



PILOTS MUTUAL BENEFIT FUND

ANNUAL REPORT

2020

Pilot Trustees:

Craig Woodhams (Chairman)	Air NZ 787 Captain
Matthew Harrington	Air NZ A320 Captain
Jason Irvine	Virgin Australia (NZ) 737 Captain to 16.02.2020
Hamish Murray	Air NZ A320 Captain
Louise Maihi	Air NZ 787 Second Officer From 27.06.2019
Pip Schofield	Air NZ A320 First Officer

Company Trustee:

Kristen Walters Air NZ GM Pilots
from 13.02.2020 – 01.05.2020

Paul Kelway Air NZ Treasurer
to 26.10.2019

Independent Trustees:

Penelope Ryder-Lewis - Lawyer
Paul Kelway from 27.10.2019

Secretary:

Elaine Brown

Administrator:

Donna Lacey

Administrative Support:

Marie Pugh

Office:

P O Box 83-049, Johnsonville, Wellington 6440

Freephone:	0800 PIL MBF (0800 745 623)
Or	(04) 478-3632
Fax:	(09) 523-9207

Email: office@pilotsmbf.org.nz

Website: www.pilotsmbf.org.nz

1972

2020

Chairman's Report For the year ended 31 March 2020

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. “Loss of licence” includes suspension and disqualification. Refer to the Fund’s rules (rule 1) for the full definition.**
- **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.**
- **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 may be 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 2020 AGM finds the Fund and our industry in uncharted waters. First and foremost, the Trustees and staff at the MBF offer their sympathy to all those members affected by the COVID 19 pandemic, and our hope that a medical solution to this virus will allow our members to see a return to a more normal life during 2021.

The Pilots MBF has weathered the storm thus far and remains in a sound financial position. Full details of our financial position are available within this report. Our investments have recovered along with market recovery around the world. We have been heartened by the results we have seen from our managed fund investments, given the unprecedented upheaval that is ongoing in our world.

At the start of the pandemic crisis, the MBF moved to introduce various initiatives to help our members as this crisis developed. From April 1 we offered all members a six-month fee holiday and continued full financial support through that period to all members presently employed. To those who have had to deal with redundancy we have tried to make our rules work with as much compassion as possible. Our intention is to make the changes many of our members must deal with as easy as possible while meeting the requirements of the Fund’s rules.

As part of our attempts to get the Fund fit for purpose in our COVID reality and beyond, we are also promoting a series of rules changes that will allow this Fund to manage these types of crises in the future. While COVID has been traumatic enough to all of us, whatever the future holds will surely have more challenges for us all personally and professionally. To that

end, you will have received an email, detailing proposals for rule changes for discussion. These are wide ranging and will need your consideration. Discussion about these potential rule changes will be important to the members and the Trustees. We look forward to hearing from our members about this and any other issue.

Our recent rule change allows us to manage this AGM as a fully online meeting. While most of the Trustees will be at the venue in person, we trust that we will have members joining us at the venue and via the internet. This means that many more members have the chance to participate in this AGM. That does mean that the Fund will need to manage the meeting to consider this increased level of participation.

You will receive an electronic invitation for the AGM that allows for your personal log on to the meeting. You will also note the requirements around notification to the Fund to confirm participation.

All our members should note that our fee holiday ends on September 30. Invoicing will occur on October 1. If you are on leave without pay or furlough you should have already discussed your level of cover with the MBF office staff.

The Fund would like to thank those claimants who have generously volunteered to receive a reduced disability benefit. For many of our members dealing with reduced income, furlough and redundancy, the gesture of fellowship and mutuality is exactly what the MBF was founded on. That sense of community and a greater good is a rarity these days and so, once again, my thanks to those of you who acted with generosity.

ADMINISTRATION

Administration services are provided by MBFAL, a not for profit company. The MBFAL was set up by the Pilots MBF approximately a decade ago to carry out the administration functions for both the Pilots and ATC Funds. During the 2019/2020-year MBFAL retained the services of three staff members. Elaine and Donna constitute our fulltime staff, and Marie is part time with the company.

The ongoing development of the Fund's operations under our Microsoft Teams framework has allowed the office to work remotely for many months now. The AGM will also be live on the internet thanks to the work done in developing our online capability. Without the work done over the last few years to modernise and enable our IT capabilities the Fund, under COVID restrictions, would be in a very different position to that which it finds itself in today. Thanks to Matt Harrington and the staff for developing and managing this radical improvement in our IT capabilities.

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. Paul is a trustee of the ATC MBF also. His help in running the MBFAL operating company is vital to the Pilots Fund.

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.

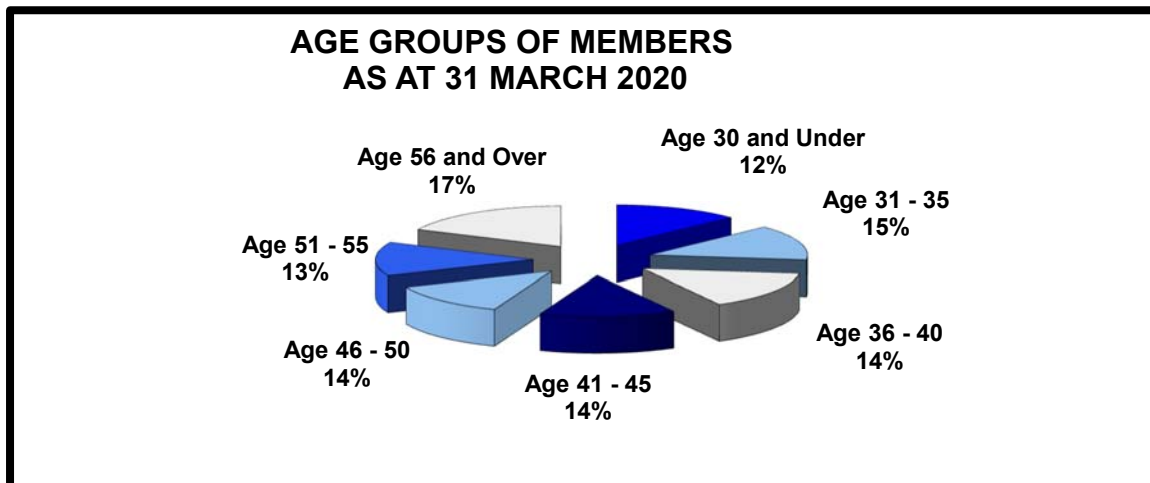
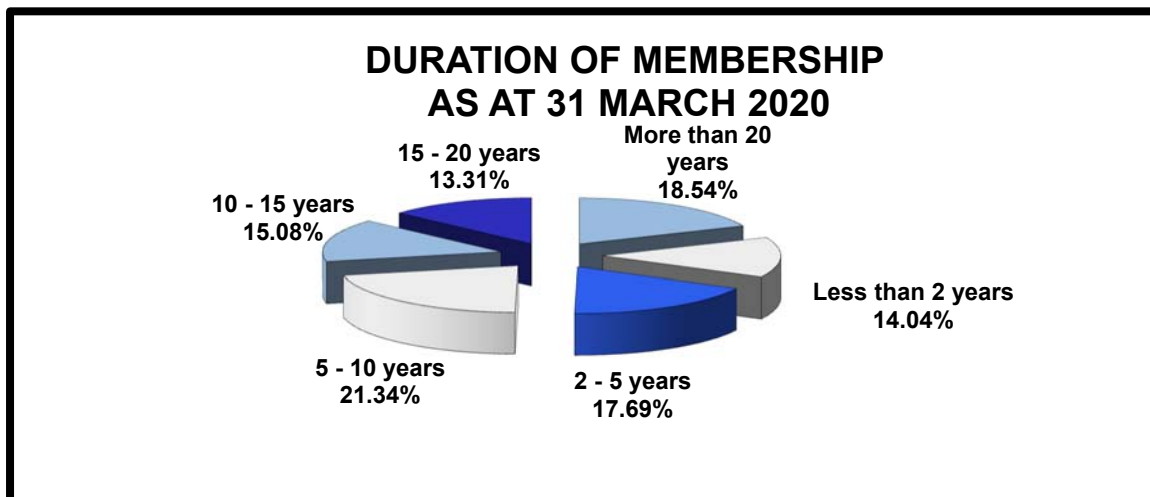
We rely on advice from the health and insurance industry when it comes to applying, or not, exclusions. Any advice we receive is considered by all the Trustees. We rely on our members to be open when declaring previous injury or illness. Members when applying for increased cover must disclose any health 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 an issue.

