

**WORKS SUPERANNUATION  
SCHEME**

**Financial Statements**

**For the year ended 30 June 2015**

**WORKS SUPERANNUATION  
SCHEME**

**Financial Statements**

**For the year ended 30 June 2015**

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## ***Independent Auditors' Report*** to the members of the Works Superannuation Scheme

### ***Report on the Financial Statements***

We have audited the financial statements of the Works Superannuation Scheme (the "Scheme") on pages 3 to 15, which comprise the statement of net assets as at 30 June 2015, the statement of changes in net assets and cash flow statement for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### ***Trustees' Responsibility for the Financial Statements***

The Trustees are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Trustees determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Scheme's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We are independent of the Scheme. Other than in our capacity as auditors we have no relationship with, or interests in, the Scheme.



## ***Independent Auditors' Report***

### **Works Superannuation Scheme**

#### ***Opinion***

In our opinion, the financial statements on pages 3 to 15:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the net assets of the Scheme as at 30 June 2015, and its change in net assets and cash flows for the year then ended.

#### ***Report on Other Legal and Regulatory Requirements***

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2015:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Scheme as far as appears from an examination of those records.

#### ***Restriction on Use of our Report***

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

A handwritten signature in blue ink, appearing to read 'Priscilla Hough', is written over the printed name.

Chartered Accountants  
11 September 2015

Wellington

# Works Superannuation Scheme

## Statement of Net Assets As at 30 June 2015

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
Cash at Bank		90,109	12,494
Financial Assets at Fair Value Through Profit or Loss	5	81,624,298	76,735,515
Contributions Receivable - Member		45,519	46,113
Contributions Receivable - Company		68,779	67,976
PIE Tax Benefit	7	443,470	165,811
<b>Total Assets</b>		<u>82,272,175</u>	<u>77,027,909</u>
<b>LIABILITIES</b>			
Unpaid Benefits to Members/Benefits Payable		610,084	815,245
PIE Tax Payable	7	-	317,119
Sundry Creditors		154,961	83,546
<b>Total Liabilities</b>		<u>765,045</u>	<u>1,215,910</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		<u>81,507,130</u>	<u>75,811,999</u>
<b>LIABILITY FOR PROMISED BENEFITS</b>			
Represented by:	3		
Member account		30,893,144	28,792,002
Company account		50,579,928	46,986,863
Reserve account		34,058	33,134
		<u>81,507,130</u>	<u>75,811,999</u>

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

Trustee

Date

Trustee

Date

This statement is to be read in conjunction with the notes on pages 6 to 15

## Works Superannuation Scheme

### Statement of Changes in Net Assets For the year ended 30 June 2015

<b>INVESTMENT ACTIVITIES</b>	<b>Note</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Investment Income</b>			
Gain on Financial Assets at Fair Value Through Profit or Loss	6	8,400,346	6,930,702
Distributions		753,279	675,942
		<u>9,153,625</u>	<u>7,606,644</u>
<b>Investment Expenses</b>			
Investment Management Fees		480,129	398,522
<b>Net Investment Income</b>		<u>8,673,496</u>	<u>7,208,122</u>
<b>OTHER EXPENSES</b>			
Administration Expenses		129,117	123,711
Auditors' Remuneration - Audit Fees		15,804	14,203
Tax Agent Fees		14,991	14,536
Legal Fees		36,064	13,144
General Expenses		32,182	28,064
<b>Total Other Expenses</b>		<u>228,158</u>	<u>193,658</u>
<b>Changes in Net Assets before Taxation and Membership Activities</b>		<u>8,445,338</u>	<u>7,014,464</u>
Income Tax Expense	7	168,563	731,624
<b>Changes in Net Assets after Taxation and before Membership Activities</b>		<u>8,276,775</u>	<u>6,282,840</u>
<b>MEMBERSHIP ACTIVITIES</b>			
<b>Contributions</b>			
Member Contributions	3	1,490,123	1,510,559
Company Contributions	3	2,196,538	2,242,503
<b>Total Contributions</b>		<u>3,686,661</u>	<u>3,753,062</u>
<b>Benefits Paid</b>			
Retrenchments		1,843,368	880,411
Disabilities		-	-
Retirements		2,968,322	2,479,084
Withdrawals		1,225,751	2,120,664
Hardship		79,788	77,543
Death payment		151,076	-
<b>Total Benefits Paid</b>		<u>6,268,305</u>	<u>5,557,702</u>
<b>Net Membership Activities</b>		<u>(2,581,644)</u>	<u>(1,804,640)</u>
<b>Net Increase in Net Assets During Year</b>		<u>5,695,131</u>	<u>4,478,200</u>
Net Assets Available For Benefits at Beginning of Year		<u>75,811,999</u>	<u>71,333,799</u>
Net Assets Available For Benefits at End of Year		<u>81,507,130</u>	<u>75,811,999</u>
<b>Benefits accrued</b>			
Allocated to:			
Member account		2,101,142	1,755,875
Company account		3,593,065	2,712,958
Reserve account		924	9,367
		<u>5,695,131</u>	<u>4,478,200</u>

