

# **OPUS DOWNER RETIREMENT SCHEME**

## **Financial Statements**

**For the year ended 30 June 2019**

**OPUS DOWNER RETIREMENT SCHEME**

**Financial Statements**

**For the year ended 30 June 2019**

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## Independent auditor's report

To the members of the Opus Downer Retirement Scheme ("the Scheme")

We have audited the Scheme's financial statements which comprise:

- the statement of net assets as at 30 June 2019;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Our opinion

In our opinion, the Scheme's financial statements present fairly, in all material respects, the financial position of the Scheme as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

### Basis for opinion

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

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

Other than in our capacity as auditor, we have no other relationships with, or interests in, the Scheme.

### Our audit approach

#### Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our materiality for the Scheme is calculated based on approximately 1% of the net assets for the Scheme.

We chose net assets as the benchmark because, in our view, this is an appropriate benchmark for a scheme.

Because of the significance of the investments to the financial statements, we have determined there is one key audit matter: valuation and existence of financial assets at fair value through profit or loss.

## Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the Scheme's financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate for the Scheme's financial statements as a whole.

## Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the Scheme's financial statements as a whole, taking into account the structure of the Scheme, the types of investments held by the Scheme, the accounting processes and controls, the use of third party service providers and the industry in which the Scheme operates.

Opus Downer Retirement Trustee Limited (the Trustee / Custodian) is responsible for the governance and control activities of the Scheme. The Trustee has outsourced investment accounting and registry services to Melville Jessup Weaver Limited (the Administrator).

In establishing our overall audit approach, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at the Trustee and the Administrator.

## Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Scheme's financial statements of the current year. These matters were addressed in the context of our audit of the Scheme's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation and existence of financial assets at fair value through profit or loss (FVPL) amounting to \$83 million</i></p> <p>Refer to note 5 in the financial statements for disclosures of financial assets at FVPL. This was an area of focus for our audit as it represents majority of the net assets of the Scheme.</p> <p>The Scheme invests into unlisted investment funds which are categorised as level 2 within the fair value hierarchy. The fair value is based on the redemption price established by the respective investment fund administrator. In assessing the fair value, the Trustee uses</p>	<p>We assessed the processes employed by the Administrator, for recording and valuing the financial assets at FVPL including the investment manager control reports, where available. Our assessment of the business processes included:</p> <ul style="list-style-type: none"> <li>- Understanding of the business process over classification, recognition and measurement of investments at FVPL; and</li> <li>- Obtaining the control reports over asset management services provided by the investment managers, where available. We evaluated the evidence provided by the controls reports over the design and operating effectiveness of the key controls.</li> </ul>



information provided by the investment manager.

The Scheme does not have investments for which there are no observable inputs.

All investments are held by the Custodian on behalf of the Scheme.

For all investments in unlisted investment funds, we agreed the redemption price at 30 June 2019 to the confirmation provided by the investment managers. We evaluated the redemption price represents fair value by:

- Comparing the Net Asset Value per unit calculated based on the latest audited financial statements of the underlying unlisted investment funds to the published unit price on that date to provide evidence on reliability of unit pricing;
- Assessing whether the underlying assets and liabilities are primarily determined through observable market data to support that the net assets approximate fair value; and
- Comparing the redemption price at 30 June 2019 to recent transactions prices to further support the fair value of the financial assets at FVPL.

For existence, we agreed the financial assets at FVPL held by the Scheme at 30 June 2019 to confirmations obtained directly from the investment managers.

From the procedures performed, we have no matters to report.

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### *Information other than the financial statements and auditor's report*

The Trustee is responsible for the annual report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 that we obtained prior to the date of our 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.

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### *Responsibilities of the Trustee for the financial statements*

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme'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 Trustee either intends to liquidate the Scheme 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) and ISAs 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

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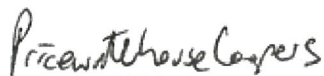
### *Who we report to*

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 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 Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

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The engagement partner on the audit resulting in this independent auditor's report is Chris Barber.