MEMBERSHIP

Membership numbers as at 31 March 2020 were 1645.

Membership numbers as at 31 August 2020 are 1583.

This reduction has been a result of redundancy caused by the crisis in air travel during the year. Some perspectives on membership follow.



Air New Zealand	2020	2019
Members with Basic + Additional Cover	122	68
Members with Extra Cover	782	798
Mt Cook		
Members with Basic + Additional Cover	79	33
Members with Extra Cover	161	206
Air Nelson		
Members with Basic + Additional Cover	107	40
Members with Extra Cover	90	142
Jet Connect		
Members with Basic + Additional Cover	16	38
Members with Extra Cover	77	51
Virgin Australia		
Members with Basic Cover	98	106
Jet Star		
Members with Basic Cover only	41	48

Other Aviation Groups * (No Company Contribution) 66 65

Air Chatham, Aircrew Partnership, Air Freight NZ Ltd, Air Milford, Airworks, Aviation Contractors/Self-employed, A V Lease Ltd, - Canterbury Aero Club, China Air, Classic Flights, Fox & Franz Heli Services, Garden City Helicopters, Glacier Southern Lakes Helicopters, Helicopters NZ, Heliworks, Helilink, L3 Airline Academy, Marlborough Helicopters, Massey University, Nelson Aviation College, Otago Air spread, Phillips Search & Rescue Trust, Robert Jones Holdings, Skydive Auckland, Skyline Aviation, Sounds Air, Tasman Cargo Airlines, Taupo Tandem Skydiving, Skydive Auckland, Sounds Air, Southern Lakes Aviation, Tasman Cargo Airlines, Wellington Aero Club.

Pilots with Continued Membership	2020	2019
Cover of \$5,000 only	6	0

Membership by Activity	2020	2019
International Airline Operations	554	538
Domestic Airline Operations	437	421
Short Haul International (Virgin Australia), including Air NZ A320, Jet Connect and Jet Star	582	571
Helicopter Operations	22	20
Regional Operations	29	30
Flying Instructors	15	15

FINANCIAL

The Fund returned to making a surplus of \$992,697 in the year ended 31 March 2020, following the lift in the buy rate.

Over recent years the Fund has seen a major growth in membership. To meet future claims of those new members the Fund in normal times needs to generate on going surpluses to meet the needs of those new members in the years ahead. Around 80 percent of claimants on the Fund are aged over 45 years of age. Most members in the 45 to 65 year age group have been members for 20 to 30 years and have contributed substantially to the current resources of the Fund. The Fund in general needs to be making a surplus of around \$1m each and every year.

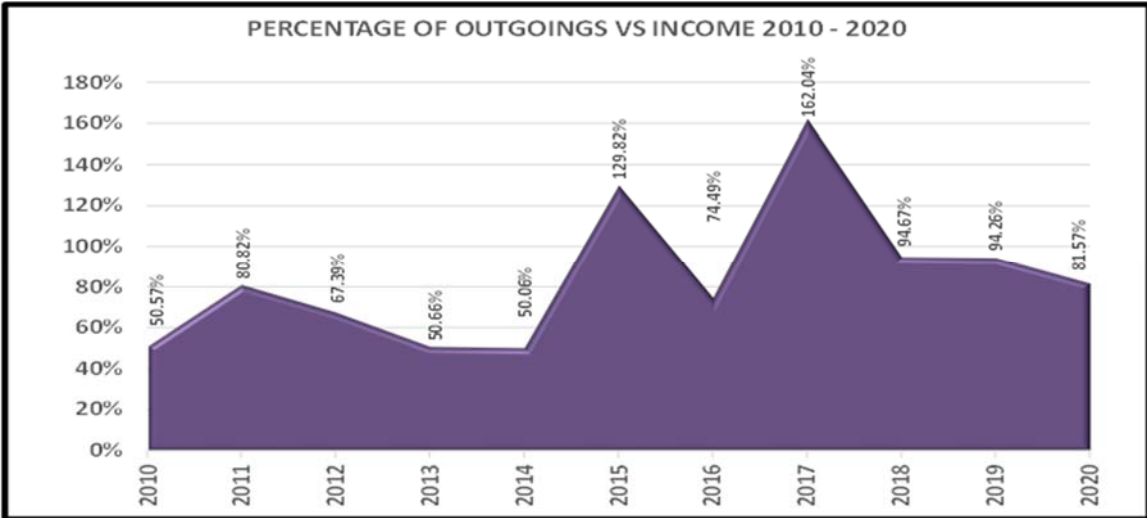
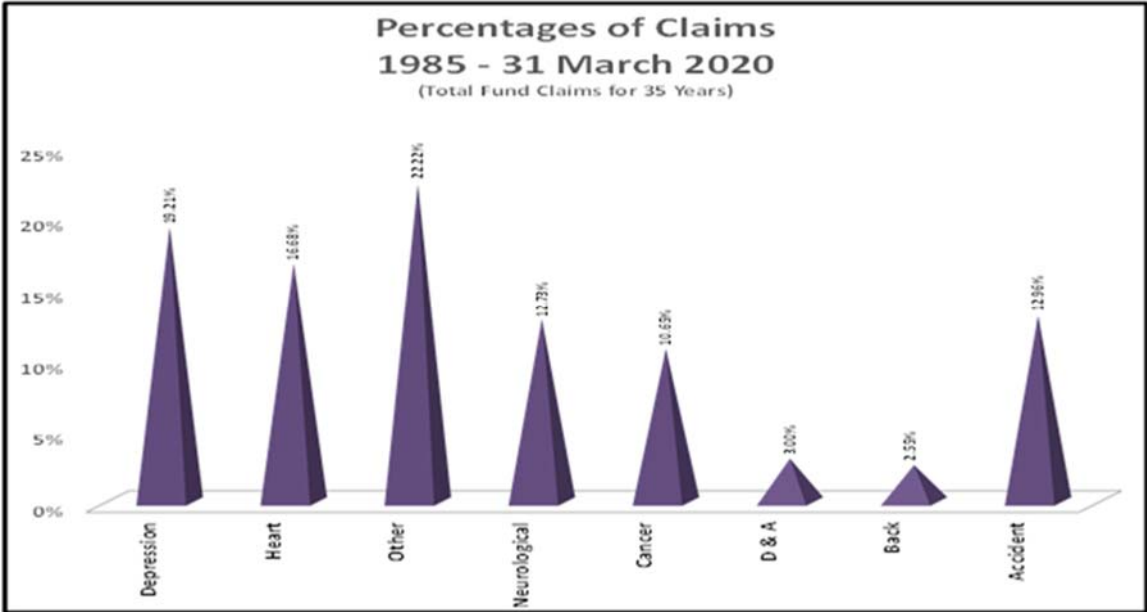
Clearly Covid 19 has thrown a spanner in the works, and the Fund faces a much different set of economic and financial circumstances. To ease the initial burden on members while the aviation world adjusted to the new circumstances, the Fund gave all members a 6month fees holiday on their contributions for cover. This is expected to result in a loss of around \$1m in the current financial year. Members' contributions resume being due from 1 October 2020.

The additional rules approved by members last year have improved the financial robustness of the Fund. The level of support for a new member who comes on claim is now more commensurate with the contributions they have made. The Fund after all is a mutual fund. The new rules help claimants focus on returning to health. The amount of contingent liability on the Fund from claimants is similarly reducing. Also, the number of new claims is slowly falling.

Revenue is likely to remain static at best or more likely fall over the next few years. Likewise, the average benefit payable to a claimant is likely to be lower as there is less income being earned as a pilot in general. The Fund expects that the number of capital benefits will fall also as the impact of the classified rule reduces the Fund's liability on claims approved under the new rules.