This statement is to be read in conjunction with the notes on pages 6 to 15

**Works Superannuation Scheme**

**Statement of Cash Flows**

**For the year ended 30 June 2015**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash provided from</i>			
Member Contributions		1,490,717	1,506,287
Company Contributions		2,195,735	2,237,501
		<u>3,686,452</u>	<u>3,743,788</u>
<i>Cash applied to</i>			
Benefits Paid		6,473,467	5,145,909
Other Expenses		373,812	392,454
		<u>6,847,279</u>	<u>5,538,363</u>
<b>Net Cash Flows from Operating Activities</b>	<b>8</b>	<b>(3,160,827)</b>	<b>(1,794,575)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash provided from</i>			
Proceeds from Sale of Investments		7,112,442	3,995,856
<i>Cash applied to</i>			
Purchase of investments		3,874,000	2,364,382
<b>Net Cash Flows from Investing Activities</b>		<u>3,238,442</u>	<u>1,631,474</u>
<b>Net Increase/(Decrease) in Cash Held</b>		<b>77,615</b>	<b>(163,101)</b>
<b>Cash at Beginning of Year</b>		<b>12,494</b>	<b>175,595</b>
<b>Cash at End of Year</b>		<u><u>90,109</u></u>	<u><u>12,494</u></u>

This statement is to be read in conjunction with the notes on pages 6 to 15

## Works Superannuation Scheme

### Notes to the Financial Statements

For the year ended 30 June 2015

#### 1. Scheme Description

Works Superannuation Scheme ("the Scheme") is a superannuation scheme registered in New Zealand under the Superannuation Schemes Act 1989 (registration number AS/486) to provide retirement benefits to certain employees of the sponsoring companies Century Drilling and Energy Services (NZ) Limited, Downer New Zealand Limited and Opus International Consultant Limited.

The registered address of the Scheme is as follows:

Secretary to the Trustees  
Works Superannuation Scheme  
C/- Melville Jessup Weaver  
PO Box 33110  
Wellington 6142

During the year the Trustees of the Scheme were:

Dan Stevenson (Chairman)	Alison Swan	Janette O'Neill
David Hutchison	John Vessey	
Roger Jarrold	Christine Meade	

There is only one class of member. There were no members receiving benefits other than those paid on exit and partial withdrawals due to financial hardship. There are no employees entitled to join the Scheme except for those employees who on 31 March 1997 were a member either the Government Superannuation Fund or the National Provident Fund.

The Scheme's business is investing in financial assets with a view to profiting from their total return in the form of interest, distributions or increases in fair value.