For and on behalf of:

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

Chartered Accountants  
20 September 2019

Wellington

Opus Downer Retirement Scheme  
Statement of Net Assets  
As at 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
<b>ASSETS</b>			
Cash at Bank		459	366
Financial Assets at Fair Value Through Profit or Loss	5	82,729,135	80,040,963
Contributions Receivable - Member		14,052	17,979
Contributions Receivable - Company		22,825	28,183
PIE Tax Benefit	7	-	189,639
<b>Total Assets</b>		<b>82,766,471</b>	<b>80,277,130</b>
<b>LIABILITIES</b>			
Benefits Payable		6,662	-
PIE Tax Payable	7	135,732	-
Sundry Creditors		114,291	105,312
<b>Total Liabilities</b>		<b>256,685</b>	<b>105,312</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		<b>82,509,786</b>	<b>80,171,818</b>
<b>LIABILITY FOR PROMISED BENEFITS</b>			
<i>Represented by:</i>	3		
Member account		31,169,978	30,308,425
Company account		51,339,808	49,863,393
Reserve account		-	-
		<b>82,509,786</b>	<b>80,171,818</b>

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

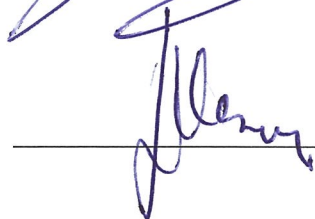
Director:



Date:

13.09.19.

Director:



Date:

13/9/19.

**Opus Downer Retirement Scheme**  
**Statement of Changes in Net Assets**  
**For the year ended 30 June 2019**

INVESTMENT ACTIVITIES	Note	30 June 2019	30 June 2018
		\$	\$
<b>Investment Income</b>			
Gain on Financial Assets at Fair Value Through Profit or Loss	6	4,715,694	5,143,360
Distributions		1,157,449	1,190,462
		5,873,143	6,333,822
<b>Investment Expenses</b>			
Investment Management Fees		368,034	354,605
<b>Net Investment Income</b>		5,505,109	5,979,217
<b>OTHER EXPENSES</b>			
Administration Expenses		132,150	124,407
Auditors' Remuneration - Audit Fees		27,169	21,333
Auditors' Remuneration - Custody Control Fees		-	18,113
Tax Agent Fees		15,356	14,535
Legal Fees		8,231	13,515
Trustee Fees		11,500	-
Trustee Liability Premium		20,815	-
General Expenses		22,586	18,950
<b>Total Other Expenses</b>		237,807	210,853
<b>Changes in Net Assets before Taxation and Membership Activities</b>		5,267,302	5,768,364
Income Tax Expense	7	864,259	156,473
<b>Changes in Net Assets after Taxation and before Membership Activities</b>		4,403,043	5,611,891
<b>MEMBERSHIP ACTIVITIES</b>			
<b>Contributions</b>			
Member Contributions	3	926,459	1,000,090
Company Contributions	3	1,475,317	1,568,949
<b>Total Contributions</b>		2,401,776	2,569,039
<b>Benefits Paid</b>			
Retrenchments		170,691	1,243,475
Retirements		653,994	2,677,327
Withdrawals		3,617,326	2,883,137
Hardship		23,000	75,000
Death payment		1,840	-
<b>Total Benefits Paid</b>		4,466,851	6,878,939
<b>Net Membership Activities</b>		(2,065,075)	(4,309,900)
<b>Net Increase in Net Assets During Year</b>		2,337,968	1,301,991
Net Assets Available For Benefits at Beginning of Year		80,171,818	78,869,827
Net Assets Available For Benefits at End of Year		82,509,786	80,171,818
<b>Benefits accrued</b>			
Allocated to:			
Member account		861,553	603,332
Company account		1,476,415	698,659
		2,337,968	1,301,991

This statement is to be read in conjunction with the notes on pages 8 to 14



**Opus Downer Retirement Scheme**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

	Note	30 June 2019	30 June 2018
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash provided from</i>			
Member Contributions		930,386	1,002,085
Company Contributions		1,480,674	1,562,873
		<u>2,411,060</u>	<u>2,564,958</u>
<i>Cash applied to</i>			
Benefits Paid		4,460,190	7,055,837
Other Expenses		228,826	206,088
		<u>4,689,016</u>	<u>7,261,925</u>
<b>Net Cash Flows from Operating Activities</b>	8	<u>(2,277,956)</u>	<u>(4,696,967)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash provided from</i>			
Proceeds from Sale of Investments		4,474,549	9,740,524
<i>Cash applied to</i>			
Purchase of investments		2,196,500	5,074,750
<b>Net Cash Flows from Investing Activities</b>		<u>2,278,049</u>	<u>4,665,774</u>
<b>Net Increase / (Decrease) in Cash Held</b>		93	(31,193)
<b>Cash at Beginning of Year</b>		366	31,559
<b>Cash at End of Year</b>		<u>459</u>	<u>366</u>

**Opus Downer Retirement Scheme  
Notes to the Financial Statements  
For the year ended 30 June 2019**

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## **1. Scheme Description**

The Opus Downer Retirement Scheme ("the Scheme") (previously known as the Works Superannuation Scheme) is a superannuation scheme registered in New Zealand under the Financial Markets Conduct Act 2013 ("FMCA") to provide retirement benefits to certain employees of the sponsoring companies Century Drilling & Energy Services (NZ) Limited, Downer New Zealand Limited and Opus International Consultant Limited (hereinafter collectively called "Company").