The Fund over the year began the process of diversifying its investments. It sought advice from Eriksens Global as to the appropriate funds to use. Mint Diversified Income Fund and Milford Diversified Income Fund were selected. Trustees invested \$1.25m in each fund. Initially performance was quite positive but markets during March fell somewhat as a result of Covid. Both funds have recovered, but have yet to move above the \$2.5m in value originally invested. These are highly uncertain times and Trustees are cognisant of the need to continue to provide income support for members and hence be conservative over protecting the capital value of the Fund's assets.

The Trustees' expectation is to see the Fund return to reasonable surplus by the end of the financial year 2022. 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 (members') best interest front and centre.



TAXATION

The Fund continues to maintain 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 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 member's 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 2020

	<u>Income Covered</u>		<u>Cost</u>	<u>Paid by</u>
<u>AIR NEW ZEALAND</u>				
Basic Cover	182,320	@ \$7/1000	\$1,276.24	Company Contribution
Additional Cover	135,463	@ \$7/1000	{\$474.12	Company Contribution
(Company matches Pilot contribution)			{\$474.12	Member Contribution
	<u>317,783</u>			
Extra Cover	<u>282,217</u>	@ \$7/1000	\$1975.52	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>AIR NELSON</u>				
Basic Cover	128,571	@ \$7/1000	\$900.00	Company Contribution
Additional Cover	57,143	@ \$7/1000	{\$200.00	Company Contribution
(Company matches Pilot contribution)			{\$200.00	Member Contribution
	\$ <u>185,714</u>			
Extra Cover	<u>414,286</u>	@ \$7/1000	\$3100.00	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>MOUNT COOK</u>				
Basic Cover	128,571	@ \$7/1000	\$900.00	Company Contribution
Additional Cover	57,143	@ \$7/1000	{\$200.00	Company Contribution
(Company matches Pilot contribution)			{\$200.00	Member Contribution
	\$ <u>185,714</u>			
Extra Cover	<u>414,286</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
<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	277,839	@ \$7/1000	\$1,944.87	Company Contribution
Extra Cover	<u>322,161</u>	@ \$7/1000	\$2,255.13	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>CANTERBURY AERO CLUB</u>				
Basic Cover	66,964	@ \$7/1000	\$468.75	Company Contribution

DISABILITY CLAIMS

During the financial year 1 April 2019 to 31 March 2020 there were 114 claims approved. This is an increase of 13 up from the 101 claims in the previous year.

Of these 114 claims as at 31 March 2020:

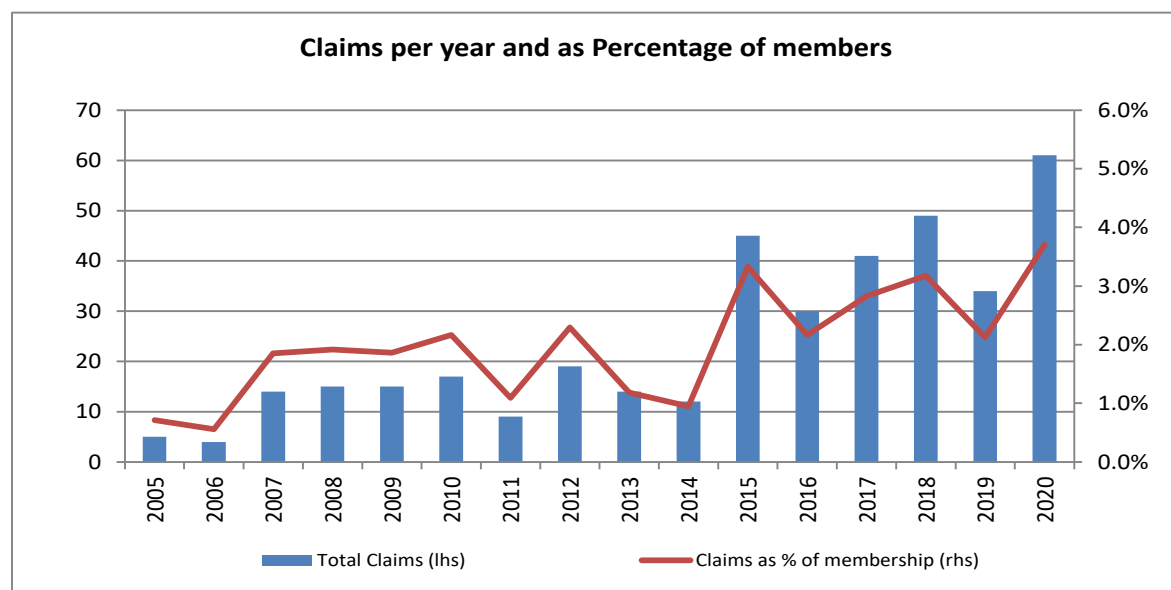
- 1 capital benefit was exhausted
 - 3 capital benefits were paid out
 - 69 medical certificates were reinstated
 - 16 were receiving full disability benefit payments
 - 5 were receiving top-ups on ACC payments
 - 6 were receiving sick leave top-up benefits
 - 1 was receiving G.D.I. top-up benefit
 - 2 were receiving ground based duties top-up benefits
 - 2 benefit payments were suspended
 - 5 claims were approved, but payments had not commenced at balance date
 - 2 claimants involved in f/t ground-based duty roles – not receiving payment
 - 1 claimant resigned before benefit payments commenced
 - 1 claim not approved
- 5 claims received prior to 31 March and approved after balance date