#### Funding arrangements

Works Superannuation Scheme is a defined contribution scheme. Under the Trust Deed contributions are made by Scheme members and by the sponsoring companies. During the year the sponsoring companies contributed and members contributed at the following rates:

Company Contributions:	3.0% to 7.5% of member's salary (net of Employer Superannuation Contributions Tax)
Member's Contributions:	not compulsory, 1% minimum of salary

#### Retirement Benefits

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

#### Termination terms

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

#### Changes in the Scheme

There have been no changes to the Trust Deed in the current year.

## 2. Summary of Significant Accounting Policies

#### Basis of preparation

The financial statements of the Scheme have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'), requirements of the Financial Reporting Act 1993 and the Superannuation Schemes Act 1989. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ('IFRS').

#### Statement of compliance

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The Financial Statements also comply with International Financial Reporting Standards.

#### Measurement Base

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



## Works Superannuation Scheme

### Notes to the Financial Statements For the year ended 30 June 2015

#### 2. Summary of Significant Accounting Policies (Cont'd)

##### Functional and Presentational Currency

These financial statements are presented in New Zealand dollars, which is also the functional currency, because that is the currency of the primary economic environment in which the Scheme operates.

##### Classification of assets and liabilities

The Scheme operates as a superannuation scheme. As such, the assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

##### Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

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

##### Investment Income

Distributions from unithised investments are recognised as income on a due and receivable basis and are included as distributions in the statement of Changes in Net Assets. Interest income is recognised in the Statement of Changes in Net Assets using the effective interest method.

Net realised and unrealised gains and losses are recognised in the Statement of Changes in Net Assets in the period in which they occur.

##### Foreign Currencies

Transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance date. Gains and losses arising on translation are included in changes in the Statement of Changes in Net Assets for the year.

##### Expenses

All expenses are accounted for on an accruals basis.

##### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Changes in Net Assets because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Scheme's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The Scheme invests in a number of Portfolio Investment Entities (PIEs). Investments are recorded gross of PIE tax receivable or payable. PIE tax expense is included within income tax expense in the Statement of Changes in Net Assets. The Scheme has elected to take advantage of Section DV(2) of the Income Tax Act 2007 and has transferred deductible expenditure incurred by the Scheme to Investment Managers of PIE investments held.

##### Financial Instruments

###### (i) Classification

The Scheme's investments are categorised as at fair value through profit or loss. They comprise:

*Financial instruments designated at fair value through profit or loss upon initial recognition*

These include financial assets that are not held for trading purposes and which may be sold. These are investments in unithised trusts. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy.

###### (ii) Recognition/Derecognition

The Scheme recognises financial assets and financial liabilities on that date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership.

## Works Superannuation Scheme

### Notes to the Financial Statements For the year ended 30 June 2015

#### 2. Summary of Significant Accounting Policies (Cont'd)

##### Financial Instruments (Cont'd)

##### (iii) Measurement

##### (1) Financial assets and liabilities at fair value through profit or loss

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

##### Investments in funds

Investments in funds are subject to the terms and conditions of their respective offering documentation. The investment in the investee funds are primarily valued based on the latest available redemption price of such units for each of the investee funds, as determined by the manager of the investee fund. The Scheme's Trustees review the details of the reported information obtained from the investee fund and consider: (i) the liquidity of the investee fund or its underlying investments, (ii) the value date of the net asset value (NAV) provided, (iii) any restrictions on redemptions, and (iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the investee fund's advisors. If necessary the Scheme's Trustees make adjustments to the NAV of various investee funds to obtain the best estimate of fair value. There were no such adjustments in the current or prior period. Changes to the fair value of investee funds are included in Gains on Financial Assets Held at fair value through Profit or Loss in the Statement of Changes in Net Assets.

##### (2) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables comprises of cash and cash equivalents, investment income receivable and contributions receivable.