The registered address of the Scheme is as follows:

Secretary to the Trustees  
Opus Downer Retirement Scheme  
C/- Melville Jessup Weaver  
PO Box 11330  
Wellington 6142

Opus Downer Retirement Trustee Limited acts as the sole corporate trustee of the Opus Downer Retirement Scheme represented by the following Directors:

Dan Stevenson (Licensed Independent Trustee)  
Stephen Killeen  
Quentin McCarthy  
Janie Elrick (Resigned 10 December 2018)  
Julie Chuor (Resigned 15 October 2018)  
Gordon Davidson (Appointed 26 November 2018 - Resigned 1 March 2019)

Jan O'Neill  
John Vessey  
Amella Fowler (Appointed 15 November 2018)  
Evan Jensen (Appointed 14 December 2018)  
Simon Hatherill (Appointed 18 April 2019)

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. The Scheme is closed to new members.

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**

Opus Downer Retirement 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 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, minimum 1% 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**

Clause 19 of the Trust Deed, Winding Up, sets out the provisions which apply in the event of the Scheme being wound up. The dissolution of the Scheme would eventuate if at any time the circumstances of the Company are such that the Directors shall deem it advisable to discontinue the Scheme or if the FMCA requires the Scheme to be wound up.

### **Changes in the Scheme**

During the year there were no changes to the Trust Deed (2018: Same).

Related Party Benefits Certificate was amended and signed by Directors on 7 December 2018 with following major changes:

- Payment of LIT fees from the Scheme (previously paid by the employers).
- Trustee Liability Insurance premiums from the Scheme (previously paid by the employers).

## **2. Summary of Significant Accounting Policies**

### **Statement of compliance and basis of preparation**

New and amended standards and interpretations adopted by the Scheme:

The standards, amendments to existing standards and interpretations that were effective for the first time for the financial year beginning 1 July 2018 did not have a material impact on the financial statements of the Scheme.

NZ IFRS 9 - Financial instruments became effective for annual periods beginning on or after 1 January 2018. NZ IFRS 9, was issued in September 2014 as a complete version of the standard. It addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. It replaces the multiple classification and measurement models in NZ IAS 39 - Financial Instruments: Recognition and Measurement. Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. NZ IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

**Opus Downer Retirement Scheme  
Notes to the Financial Statements  
For the year ended 30 June 2019**

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

**Statement of compliance and basis of preparation (Cont'd)**

The Scheme retrospectively adopted this standard with effect from 1 July 2018.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2018 that have a material effect on the financial statements of the Scheme.

The adoption of NZ IFRS 9 did not result in a change to the measurement of financial instruments of the Retirement Scheme. However, the classification of the financial instruments have changed as follows:

Financial Assets / Liabilities	Classification & measurement under NZ IAS 39	Classification & measurement under NZ IFRS 9
Cash and cash equivalents and Contributions Receivable	Loans and receivables at amortised cost	Financial assets at amortised cost
Financial Assets at Fair Value Through Profit or Loss	Financial assets designated at fair value through profit or loss	Financial assets at fair value through profit or loss
Sundry Creditors and Benefits payable	Other financial liabilities at amortised cost	Financial liabilities at amortised cost

**Measurement base**

The measurement base adopted is that of historical cost modified by the revaluation of financial assets which are measured at fair value through to profit and loss at balance date.

**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.

**Investment income**

Distributions from unitised investments are recognised as income on a due and receivable basis and are included as distributions in the Statement of Changes in Net Assets.

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 assets**

**(i) Classification**

Investments at fair value through profit or loss are classified as financial assets at fair value through profit or loss and comprise investments in unlisted unit trusts.

These investments are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

Based on the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets, the Trustee has determined that all financial assets of the Scheme are classified as fair value through profit or loss with the exception of cash and cash equivalents and contributions receivable, which are classified as financial assets at amortised cost.