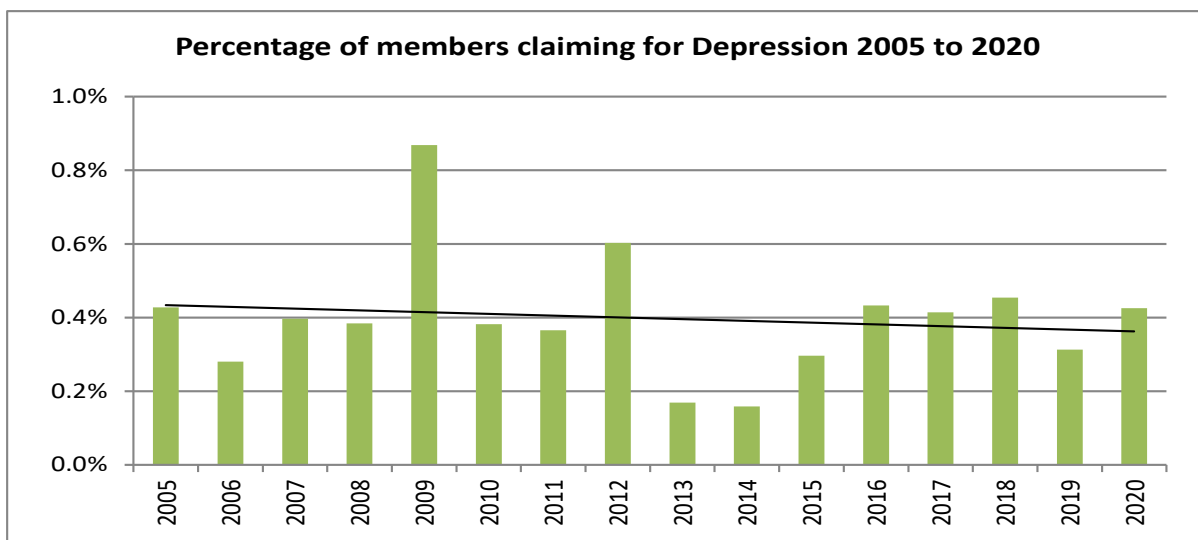
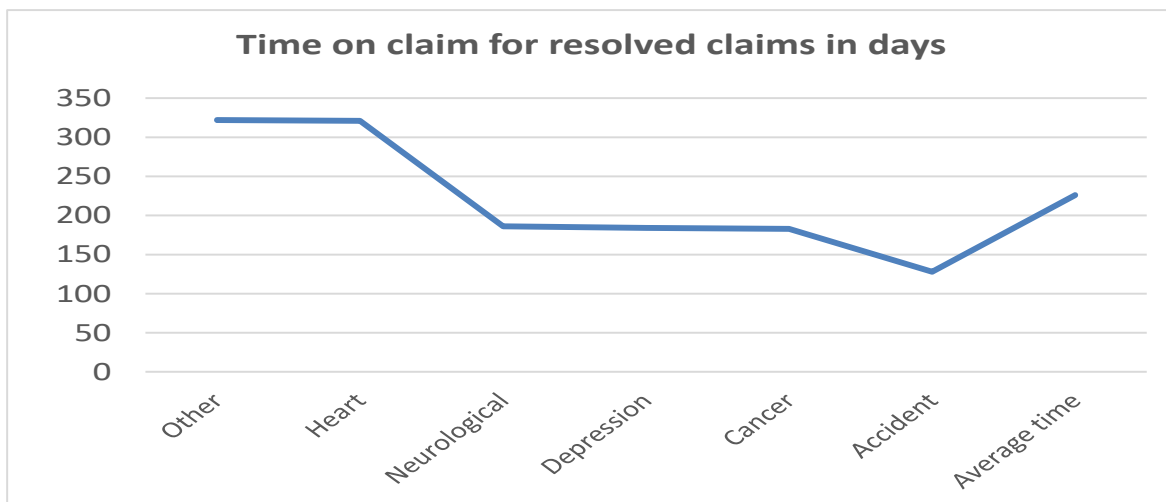
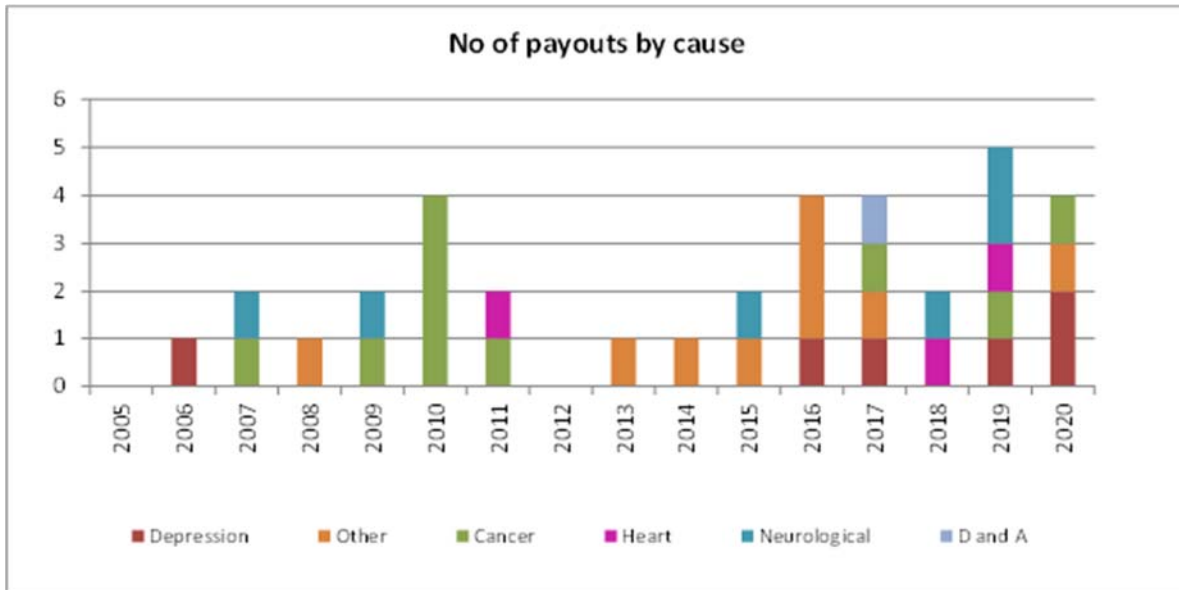
Disability/Capital Benefit payments for the 12-month period to 31 March 2020 were \$3.66m, which represented 68% of the Fund's income.

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

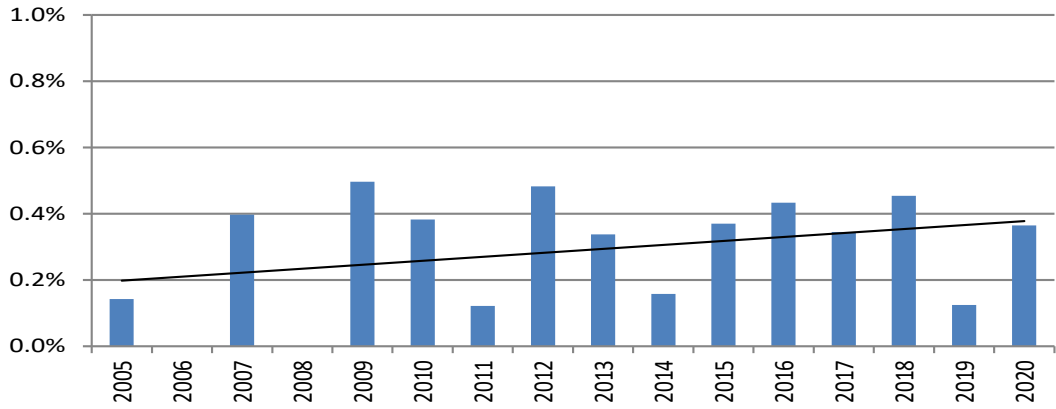
Some comments are:

- The number of claims as a percentage of the membership continued to remain high over the year at around 3.5 percent of membership, up from the 1.5 percent seen in the 2005 to 2014 period.
- Capital benefit pay outs in 2020 were 4.
- The Fund is seeing a greater number of claims in the diverse "other" category than previously but also for accidents.

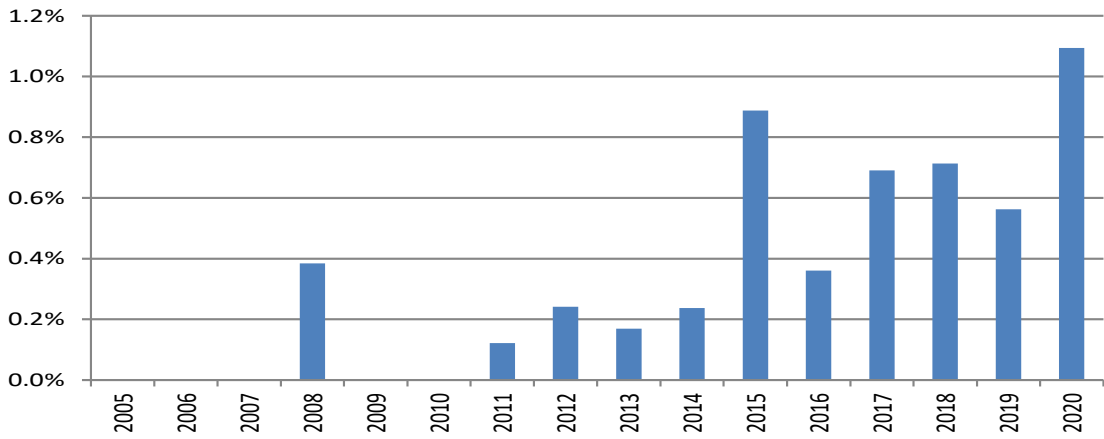




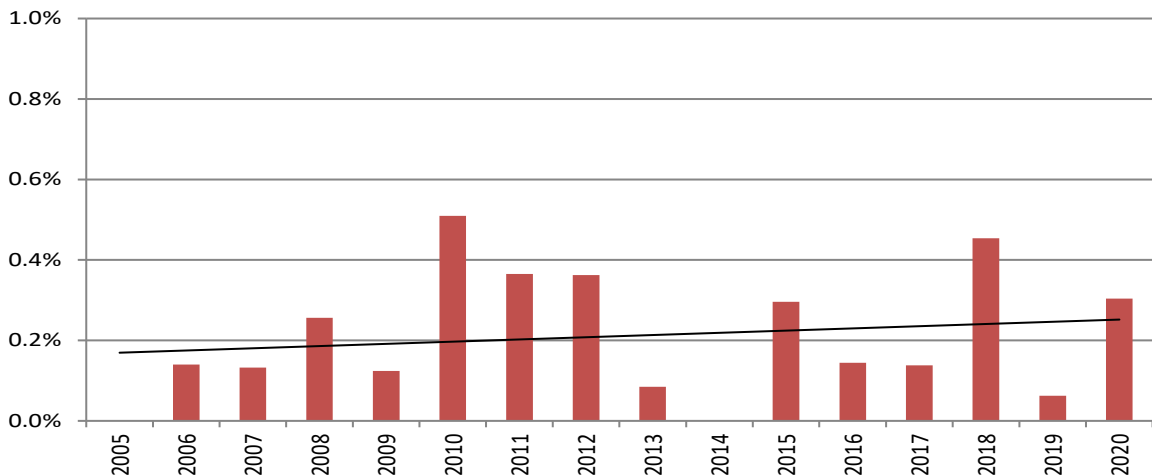
Percentage of members claiming for Heart 2005 to 2020