Loans and receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance date to determine whether there is objective evidence of impairment for example, when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the Statement of Changes in Net Assets as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the write down is reversed through the Statement of Changes in Net Assets to the extent that the carrying amount of the financial assets at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets and financial liabilities are recognised on the Scheme's Statement of Net Assets when the Scheme becomes a party to the contractual provisions of the instrument. The Scheme shall offset financial assets and financial liabilities if the Scheme has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

##### Cash and cash equivalents

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

##### Sundry creditors

Sundry creditors do not carry any interest and are short-term in nature and are measured at amortised cost.

##### Other Payables

Other payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These financial liabilities are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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

The Scheme is excluded from registering for GST as it is a superannuation scheme that does not receive GST on any of its income. Consequently all components of the financial statements are stated inclusive of GST where appropriate.

## **Works Superannuation Scheme**

### **Notes to the Financial Statements For the year ended 30 June 2015**

#### **2. Summary of Significant Accounting Policies (Cont'd)**

##### **Statement of Cash Flows**

The cash flows of the Scheme do not include those of the investment managers. The following are definitions of the terms used in the Statement of Cash Flows:

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

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

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

##### **Promised Benefits**

The liability for promised benefits is the Scheme's present obligation to pay benefits to members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Promised benefits include amounts allocated to members' and employers' accounts and reserves.

##### **Contributions and Benefits**

Contributions and benefits are accounted for on an accruals basis. Contributions are recognised in the Statement of Changes in Net Assets when they become receivable, resulting in a financial asset to amounts owing. Contributions are recognised at fair value less any allowance to any uncollectible amounts.

Benefits are recognised in the Statement of Changes in Net Assets when they become payable.

##### **Capital Risk Management**

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised retirement benefits.

The Scheme achieves this through obtaining contributions from sponsoring companies and investing these into financial assets in accordance with the Scheme's investment policies.

##### **Critical Judgement and Accounting Estimates**

The Trustees have applied their judgement in selecting the accounting policy to designate financial assets and financial liabilities through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as redemption prices are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However as with all investments their value is subject to variation due to market fluctuations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **New and Amended Standards Adopted by the Scheme**

The Scheme has adopted the following amended standard in preparing the financial statements for the year ended 30 June 2015:

NZ IAS 32: '(Amendment) Financial Instruments: Presentation', is effective for annual reporting periods beginning on or after 1 January 2014. The amendment provides for further guidance for offsetting financial instruments such as forward foreign exchange contracts and interest rate swaps. The adoption of this amended standard has not had an impact on the Scheme's reported result or financial position.

## Works Superannuation Scheme

### Notes to the Financial Statements For the year ended 30 June 2015

#### 2. Summary of Significant Accounting Policies (Cont'd)

##### Standards and interpretations on issue not yet adopted

The following new or amended standard relevant to the Scheme is not yet effective and has not yet been applied in preparing the financial statements:

NZ IFRS 9: 'Financial Instruments' is applicable to annual reporting periods beginning on or after 1 January 2018. The Scheme plans to adopt this standard for the financial year ending 30 June 2019. NZ IFRS 9 was issued in September 2014 as a complete version of the standard and will replace parts of the existing standard NZ IAS 39: Financial Instruments Recognition and Measurement that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. The adoption of this standard may result in additional or amended disclosures and its impact on the Scheme's reported result or financial position has not yet been assessed.

NZ IAS 26: (Amendment) 'Fair value disclosures by Retirement Benefit Plans' is effective for annual reporting periods beginning on or after from 1 January 2015. NZ IFRS 13 led to some ambiguity about the level of detail that retirement benefit plans should provide on the application of the fair value hierarchy to the assets and liabilities of retirement benefit plans. This amendment inserted New Zealand specific paragraphs requiring disclosures for all fair value measurements as opposed to NZ IFRS 13 which distinguishes between recurring and non-recurring measurements. The adoption of this amendment is not expected to have a material impact on the financial statements

No other standards, amendments or interpretations that have been issued but are not yet effective are expected to materially impact the Scheme's financial statements.

