest free.

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8 BANK ACCOUNTS & TERM DEPOSITS

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
ANZ Bank 00 Account	145,078	202,426	145,078	202,426
ANZ Bank Call Account	1,663,062	301,051	1,570,829	143,723
ANZ Bank	4,500,000	4,500,000	4,500,000	4,500,000
ASB Bank	4,000,000	4,000,000	4,000,000	4,000,000
BNZ Bank	3,750,000	3,750,000	3,750,000	3,750,000
Kiwibank Limited	1,500,000	2,250,000	1,500,000	2,250,000
Westpac Bank	4,000,000	4,000,000	4,000,000	4,000,000
	<u>19,558,140</u>	<u>19,003,477</u>	<u>19,465,907</u>	<u>18,846,149</u>
Current Portion	17,058,140	7,753,477	16,965,907	7,596,149
Non-Current Portion	2,500,000	11,250,000	2,500,000	11,250,000
	<u>19,558,140</u>	<u>19,003,477</u>	<u>19,465,907</u>	<u>18,846,149</u>

There was no overdraft as at balance date nor was any facility arranged.
The Fund has an ANZ credit card with a limit of \$15,000.

9 INVESTMENTS

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
NZ Shares				
Mutual Benefit Fund Admin. Ltd	-	-	6,000	6,000
Total NZ Shares	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Fixed Interest Investments				
Infratil Limited		100,000	-	100,000
Total Fixed Interest	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Current Portion		100,000		100,000
Non-Current Portion	-		6,000	6,000
Total Investments	<u>-</u>	<u>100,000</u>	<u>6,000</u>	<u>106,000</u>

The market value of the fixed interest investments is Nil (2018: \$102,763).

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10 RELATED PARTIES

Mutual Benefit Fund Administration Limited is a wholly owned subsidiary of The New Zealand Airline Pilots' Mutual Benefit Fund. All transactions with The New Zealand Airline Pilots' Mutual Benefit Fund have been entered into the ordinary course of business, undertaken on commercial terms on an arm's length basis.

During the period there have been material transactions between The New Zealand Airline Pilots' Mutual Benefit Fund and related parties as follows:

Name of Related Party:

Penelope Ryder-Lewis

Types of transactions:

In addition to being a Trustee of the fund, Penelope Ryder-Lewis is a principal at Bartlett Law which received fees for legal services provided to the fund. These fees totalled \$61,118 (2018: \$70,888). Of these amounts there was \$7,406 (2018: \$7,452) payable and \$16,543 (2018: Nil) accrued at balance date.

Name of Related Party:

Dr Simon Ryder-Lewis (brother of Trustee Penelope Ryder-Lewis)

Types of transactions:

Dr Simon Ryder-Lewis is a case manager used by the fund and received payment of \$22,300 during the year for his services (2018: \$25,249). Of these amounts there was Nil (2018: Nil) payable at balance date.

Name of Related Party:

Matthew Harrington

Types of transactions:

In addition to being a Trustee of the fund, Matthew Harrington is a director and shareholder at Expand I.T. Limited which received fees for I.T. services provided to the fund. These fees totalled \$6,887. Of these amounts there was Nil payable at balance date.

11 SUBSEQUENT EVENTS

Subsequent to balance date the Trustees approved 11 disability benefit claims which related to claims where their license was lost prior to balance date. The sum total of capital benefit cover for these claims is \$4,588,093 (2018: \$1,400,896) and the Trustees best estimate of payments expected to be made to these claimants based on the Trustees' judgement and historical payouts is \$508,277 (2018: \$380,090).

These notes to the financial statements form part of and are to be read in conjunction with these statements

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP**

Opinion

We have audited the performance report of The New Zealand Airline Pilots' Mutual Benefit Fund Group ("the Fund"), which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 March 2019, the statement of financial position as at 31 March 2019, and the statement of accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report presents fairly, in all material respects:
 - the entity information for the year ended 31 March 2019;
 - the service performance for the year then ended; and
 - the financial position of the Fund as at 31 March 2019, and its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE (NZ) 3000 (Revised)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. 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 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 opinion.

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

Other Information

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the performance report and our auditor's report thereon.