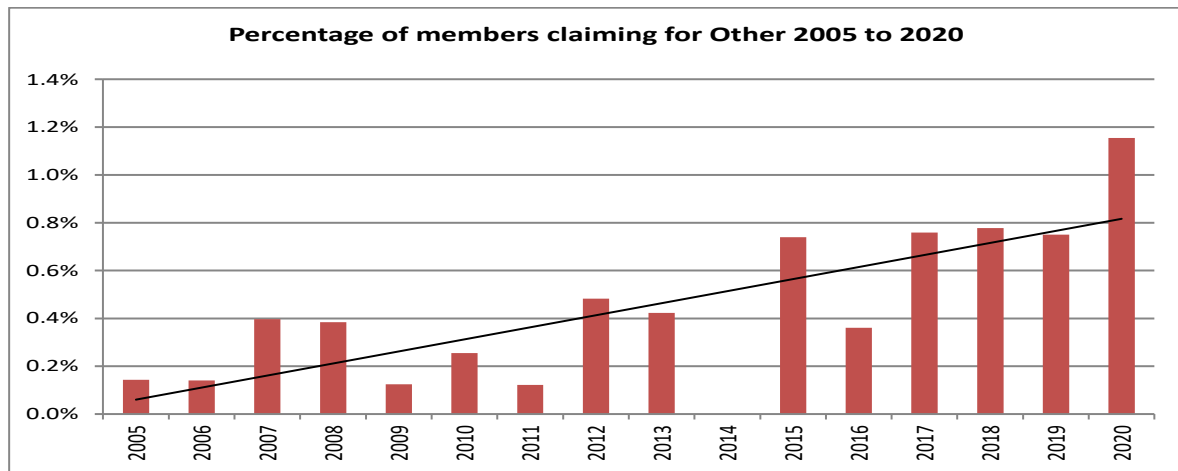


Percentage of members claiming for Accident 2005 to 2020



Percentage of members claiming for Cancer 2005 to 2020





CURRENT TRUSTEES

Pilot Trustees:

Craig Woodhams (Chairman)

Hamish Murray

Pip Schofield

Louise Maihi

Matthew Harrington

Alex Ruth

Independent Trustees:

Penelope Ryder-Lewis

Paul Kelway

Craig Woodhams
Chairman

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP

PERFORMANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2020

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
PERFORMANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2020

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THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
AS AT 31 MARCH 2020
DIRECTORY

Trustees:

Craig Woodhams (Chairman)
Matthew Harrington
Paul Kelway
Louise Maihi
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 2020
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 two independent Trustees. Pilot Trustees are elected by ballot. Currently there are six 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 - \$7 per \$1,000 of cover. Contributions are also received from employers who are contractually bound. Investment income is derived also from registered bank term deposits and unit trust investments.
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

**THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
FOR THE YEAR ENDED 31 MARCH 2020
STATEMENT OF SERVICE PERFORMANCE**

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 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 1,645 members of the Fund as at 31 March 2020 (2019: 1,600 members).

Description of Performance:

In the 2020 financial year the Fund assisted 114 claimants (2019: 101 claimants). There were 72 pilots who achieved medical certificate reinstatement (2019: 47 pilots). 4 pilots were unable to achieve medical certificate reinstatement and were paid Capital Benefits totalling \$1,110,031 (2019: 4 pilots unable to regain their medical certificates and paid out benefits totalling \$1,141,910).

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

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

The Fund spent \$3,575,700 (2019: \$3,350,000) directly on members comprising 67% (2019: 73%) of the Fund's income.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Group		Parent	
		2020	2019	2020	2019
		\$	\$	\$	\$
INCOME					
Administration Fees - ATC MBF		56,250	60,859	-	-
Interest Received		589,849	685,393	589,849	685,393
Dividends Received		31,741	-	31,741	-
Other Revenue		1,303	-	-	-
Investment Gain/(Loss) on Equities and Unit Trusts		(185,237)	-	(185,237)	-
Contributions		4,926,970	3,926,133	4,926,970	3,926,133
Total Income		5,420,876	4,672,385	5,363,322	4,611,526
Less Expenses					
Administration Expenses					
Accident Compensation Levy		525	595	-	-
Accounting Fees		19,511	20,018	12,573	14,266
Actuarial Fees		-	2,243	-	2,243
Administration		42,578	43,952	326,428	336,964
Audit Fees		21,960	21,435	19,352	18,885
Bank Charges		663	515	341	314
Car Parking Expenses		2,600	2,600	-	-
Communications		4,103	4,220	-	-
Computer Expenses		16,009	19,657	14,087	12,753
Consultancy		7,505	3,623	7,505	3,623
Depreciation		2,154	1,961	-	-
Directors Expenses		1,118	1,631	-	-
Directors' Fees		81,575	85,947	-	-
Fund Management Fees		7,298	-	7,298	-
General Expenses		5,800	2,621	4,131	1,110
Hire of Equipment		3,573	3,182	-	-
Insurance		6,657	6,490	-	-
Legal Expenses		(2,024)	7,803	-	-
Printing, Postage & Stationery		419	550	-	65
Rent & Outgoings		15,080	15,289	-	-
Salaries		179,462	173,620	-	-
Staff Training		-	2,605	-	-
Support Services		5,025	17,755	-	-
Total Administration Expenses		421,589	438,310	391,715	390,221
Membership Expenses					
Case Management		85,419	98,566	85,419	98,566
Disability Benefits	3	3,658,556	3,589,957	3,658,556	3,589,957
Legal - Membership expenses		90,067	98,021	90,067	98,021
Medical Fees & Rehabilitation		70,280	86,172	70,280	86,172
Travel - Membership expenses		2,983	8,125	2,983	8,125
Total Membership Expenses		3,907,306	3,880,841	3,907,306	3,880,841
Trustee Expenses					
Meetings - Accommodation & Catering		16,825	22,721	16,825	22,721
Meetings - Trustees Allowances and Expense		15,911	18,392	15,911	18,392
Meetings - Professional Trustee Fees		41,055	28,175	41,055	28,175
Travel		19,282	15,495	19,282	15,495
Total Trustee Expenses		93,073	84,783	93,073	84,783
Total Expenses		4,421,968	4,403,933	4,392,093	4,355,845
NET SURPLUS/(DEFICIT)		998,908	268,452	971,229	255,681
Tax Provision	6	6,211	-	-	-
NET SURPLUS/(DEFICIT) AFTER TAX		992,697	268,452	971,229	255,681

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 2020


	Note	Group 2020 \$	2019 \$	Parent 2020 \$	2019 \$
ACCUMULATED FUNDS AT START OF YEAR		17,319,851	17,051,400	17,334,892	17,079,210
Net Surplus/(Deficit)		992,697	268,452	971,229	255,681
ACCUMULATED FUNDS AT END OF YEAR		18,312,548	17,319,851	18,306,121	17,334,892