#### 3. Liability for Promised Retirement Benefits

##### Changes in promised retirement benefits as at 30 June 2015:

	Member Account	Employer Account	Reserve Account	Total 2015
	\$	\$	\$	\$
Balance at 1 July 2014	28,792,002	46,986,863	33,134	75,811,999
Contributions	1,490,123	2,196,538	-	3,686,661
Benefits Paid	(2,568,421)	(3,699,884)	-	(6,268,305)
Interest Allocated	3,179,440	5,096,411	924	8,276,775
Balance at 30 June 2015	30,893,144	50,579,928	34,058	81,507,130

##### Changes in promised retirement benefits as at 30 June 2014:

	Member Account	Employer Account	Reserve Account	Total 2014
	\$	\$	\$	\$
Balance at 1 July 2013	27,036,127	44,273,905	23,767	71,333,799
Contributions	1,510,559	2,242,503	-	3,753,062
Benefits Paid	(2,168,768)	(3,388,934)	-	(5,557,702)
Interest Allocated	2,414,084	3,859,389	9,367	6,282,840
Balance at 30 June 2014	28,792,002	46,986,863	33,134	75,811,999

Pursuant to the Trust Deed, the Trustees have established a Reserve Account of the Scheme, which is credited with the following:

- any amount not paid to a member upon ceasing employment,
- any benefits for which beneficiaries cannot be ascertained, and is debited, as the Trustees decide, with the following:
  - any interest required to be credited,
  - any amounts credited to members' accounts,
  - any expenses of the Scheme,
  - any Employer contributions to the Scheme,
  - any interest required to be debited.

##### Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2014: Nil).

## Works Superannuation Scheme

### Notes to the Financial Statements For the year ended 30 June 2015

#### 4. Vested Benefits

2015	2014
\$	\$
81,473,072	75,778,865

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

#### 5. Financial Assets at fair value through Profit or Loss

	2015	2014
	\$	\$
<i>Designated at fair value through profit or loss</i>		
<b>AMP Capital Investors Limited</b>		
AMP Investment Trust -Short Term Deposits	16,864,368	19,319,512
AMP Investment Trust -New Zealand Fixed Interest	9,044,633	7,905,603
AMP Investment Trust -International Fixed Interest	13,113,560	11,914,433
	<u>39,022,561</u>	<u>39,139,548</u>
<b>Nikko</b>		
Nikko AM Wholesale Global Equity Hedged Fund	14,104,090	13,310,493
Nikko AM Wholesale Global Equity Unhedged Fund	16,070,424	12,842,143
	<u>30,174,514</u>	<u>26,152,636</u>
<b>Harbour Asset Management Ltd</b>		
Harbour Australasian Equity Fund WUT	12,427,223	11,443,331
	<u>12,427,223</u>	<u>11,443,331</u>
Total Designated at fair value through profit or loss	<u>81,624,298</u>	<u>76,735,515</u>
<b>Total Financial Assets at fair value through Profit or Loss</b>	<u>81,624,298</u>	<u>76,735,515</u>

#### 6. Gain on Financial Assets Held at Fair Value Through Profit or Loss

	2015	2014
	\$	\$
AMP Capital Hedged Global Fixed Interest Fund	786,624	752,023
AMP Capital NZ Cash Fund	227,539	217,772
AMP Capital NZ Fixed Interest Fund	458,030	11,293
Harbour Australasian Equity Fund	1,091,735	2,040,450
Nikko AM Wholesale Global Equity Hedged Fund	1,626,207	2,677,503
Nikko AM Wholesale Global Equity Unhedged Fund	4,210,211	1,231,661
	<u>8,400,346</u>	<u>6,930,702</u>

The amounts above exclude net management fee rebates and expenses which have been disclosed separately.