Our opinion on the performance report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Trustees for the Performance Report

The Trustees are responsible for:

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b) the preparation and fair presentation of the performance report on behalf of the Fund which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board; and

- c) such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of the Fund for assessing the Fund'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 Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is 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 ISAs (NZ) and ISAE (NZ) 3000 (Revised) 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 this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Fund's Trustees, as a body. Our audit work has been undertaken so that we might state those matters which 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 Fund and the Fund's Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO Wellington Audit Limited

Wellington

New Zealand

18 June 2019

MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

FINANCIAL REPORTS

FOR THE YEAR ENDED 31 MARCH 2019

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**MUTUAL BENEFIT FUND ADMINISTRATION
LIMITED**
AUDIT REPORT
FOR THE YEAR ENDED 31 MARCH 2019

**MUTUAL BENEFIT FUND ADMINISTRATION
LIMITED**
AUDIT REPORT
FOR THE YEAR ENDED 31 MARCH 2019

MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

COMPANY DIRECTORY

AS AT 31 MARCH 2019

Directors	Craig Woodhams Matthew Harrington Jason Irvine Hamish Murray Paul Robinson Philippa Schofield
Company Number	3074115
Auditors	BDO Wellington Audit Limited
Date of Incorporation	31 August 2010
Bankers	ANZ
Solicitors	Bartlett Law Wellington
Shareholders	Matthew Harrington, Jason Irvine, Paul Kelway, Hamish Murray, Penelope Ryder-Lewis, Philippa Schofield and Craig Woodhams. - 6,000 Ordinary Shares

MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

	2019 \$	2018 \$
INCOME		
Administration Fees - PMBF	293,012	299,814
Administration Fees - ATCMBF	60,859	66,853
Total Income	353,871	366,667
Less Expenses		
Accident Compensation Levy	595	500
Accounting Fees	5,752	5,932
Audit Fees	2,550	3,060
Bank Charges	200	140
Car Parking Expenses	2,600	2,620
Communications	4,220	4,549
Computer Expenses	6,904	612
Depreciation	1,961	4,611
Directors Expenses	1,631	2,382
Directors' Fees	85,947	96,589
General Expenses	1,511	1,213
Hire of Equipment	3,182	3,086
Insurance	6,490	6,374
Legal Expenses	7,803	10,365
Printing, Stamps & Stationery	485	558
Rent & Outgoings	15,289	15,080
Salaries	173,621	166,808
Staff Training	2,605	-
Support Services	17,755	16,115
Total Expenses	341,101	340,594
NET SURPLUS/(DEFICIT)	<u>\$12,770</u>	<u>\$26,073</u>

These Financial Statements have been subject to an audit or review engagement and must be read in conjunction with the Notes to the Financial Statements and the accompanying Compilation Report.

MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	2019 \$	2018 \$
Net Surplus/(Deficit) After Tax	12,770	26,073
Total Recognised Revenues & Expenses	<u>12,770</u>	<u>26,073</u>
EQUITY AT START OF YEAR	<u>(\$21,811)</u>	<u>(\$47,884)</u>
EQUITY AT END OF YEAR	<u><u>(9,041)</u></u>	<u><u>(21,811)</u></u>


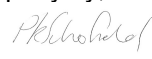
These Financial Statements have been subject to an audit or review engagement and must be read in conjunction with the Notes to the Financial Statements and the accompanying Compilation Report.

MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Bank Accounts	6	92,233	157,328
Taxation	7	11	-
Payments in Advance		5,089	4,925
Total Current Assets		97,333	162,253
NON-CURRENT ASSETS			
Property, Plant & Equipment	8	6,288	6,088
Total Non-Current Assets		6,288	6,088
TOTAL ASSETS		103,621	168,341
CURRENT LIABILITIES			
GST Due for Payment		18,448	19,347
Accounts Payable and Accruals		22,714	99,305
Total Current Liabilities		41,162	118,652
NON-CURRENT LIABILITIES			
Loan - NZAPMBF	10	71,500	71,500
Total Non-Current Liabilities		71,500	71,500
TOTAL LIABILITIES		112,662	190,152
NET ASSETS		<u>(\$9,041)</u>	<u>(\$21,811)</u>
Represented by;			
EQUITY			
Share Capital		6,000	6,000
Accumulated Losses		(15,041)	(27,811)
TOTAL EQUITY		<u>(\$9,041)</u>	<u>(\$21,811)</u>

These financial statements are signed on behalf of the company by;

Director  Director 

Date 18 June 2019

These Financial Statements have been subject to an audit or review engagement and must be read in conjunction with the Notes to the Financial Statements and the accompanying Compilation Report.

MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These financial statements are special purpose financial statements and have been prepared to meet the requirements of the shareholders and their group reporting obligations and for income tax purposes, in compliance with section 21B of the Tax Administration Act 1994.

The company is not required to prepare general purpose financial statements in accordance with the Companies Act 1993.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(a) Property, Plant and Equipment

The entity has the following classes of fixed assets;

Leasehold Improvements	7% CP
Office Equipment	8.5 - 67% CP

All property, plant and equipment are recorded at cost less accumulated depreciation.

Depreciation of the property, plant and equipment has been calculated at the maximum rates permitted by the Income Tax Act 2007.

(b) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis.

(c) Income Tax

No provision for income tax has been made as there is no current or deferred tax payable.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities. Mutual Benefit Fund Administration Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

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MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. CAPITAL COMMITMENTS

At balance date there are no known Capital Commitments.

5. IMPUTATION CREDIT ACCOUNT

At balance date imputation credits available to the shareholders were \$11.

6. CASH AND BANK ACCOUNTS

	2019	2018
	\$	\$
ANZ Bank Account	92,233	157,328
TOTAL CASH AND BANK ACCOUNTS	<u><u>\$92,233</u></u>	<u><u>\$157,328</u></u>

There was no overdraft as at balance date nor was any facility arranged.

7. TAXATION

	2019	2018
	\$	\$
Net Surplus / (Deficit) Before Tax	12,770	26,072
Non Deductible Expenses	(2,972)	(2,350)
Taxable income/ (loss)	<u><u>9,798</u></u>	<u><u>23,722</u></u>
Taxation Adjustments		
Losses Brought Forward	(16,002)	(39,724)
Assessable Income/(Losses Carried Forward)	<u><u>(6,204)</u></u>	<u><u>(16,002)</u></u>
Taxation at Current Rates	-	-
Tax Expense	<u><u>-</u></u>	<u><u>-</u></u>
Provisional Tax paid	(11)	-
Total tax to pay / (Refund)	<u><u>(11)</u></u>	<u><u>-</u></u>

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MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Non-Deductible expenditure

Holiday Pay Accrual	(2,972)	(2,350)
Total	<u>(2,972)</u>	<u>(2,350)</u>

Tax losses amounting to \$6,204.17 (2018: \$16,001.66) can be carried forward to reduce potential future taxable income. Such benefit has not been recorded in the financial statements and will be subject to current income tax legislation.

8. PROPERTY, PLANT AND EQUIPMENT

	2019 \$	2018 \$
Leasehold Improvements		
At cost	1,371	1,371
Less Accumulated Depreciation	<u>222</u>	<u>136</u>
	<u>1,149</u>	<u>1,235</u>
Office Equipment		
At cost	39,057	41,732
Less Accumulated Depreciation	<u>33,918</u>	<u>36,879</u>
	<u>5,139</u>	<u>4,853</u>
Total Property, Plant and Equipment	<u>\$6,288</u>	<u>\$6,088</u>

9. LEASE COMMITMENTS

The Mutual Benefit Fund Administration agreed to sublease office space from MBS Copy Centre in March 2018. The first right of renewal date was November 2018. The next renewal date is November 2020.

Current Portion	20,332	8,671
Non Current Portion	<u>11,661</u>	<u>-</u>
	<u>\$31,993</u>	<u>\$8,671</u>

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MUTUAL BENEFIT FUND ADMINISTRATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. LOAN - NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND

	2019 \$	2018 \$
Loan - NZAPMBF	<u>71,500</u>	<u>71,500</u>

The loan is repayable on demand and is interest free.

11. RELATED PARTIES

Mutual Benefit Fund Administration Limited provides administration services to its sole shareholder the New Zealand Airline Pilots' Mutual Benefit Fund. These services are provided on an arms length basis and fees for the year were \$293,012 (2018: \$299,814).

Matthew Harrington is a director of both Expand IT Limited and Mutual Benefit Fund Administration Limited. Expand IT Limited provides IT support and fees for the year were \$8,976.

12. SUBSEQUENT EVENTS

There have been no events subsequent to balance date that have affected these financial statements.

These Financial Statements have been subject to an audit or review engagement and must be read in conjunction with the Notes to the Financial Statements and the accompanying Compilation Report.