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 2020

	Note	Group		Parent	
		2020	2019	2020	2019
		\$	\$	\$	\$
CURRENT ASSETS					
Bank Accounts	9	2,926,678	1,808,140	2,819,261	1,715,907
Term Deposits	9	8,250,000	15,250,000	8,250,000	15,250,000
Contributions Receivable		614,319	511,949	614,319	511,949
Accrued Interest		33,940	27,263	33,940	27,263
Taxation	6	-	11	-	-
Payments in Advance		5,091	5,089	-	-
Total Current Assets		11,830,028	17,602,452	11,717,520	17,505,119
NON-CURRENT ASSETS					
Non-Current Term Deposits	9	7,000,000	2,500,000	7,000,000	2,500,000
Loan - MBFAL	8	-	-	59,500	71,500
Plant & Equipment		5,597	6,288	-	-
Investments	10	2,334,061	-	2,340,061	6,000
Total Non-Current Assets		9,339,658	2,506,288	9,399,561	2,577,500
TOTAL ASSETS		21,169,686	20,108,740	21,117,081	20,082,619
CURRENT LIABILITIES					
GST Due for Payment		22,410	18,448	-	-
Taxation	6	6,200	-	-	-
Accounts Payable		32,392	42,466	14,824	19,752
Income in Advance		18,657	17,683	18,657	17,683
Accrued Expenses		74,799	89,214	74,799	89,214
Disability Benefits - Current Portion	3	2,105,926	2,173,461	2,105,926	2,173,461
Total Current Liabilities		2,260,384	2,341,272	2,214,206	2,300,110
NON-CURRENT LIABILITIES					
Disability Benefits - Non-Current Portion	3	596,754	447,617	596,754	447,617
Total Non-Current Liabilities		596,754	447,617	596,754	447,617
TOTAL LIABILITIES		2,857,138	2,788,889	2,810,960	2,747,727
NET ASSETS		18,312,548	17,319,851	18,306,121	17,334,892
Represented by;					
ACCUMULATED FUNDS					
Retained Earnings		18,312,548	17,319,851	18,306,121	17,334,892
ACCUMULATED FUNDS		18,312,548	17,319,851	18,306,121	17,334,892

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

Trustee  Trustee 

Date 24 August 2020

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 2020

	Group		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES				
Cash was received from:				
Receipts from Providing Goods or Services	57,553	48,300	-	-
Contributions	4,823,061	3,872,857	4,823,061	3,872,857
Interest Received	595,906	688,565	595,906	688,565
Net GST	3,838	-	-	-
Cash was Applied to:				
Payments to Suppliers and Employees	(784,672)	(793,630)	(751,927)	(693,581)
Disability Benefits	(3,575,687)	(3,348,083)	(3,575,687)	(3,348,083)
Net GST	-	(11,178)	-	-
Taxation	-	(11)	-	-
Net Cash Flows from Operating Activities	1,119,999	456,821	1,091,354	519,758
CASHFLOWS FROM INVESTING AND FINANCING ACTIVITIES				
Cash was received from:				
Receipts from the Sale of Investments	-	100,000	-	100,000
Term Deposits > 90 days Term	2,500,000	750,000	2,500,000	750,000
Loan to Subsidiary	-	-	12,000	-
Cash was Applied to:				
Plant and Equipment	(1,462)	(2,157)	-	-
Investments	(2,500,000)	-	(2,500,000)	-
Term Deposits > 90 days Term	-	-	-	-
Net Cash Flows from Investing and Financing Activities	(1,462)	847,843	12,000	850,000
Net Increase/ (Decrease) in Cash	1,118,537	1,304,664	1,103,354	1,369,758
Opening Cash	1,808,140	503,477	1,715,907	346,149
Closing Cash	2,926,678	1,808,140	2,819,261	1,715,907
This is represented by:				
ANZ Bank -00 Account	347,073	145,078	347,073	145,078
ANZ Bank Call Account	2,579,606	1,663,062	2,472,188	1,570,829
Bank Accounts	2,926,678	1,808,140	2,819,261	1,715,907

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 2020

1 STATEMENT OF ACCOUNTING POLICES

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 2020 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 earnings and financial position on an historical 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 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 2020

(b) Plant and Equipment

The entity has the following classes of fixed assets;

Office Equipment	8.5 - 67% SL
Leasehold Improvements	7% DV

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. The income tax expense charged to the Statement of Financial Performance recognises the current obligations of the subsidiary and all amounts arising from differences between the accounting results and assessable income for the period, calculated using the liability method.

(e) Investments

The carrying value of the Fund's financial assets depends upon the type of investment.

(i) Unit Trusts

Investments in this category are acquired principally for the purpose of selling and include all unit trust investments held through fund managers. They are stated at fair value, with any gain or loss recognised in the Statement of Financial Performance separately from the dividends or interest they may generate.

(ii) Term Deposits and Bank Accounts

Investments in this category have fixed or determinable payments and which the Fund intends (and is able to) hold to maturity. These are stated at fair value less any impairment (which is recognised in the Statement of Financial Performance).

Investments are assessed for indicators of impairment at each reporting date. Investments are impaired when there is objective evidence that the value of the asset has been impacted as a result of one or more events that occurred after the initial recognition of the financial asset. Where an investment is deemed to be impaired the carrying amount is reduced via an allowance account, against which an uncollectible investment is written off. An investment is deemed to be uncollectible upon notification of insolvency of the company invested in or upon receipt of similar evidence that the Fund will be unable to collect the amount. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

(iii) Shares held by Parent in Subsidiary

The Fund holds 100% of the shares in the company. These shares 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 member's claim.

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 2020**

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.

(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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Current Portion	2,105,926	2,173,461	2,105,926	2,173,461
Non-Current Portion	596,754	447,617	596,754	447,617
Total Disability Accrual	<u>2,702,680</u>	<u>2,621,078</u>	<u>2,702,680</u>	<u>2,621,078</u>

During the year disability benefits of \$2,525,088 (2019: \$1,844,761) were paid out for claims where the event leading to the claim had occurred on or before 31 March 2019. This compares to \$2,173,461 (2019: \$1,474,390) which was the Trustees' estimate that was included in the current liabilities as at 31 March 2019.

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 2020

Disability Accrual and Expense Reconciliation

	Group		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
Opening Disability Accrual	2,621,078	2,452,510	2,621,078	2,452,510
Provision Utilised	(2,525,088)	(1,844,761)	(2,525,088)	(1,844,761)
Increase in Provision	2,606,690	2,013,329	2,606,690	2,013,329
Closing Disability Accrual	<u>2,702,680</u>	<u>2,621,078</u>	<u>2,702,680</u>	<u>2,621,078</u>
Disability Benefits Paid or Payable	3,576,954	3,421,388	3,576,954	3,421,388
Less: Provision Utilised	(2,525,088)	(1,844,761)	(2,525,088)	(1,844,761)
Plus: Increase in Provision	2,606,690	2,013,329	2,606,690	2,013,329
Recognised Disability Expense	<u>3,658,556</u>	<u>3,589,957</u>	<u>3,658,556</u>	<u>3,589,957</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 \$6,983,801 (2019: \$0 to \$7,311,119). The Trustees' best estimate of the additional likely liability based on the Trustees' experience and with reference to probabilities developed from historical payout patterns for the applicable conditions is \$10,445 (2019: \$992,386) 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 2 claimants (2019: 3 claimants). It is uncertain what the outcome of these claims may be, but it may result in additional costs for the Fund.