## Works Superannuation Scheme

### Notes to the Financial Statements For the year ended 30 June 2015

#### 7. Income Tax

	2015 \$	2014 \$
Current Tax	168,563	731,624
	<u>168,563</u>	<u>731,624</u>

The total charge for the year can be reconciled to the Change in Net Assets as follows:

Change in Net Assets before Taxation and Membership Activities	8,445,338	7,014,464
Income Tax @ 28%	2,364,695	1,964,050
Tax effect of:		
PIE tax liability	168,563	731,625
Non-assessable distributions	(210,918)	(189,264)
Non-assessable investment gains and losses	(2,352,097)	(1,940,598)
Non-deductible expenditure	198,320	165,811
<b>Income Tax Expense</b>	<b><u>168,563</u></b>	<b><u>731,624</u></b>

#### Current tax represented by:

Opening balance	(151,308)	(13,261)
Expense transfers to master fund	198,320	165,811
Current year provision	(612,033)	(582,337)
PIE tax paid	763,341	595,598
PIE tax received/(accrued)	245,150	(317,119)
<b>Net position</b>	<b><u>443,470</u></b>	<b><u>(151,308)</u></b>

#### Deferred Tax

The Scheme has no deferred tax asset or liability and also has no unrecognised deferred tax assets.

#### 8. Reconciliation of Net Cash Flows from Operating Activities to Decrease in Net Assets

	2015 \$	2014 \$
Increase in Net Assets	5,695,131	4,478,200
<b>Non-cash items</b>		
Gains on financial assets at fair value through profit or loss	(8,400,347)	(6,930,702)
Distribution income received as units	(753,279)	(675,942)
Management fee	263,059	198,986
PIE tax paid via adjustments to investments	763,341	593,578
<b>Movement in working capital items</b>		
(Decrease)/Increase in benefits payable	(205,161)	411,793
Increase in contributions receivable	(209)	(9,274)
Increase in sundry creditors	71,416	739
(Decrease)/Increase in PIE tax payable	(317,119)	162,321
(Increase) in PIE tax benefit	(277,659)	(24,274)
<b>Net Cash Flows from Operating Activities</b>	<b><u>(3,160,827)</u></b>	<b><u>(1,794,575)</u></b>

#### 9. Financial Instruments

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

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

## Works Superannuation Scheme

### Notes to the Financial Statements For the year ended 30 June 2015

#### 9. Financial Instruments (Cont'd)

##### Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements at amortised cost approximates their respective fair values.

##### Categories of Financial Instruments - 2015

	Designated at Fair value	Loans and Receivables	Financial Liabilities at amortised Cost
<b>Assets</b>			
Financial assets at fair value through Profit or Loss	81,624,298	-	-
Cash at Bank	-	90,109	-
Contributions Receivable	-	114,298	-
<b>Total Assets</b>	<b>81,624,298</b>	<b>204,407</b>	<b>-</b>
<b>Liabilities</b>			
Sundry Creditors	-	-	154,961
Unpaid Benefits to Members/Benefits Payable	-	-	610,084
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>765,045</b>

##### Categories of Financial Instruments - 2014

	Designated at Fair value	Loans and Receivables	Financial Liabilities at amortised Cost
<b>Assets</b>			
Financial assets at fair value through Profit or Loss	76,735,515	-	-
Cash at Bank	-	12,494	-
Contributions Receivable	-	114,089	-
<b>Total assets</b>	<b>76,735,515</b>	<b>126,583</b>	<b>-</b>
<b>Liabilities</b>			
Sundry Creditors	-	-	83,546
Unpaid Benefits to Members/Benefits Payable	-	-	815,245
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>898,791</b>

Current tax and PIE tax balances are excluded from the balances in the tables above, as this analysis is required only for financial instruments.