Financial liabilities at amortised cost comprise Sundry Creditors and Benefit Payable. These amounts are unsecured and are usually paid within 30 days from recognition.

**Opus Downer Retirement Scheme  
Notes to the Financial Statements  
For the year ended 30 June 2019**

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

**Financial assets (Cont'd)**

**(ii) Recognition/Derecognition**

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

**(iii) Measurement**

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

Investments held at fair value through profit or loss are measured initially at fair value excluding any transaction costs. 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.

*Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of units held by the Scheme is determined by reference to published bid prices at the close of business on the reporting date being the redemption price established by the underlying fund manager.

**(2) Financial assets and liabilities at amortised cost**

Financial assets and liabilities at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or liability and subsequently measured at amortised cost.

**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.

**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.

**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 and bank overdrafts (if any).

Investing activities - comprise purchase and sale 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 for amounts owing. Contributions are recognised at fair value less any allowance for 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.

**Opus Downer Retirement Scheme**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**3. Liability for Promised Retirement Benefits**

Changes in promised retirement benefits as at 30 June 2019:	Member Account \$	Employer Account \$	Reserve Account \$	Total 2019 \$
Balance at 1 July 2018	30,308,425	49,863,393	-	80,171,818
Contributions	926,459	1,475,317	-	2,401,776
Benefits Paid	(1,792,374)	(2,674,477)	-	(4,466,851)
Interest Allocated	1,727,468	2,675,575	-	4,403,043
Balance at 30 June 2019	31,169,978	51,339,808	-	82,509,786

Changes in promised retirement benefits as at 30 June 2018:	Member Account \$	Employer Account \$	Reserve Account \$	Total 2018 \$
Balance at 1 July 2017	29,705,093	49,164,734	-	78,869,827
Contributions	1,000,090	1,568,949	-	2,569,039
Benefits Paid	(2,569,987)	(4,308,952)	-	(6,878,939)
Interest Allocated	2,173,229	3,438,662	-	5,611,891
Balance at 30 June 2018	30,308,425	49,863,393	-	80,171,818

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,
  - increasing the retirement benefits or providing other benefits to all Members on an equitable basis.

**Guaranteed Benefits**

No guarantees have been made in respect of any part of the liability for promised benefits. (2018: Nil).

**4. Vested Benefits**

2019 \$	2018 \$
82,509,786	80,171,818

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**

	2019 \$	2018 \$
<b>AMP Capital Investors (NZ) Limited</b>		
AMP Capital New Zealand Cash	15,367,842	14,025,531
AMP Capital New Zealand Fixed Interest	13,012,844	12,279,482
	28,380,686	26,305,013
<b>Nikko Asset Management NZ Limited</b>		
Nikko AM Wholesale Global Equity Hedged Fund	12,266,601	11,524,849
Nikko AM Wholesale Global Equity Unhedged Fund	12,053,661	12,449,296
Nikko AM Wholesale Global Bond Fund	19,374,956	18,141,781
	43,695,218	42,115,926
<b>Harbour Asset Management Limited</b>		
Harbour Australasian Equity Income Fund	5,324,217	5,518,901
Harbour NZ Equity Advanced Beta Fund	5,329,014	6,101,123
	10,653,231	11,620,024
<b>Total Financial Assets at fair value through Profit or Loss</b>	<b>82,729,135</b>	<b>80,040,963</b>



**Opus Downer Retirement Scheme**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

6. Gain on Financial Assets Held at Fair Value Through Profit or Loss	2019 \$	2018 \$
AMP Capital New Zealand Cash	114,583	81,530
AMP Capital New Zealand Fixed Interest	665,720	204,532
Harbour Australasian Equity Income Fund	508,148	171,677
Harbour NZ Equity Advanced Beta Fund	759,742	883,171
Nikko AM Wholesale Global Equity Hedged Fund	728,419	1,252,197
Nikko AM Wholesale Global Equity Unhedged Fund	800,812	2,543,724
Nikko AM Wholesale Global Bond Fund	1,138,270	6,529
	<b>4,715,694</b>	<b>5,143,360</b>