5 CAPITAL COMMITMENTS

At balance date there are no known Capital Commitments. (2019: Nil)

6 TAXATION

	Group		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net Surplus	998,908	268,452	971,229	255,681
Less: Parent Income Non-taxable	(971,229)	(255,681)	(971,229)	(255,681)
Add: Non-Deductible Expenses	707	(2,972)	-	-
Taxable income/(loss)	<u>28,386</u>	<u>9,798</u>	<u>-</u>	<u>-</u>
Taxation Adjustments				
Losses Brought Forward	(6,204)	(16,002)	-	-
Assessable Income/ (Losses Carried Forward)	<u>22,182</u>	<u>(6,204)</u>	<u>-</u>	<u>-</u>
Taxation at Current Rates	6,211	-	-	-
Tax Expense	<u>6,211</u>	<u>-</u>	<u>-</u>	<u>-</u>
Opening Income Tax Balance	(11)	-	-	-
Income Tax Paid	-	(11)	-	-
Total Income Tax	<u>(11)</u>	<u>(11)</u>	<u>-</u>	<u>-</u>
Total Tax to pay / (refund)	<u>6,200</u>	<u>(11)</u>	<u>-</u>	<u>-</u>

There are no more tax losses to carry forward to reduce potential future taxable income (2019: \$6,204).

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 2020

7 COMMITMENTS

The Mutual Benefit Fund Administration Ltd agreed to sublease office space from MBS Copy Centre for a period of two years. The sublease between SOMO and MBFAL allows for a further right of renewal for a period of 2 years at at 28 November 2020. The operating lease liabilities are as follows:

	Group		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
Current Portion	11,860	20,332	-	-
Non-Current Portion	-	11,661	-	-
Total	11,860	31,993	-	-

8 LOAN - MBFAL

	Group		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
Mutual Benefit Fund Administration Ltd	-	-	59,500	71,500

The loan is repayable on demand and interest free.

9 BANK ACCOUNTS & TERM DEPOSITS

	Group		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
ANZ Bank 00 Account	347,073	145,078	347,073	145,078
ANZ Bank Call Account	2,579,606	1,663,062	2,472,188	1,570,829
ANZ Bank	3,500,000	4,500,000	3,500,000	4,500,000
ASB Bank	3,000,000	4,000,000	3,000,000	4,000,000
BNZ Bank	3,750,000	3,750,000	3,750,000	3,750,000
Kiwibank Limited	1,500,000	1,500,000	1,500,000	1,500,000
Westpac Bank	3,500,000	4,000,000	3,500,000	4,000,000
	18,176,678	19,558,140	18,069,261	19,465,907
Current Portion	11,176,678	17,058,140	11,069,261	16,965,907
Non-Current Portion	7,000,000	2,500,000	7,000,000	2,500,000
	18,176,678	19,558,140	18,069,261	19,465,907

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.

The Subsidiary has an ANZ Credit Card with a limit of \$2,000.

10 INVESTMENTS

	Group		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
NZ Shares				
Mutual Benefit Fund Admin. Ltd	-	-	6,000	6,000
Total NZ Shares	-	-	6,000	6,000
Unit Trusts				
Mint Asset Management	1,172,995	-	1,172,995	-
Milford Asset Management	1,161,065	-	1,161,065	-
Total Fixed Interest	2,334,061	-	2,334,061	-
Current Portion	-	-	-	-
Non-Current Portion	2,334,061	-	2,340,061	6,000
Total Investments	2,334,061	-	2,340,061	6,000

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 2020

11 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 \$62,836 (2019: \$61,118). Of these amounts there was \$nil (2019: \$7,406) payable and \$nil (2019: \$16,543) 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 \$42,210 during the year for his services (2019: \$22,300). Of these amounts there was \$2,622 (2019: 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 \$10,470 (2019: \$6,887). Of these amounts there was \$1,150 (2019: Nil) payable at balance date.

Name of Related Party:

Paul Kelway

Types of transactions:

In addition to being a Trustee of the Fund, Paul Kelway is a director and shareholder at Paulkelwayconsulting Limited which received fees for financial and management services provided to the Fund. These fees totalled \$7,505 (2019: Nil). Nothing was payable at balance date.

12 SUBSEQUENT EVENTS

Subsequent to balance date the Trustees have not approved any disability benefit claims which related to claims where their license was lost prior to balance date (2019: 11 claims). The sum total of capital benefit cover for these claims is nil (2019: \$4,588,093) and the Trustees' best estimate of payments expected to be made to these claimants based on the Trustees' judgement and historical payouts is nil (2019: \$508,277).

13 COVID-19

On 25 March 2020, in response to the global pandemic COVID-19, the New Zealand Government announced a state of emergency, requiring all individuals not performing essential services to isolate at home for at least seven weeks. Taking into consideration the lockdown requirements and the impact on the company's forecast operations the Company is confident that it remains a going concern.

The COVID-19 pandemic has the possibility of impacting the Fund's resources. The Fund's rules provide scope for the Trustees to manage the situation. With less flying there will be less income and hence benefits payable to a member will be lower. There is discretion as to the payment of a benefit upon death. The Fund is looking to engage with the employing companies about keeping pilots safe. With most flying now domestic in New Zealand the Government's actions have also reduced the risk for the Fund.

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

Financial Reports

Mutual Benefit Fund Administration Limited
For the year ended 31 March 2020

Prepared by Baker Tilly Staples Rodway Wellington

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MUTUAL BENEFIT FUND ADMINISTRATION LIMITED**

Opinion

We have audited the financial statements of Mutual Benefit Fund Administration Limited (“the Company”), which comprise the statement of financial position as at 31 March 2020, the statement of movements in equity, and the statement of financial performance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company for the year ended 31 March 2020 are prepared, in all material respects, in accordance with the accounting policies specified in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 Company.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Company’s shareholders, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and the Company’s shareholders, as a body, and should not be distributed to or used by parties other than the Company or the Company’s shareholders. Our opinion is not modified in respect of this matter.

Emphasis of Matter - COVID-19

We draw attention to Note 12 to the financial statements, which states that management has prepared an analysis showing that the Company could operate without income and meet its obligations from existing resources / reserves for a period longer than 12 months from the date of approval of the financial statements. As a result, the Company concluded that no material uncertainty exists that may cast significant doubt on Company’s ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Directors’ Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 1 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements 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 Company to cease to continue as a going concern.

We communicate with the directors 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 Company's shareholders, 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 Company and the Company's shareholders, 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
24 August 2020

Company Directory

Mutual Benefit Fund Administration Limited For the year ended 31 March 2020

Directors

- Matthew Harrington
- Jason Irvine
- Louise Maihi
- Hamish Murray
- Paul Robinson
- Philippa Schofield
- Craig Woodhams

Company Number

3074115

Date of Incorporation

31 August 2010

Bankers

ANZ

Solicitors

Bartlett Law

Wellington

Shareholders

Craig Woodhams, Hamish Murray, Louise Maihi, Matthew Harrington, Paul Kelway, Penelope Ryder-Lewis and Philippa Schofield - **6,000 Ordinary Shares**

Statement of Financial Performance

Mutual Benefit Fund Administration Limited For the year ended 31 March 2020

	NOTES	2020	2019
Income			
Administration Fees - PMBF		283,850	293,012
Administration Fees - ATCMBF		56,250	60,859
Other Revenue		1,303	-
Total Income		341,403	353,871
Less Expenses			
Accident Compensation Levy		525	595
Accounting Fees		6,938	5,752
Audit Fees		2,609	2,550
Bank Fees		322	201
Car Parking Expenses		2,600	2,600
Communications		4,103	4,220
Computer Expenses		1,921	6,904
Depreciation		2,154	1,961
Directors Expenses		1,118	1,631
Directors Fees		81,575	85,947
General Expenses		1,669	1,511
Hire of Equipment		3,573	3,182
Insurance		6,657	6,490
Legal expenses		(2,024)	7,803
Printing & Stationery		419	485
Rent		15,080	15,289
Salaries		179,462	173,620
Staff Training		-	2,605
Support Services		5,025	17,755
Total Expenses		313,725	341,101
Net Surplus / (Deficit) Before Tax		27,678	12,770
Tax Adjustment			
Provision for Taxation		6,211	-
Net Surplus / (Deficit) After Tax		21,468	12,770

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.

Statement of Movements in Equity

Mutual Benefit Fund Administration Limited For the year ended 31 March 2020

	2020	2019
Equity		
Opening Balance	(9,041)	(21,811)
Increases		
Surplus for the Year	21,468	12,770
Total Increases	21,468	12,770
Total Equity	12,427	(9,041)

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.