## Works Superannuation Scheme

### Notes to the Financial Statements For the year ended 30 June 2015

#### 9. Financial Instruments (Cont'd)

##### Hierarchy of Fair Value Measurements

The following table provides an analysis of financial instruments that are subsequent to initial value at fair value grouped into levels 1 to

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Description - 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets at Fair Value through Profit or Loss				
AMP Investment Trust -Short Term Deposits	-	16,864,368	-	16,864,368
AMP Investment Trust -New Zealand Fixed Interest	-	9,044,633	-	9,044,633
AMP Investment Trust -International Fixed Interest	-	13,113,560	-	13,113,560
Nikko Am Wholesale Global Equity Hedged Fund	-	14,104,090	-	14,104,090
Nikko Am Wholesale Global Equity Unhedged Fund	-	16,070,424	-	16,070,424
Harbour Australasian Equity Fund WUT	-	12,427,223	-	12,427,223
	-	81,624,298	-	81,624,298
Description - 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets at Fair Value through Profit or Loss				
AMP Investment Trust -Short Term Deposits	-	19,319,512	-	19,319,512
AMP Investment Trust -New Zealand Fixed Interest	-	7,905,603	-	7,905,603
AMP Investment Trust -International Fixed Interest	-	11,914,433	-	11,914,433
Nikko Asset Management NZ Ltd (formerly Tyndall Investmer	-	13,310,493	-	13,310,493
Nikko Asset Management NZ Ltd (formerly Tyndall Investmer	-	12,842,143	-	12,842,143
Harbour Australasian Equity Fund WUT	-	11,443,331	-	11,443,331
	-	76,735,515	-	76,735,515

There were no transfers between levels during the year. (2014: none).

##### Risk Management

Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustees. The Trustees have set asset allocations and diversified the portfolios which the investment managers must follow.

##### Liquidity Risk

All financial assets at fair value through profit and loss can be realised within three months. There are no significant financial liabilities.

##### Credit Risk

Financial instruments which potentially expose the Scheme to credit risk consist of cash, short term deposits and receivables. The maximum exposure to credit risk is the carrying value of these financial instruments. The Scheme's cash and cash equivalents are held with Bank of New Zealand (AA- credit rating) (2014: AA-).

The Scheme is also indirectly exposed to credit risk through investments in unitised products which invest in cash and fixed interest investments.

##### Market Risk

Market risk represents the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. The investment strategies are reviewed by the Trustees on a regular basis and are managed in isolation from each other. As such, members can manage this risk through their choice of investments in which to participate.

Market price risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Scheme's investment managers are 'AMP Capital Investors' and its nominee company, Harbour Asset Management Ltd and Nikko Asset Management NZ Ltd (formerly Tyndall Investment Management NZ Ltd), which the Trustees consider to be a financial institution of high quality. The investments are held in trust by the investment manager for the benefit of the Scheme. The manager maintains diversified investment portfolios in accordance with the portfolio mix adopted by the Trustees.



## **Works Superannuation Scheme**

### **Notes to the Financial Statements For the year ended 30 June 2015**

#### **9. Financial Instruments (Cont'd)**

##### *Sensitivity Analysis*

A five percent movement in the unit prices of the unitised investments held would have an impact on the value of the Scheme's assets and income of +/- \$4,081,215 (2014: +/- \$3,836,776).

The Scheme is indirectly exposed to price risk, interest rate risk and currency risk within the underlying investment in unit trusts.

#### **10. Commitments and Contingent Liabilities**

There were no commitments or contingent liabilities outstanding as at 30 June 2015. (2014: Nil).

#### **11. Related Parties**

The Scheme holds no investments in any of the employer companies or any of its related parties and during the year had no related party transactions except for employer contributions of \$2,196,538 (2014: \$2,242,503), received from the sponsoring companies. These contributions were made in accordance with the Trust Deed.

The following Trustees are members of the Scheme. Member and Employer contributions from the Trustees amounted to \$ 81,073 (2014: \$ 76,719)

David Hutchison  
Alison Swan  
John Vessey

During the year these Trustees' account balances were credited with employer contributions in accordance with the Trust Deed. (2014: same). No benefit payments were made to Trustees. (2014: same).

#### **12. Events After Balance Date**

There have been no other material events after balance date that require adjustment to or disclosure in the financial statements.