Statement of Financial Position

Mutual Benefit Fund Administration Limited As at 31 March 2020

	NOTES	2020	2019
Assets			
Current Assets			
Cash and Bank Accounts	6	107,417	92,234
Taxation	7	-	11
Payments in Advance		5,091	5,089
Total Current Assets		112,508	97,333
Non-Current Assets			
Property, Plant and Equipment	8	5,597	6,288
Total Non-Current Assets		5,597	6,288
Total Assets		118,105	103,621
Liabilities			
Current Liabilities			
Accounts Payable and Accruals		17,568	22,714
GST Payable		22,410	18,448
Taxation	7	6,200	-
Total Current Liabilities		46,178	41,162
Non-Current Liabilities			
Loan - NZAPMBF	10	59,500	71,500
Total Non-Current Liabilities		59,500	71,500
Total Liabilities		105,678	112,662
Net Assets		12,427	(9,041)
Equity			
Share Capital		6,000	6,000
Retained Earnings / (Accumulated Losses)		6,427	(15,041)
Total Equity		12,427	(9,041)

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

Director 

Director 

Date 24 August 2020

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.

Notes to the Financial Statements

Mutual Benefit Fund Administration Limited For the year ended 31 March 2020

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

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.

The entity has the following classes of fixed assets:

Leasehold Improvements	7% DV
Office Equipment	8.5 - 67% SL

(b) Goods and Services Tax

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

(c) Income Tax

Income tax expense charged to the Statement of Financial Performance recognises the current obligations and all amounts arising from differences between the accounting results and assessable income for the period, calculated using the liability method.

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.

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.

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 (2019: \$11).

	2020	2019
6. Cash and Bank Accounts		
ANZ Bank Account	107,417	92,234
Total Cash and Bank Accounts	107,417	92,234

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

	2020	2019
7. Taxation		
Net Surplus / (Deficit) Before Tax	27,678	12,770
Non Deductible Expenses	707	(2,972)
Taxable income / (loss)	28,386	9,797
Taxation Adjustments		
Losses Brought Forward	(6,204)	(16,002)
Assessable Income/ (Losses Carried Forward)	22,182	(6,204)
Taxation at Current Rates	6,211	-
Income Tax Expense	6,211	-
Income Tax		
Opening Balance	(11)	-
Income tax paid	-	(11)
Total Income Tax	(11)	(11)
Total tax to pay / (Refund)	6,200	(11)
	2020	2019

Non Deductible Expenditure

Holiday Pay Accrual	707	(2,972)
Total Non Deductible Expenditure	707	(2,972)

Tax losses amounting to nil (2019: \$6,204.17) 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.

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.

	2020	2019
8. Property, Plant and Equipment		
Leasehold Improvements		
At Cost	1,371	1,371
Less Accumulated Depreciation	(302)	(222)
Total	1,069	1,149
Office Equipment		
At Cost	40,519	39,057
Less Accumulated Depreciation	(35,991)	(33,918)
Total	4,528	5,139
Total Property, Plant and Equipment	5,597	6,288

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.

	2020	2019
Lease Commitments		
Current Portion	11,860	20,332
Non Current Portion	-	11,661
Total	11,860	31,993
	2020	2019

10. Loan - New Zealand Airline Pilots' Mutual Benefit Fund

Loan - NZAPMBF	59,500	71,500
Total Loan - New Zealand Airline Pilots' Mutual Benefit Fund	59,500	71,500

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 \$283,850 (2019: \$293,012).

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 \$3,973 (2019: \$8,976).

12. COVID-19

On 25 March 2020 in response to the global pandemic, COVID-19, the New Zealand Government announced a state of emergency, requiring all individuals not performing essential services to isolate at home for at least seven weeks. Taking into consideration the lockdown requirements and the impact on the company's forecast operations the Company is confident that it remains a going concern.

Although unable to accurately estimate the impact of COVID-19 on financial results, the Directors believe this impact is and will be minimal.

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.

13. 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.

Fixed Asset Schedule

Mutual Benefit Fund Administration Limited For the year ended 31 March 2020

NAME	COST	OPENING VALUE	PURCHASES	DISPOSALS	CAPITAL GAIN	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Leasehold Improvements										
Electrical Fit Out	1,371	1,149	-	-	-	7.00%	DV	80	302	1,069
Total Leasehold Improvements	1,371	1,149	-	-	-			80	302	1,069
Office Equipment - Furniture										
Workstation Ports (4)	1,814	927	-	-	-	10.50%	SL	190	1,077	737
Filing Cabinets (2)	784	408	-	-	-	10.50%	SL	82	458	326
Freestanding Bookcase	310	159	-	-	-	10.50%	SL	33	184	126
Graphic 3 Chair Black	350	212	-	-	-	8.50%	SL	30	168	182
Lowline Mobile (3)	684	418	-	-	-	8.50%	SL	58	324	360
Spare Desk	713	433	-	-	-	8.50%	SL	61	341	372
Spectrum 3 Chair Black	398	205	-	-	-	10.50%	SL	42	235	163
Wall Mounted Bookcases (2)	698	363	-	-	-	10.50%	SL	73	408	290
Total Office Equipment - Furniture	5,751	3,125	-	-	-			569	3,195	2,556
Office Equipment - Hardware										
Server	2,732	-	-	-	-	40.00%	SL	-	2,732	-
Server Installation & Planning	2,000	-	-	-	-	40.00%	SL	-	2,000	-
Monitors x2	438	-	-	-	-	40.00%	SL	-	438	-
HP ProBook 430 G1 13.3" & Accessories	910	-	-	-	-	40.00%	SL	-	910	-
Ergotron Flat Panel Mounting Arm	752	-	-	-	-	40.00%	SL	-	752	-
HP Elite 23" Wide Monitor (4)	1,167	-	-	-	-	40.00%	SL	-	1,167	-
Miscellaneous Hardware	369	-	-	-	-	40.00%	SL	-	369	-
SonicWall TZ215 Firewall	1,470	-	-	-	-	40.00%	SL	-	1,470	-

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.

NAME	COST	OPENING VALUE	PURCHASES	DISPOSALS	CAPITAL GAIN	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Digital Keypine	922	-	-	-	-	40.00%	SL	-	922	-
Phone Headsets	568	-	-	-	-	30.00%	SL	-	568	-
iPads (6)	4,893	-	-	-	-	67.00%	SL	-	4,893	-
Laptop	2,907	-	-	-	-	40.00%	SL	-	2,907	-
iPad	1,256	-	-	-	-	67.00%	SL	-	1,256	-
iPads (2)	3,193	-	-	-	-	67.00%	SL	-	3,193	-
FHD Monitor x2 + Mount	705	141	-	-	-	40.00%	SL	141	705	-
HP ProBook (Marie)	1,168	973	-	-	-	40.00%	SL	467	662	506
HP Probook 450 G6 (Donna)	1,462	-	1,462	-	-	40.00%	SL	292	292	1,170
Total Office Equipment - Hardware	26,912	1,114	1,462	-	-			901	25,237	1,676
Office Equipment - Software										
Pro Managed Disaster incl Setup	4,815	-	-	-	-	40.00%	SL	-	4,815	-
Scheider APS Smart UPS	798	-	-	-	-	40.00%	SL	-	798	-
Adobe Acrobat Commercial Full License (3)	1,254	208	-	-	-	40.00%	SL	208	1,254	-
Microsoft Windows Pro 10 Licenses (3)	989	692	-	-	-	40.00%	SL	396	693	296
Total Office Equipment - Software	7,856	900	-	-	-			604	7,560	296
Total	41,890	6,288	1,462	-	-			2,154	36,294	5,597

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.

**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 2020, the statement of financial position as at 31 March 2020, 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 2020;
 - the service performance for the year then ended; and
 - the financial position of the Fund as at 31 March 2020, 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.

Emphasis of Matter

We draw attention to Note 13 to the consolidated financial statements, which states that management has prepared an analysis showing that the Fund could operate without income and meet its obligations from existing resources / reserves for a period longer than 12 months from the date of approval of the financial statements. As a result, the Fund have concluded that no material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

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

24 August 2020