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

7. Income Tax	2019 \$	2018 \$
Current Tax	864,259	156,473
	<b>864,259</b>	<b>156,473</b>

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

Change in Net Assets before Taxation and Membership Activities	5,267,302	5,768,364
Income Tax @ 28%	1,474,845	1,615,142
Tax effect of:		
PIE tax liability	864,259	156,473
Non-assessable distributions	(324,086)	(333,329)
Non-assessable investment gains and losses	(1,320,393)	(1,440,141)
<u>Non-deductible expenditure passed up to master fund</u>		
Investment management fees offset against PIE taxable income at fund level	68,785	65,886
Expenses passed up to Master Fund	98,991	92,168
Non-deductible expenditure	1,859	274
<b>Income Tax Expense</b>	<b>864,259</b>	<b>156,473</b>
Current tax represented by:		
Opening balance	189,639	(129,875)
Expense transfers to master fund	98,991	92,168
Current year provision	(710,681)	(345,590)
PIE tax paid	521,042	475,465
PIE tax accrued	(234,723)	97,471
<b>Net position Receivable / (Payable)</b>	<b>(135,732)</b>	<b>189,639</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	2019 \$	2018 \$
Increase in Net Assets	2,337,968	1,301,991
<b>Non-cash items</b>		
Gains on financial assets at fair value through profit or loss	(4,715,694)	(5,143,360)
Distribution income received as units	(1,157,449)	(1,190,462)
Management fee	368,034	354,605
PIE tax paid via adjustments to investments	538,888	475,986
<b>Movement in working capital items</b>		
Increase/(Decrease) in benefits payable	6,661	(176,898)
Decrease/ (Increase) in contributions receivable	9,285	(4,081)
Increase in sundry creditors	8,980	4,766
Increase/(Decrease) in PIE tax payable	135,732	(129,875)
Decrease/(Increase) in PIE tax benefit	189,639	(189,639)
<b>Net Cash Flows from Operating Activities</b>	<b>(2,277,956)</b>	<b>(4,696,967)</b>

**Opus Downer Retirement Scheme**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**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 Trustee has 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 Trustee and asset reallocations undertaken as required.

**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 - 2019**

	Financial Assets at Fair value through profit and loss	Financial Assets at amortised cost	Financial Liabilities at amortised cost
<b>Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets at fair value through Profit or Loss	82,729,135	-	-
Cash at Bank	-	459	-
Contributions Receivable	-	36,877	-
<b>Total Assets</b>	<b>82,729,135</b>	<b>37,336</b>	<b>-</b>
<b>Liabilities</b>			
Sundry Creditors	-	-	114,291
Unpaid Benefits to Members/Benefits Payable	-	-	6,662
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>120,953</b>

**Categories of Financial Instruments - 2018**

	Financial Assets at Fair value through profit and loss	Financial Assets at amortised cost	Financial Liabilities at amortised cost
<b>Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets at fair value through Profit or Loss	80,040,963	-	-
Cash at Bank	-	366	-
Contributions Receivable	-	46,162	-
<b>Total assets</b>	<b>80,040,963</b>	<b>46,528</b>	<b>-</b>
<b>Liabilities</b>			
Sundry Creditors	-	-	105,312
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>105,312</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.

**Hierarchy of Fair Value Measurements**

The following table provides an analysis of financial instruments that are measured at fair value grouped into levels 1 to 3 based on the degree to which the fair value is observable.

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 for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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).

2019 Financial Assets at Fair Value through Profit or Loss	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
AMP Capital New Zealand Cash	-	15,367,842	-	15,367,842
AMP Capital New Zealand Fixed Interest	-	13,012,844	-	13,012,844
Nikko AM Wholesale Global Equity Hedged Fund	-	12,266,601	-	12,266,601
Nikko AM Wholesale Global Equity Unhedged Fund	-	12,053,661	-	12,053,661
Nikko AM Wholesale Global Bond Fund	-	19,374,956	-	19,374,956
Harbour Australasian Equity Income Fund	-	5,324,217	-	5,324,217
Harbour NZ Equity Advanced Beta Fund	-	5,329,014	-	5,329,014
	-	82,729,135	-	82,729,135
2018 Financial Assets at Fair Value through Profit or Loss	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
AMP Capital New Zealand Cash	-	14,025,531	-	14,025,531
AMP Capital New Zealand Fixed Interest	-	12,279,482	-	12,279,482
Nikko AM Wholesale Global Equity Hedged Fund	-	11,524,849	-	11,524,849
Nikko AM Wholesale Global Equity Unhedged Fund	-	12,449,296	-	12,449,296
Nikko AM Wholesale Global Bond Fund	-	18,141,781	-	18,141,781
Harbour Australasian Equity Income Fund	-	5,518,901	-	5,518,901
Harbour NZ Equity Advanced Beta Fund	-	6,101,123	-	6,101,123
	-	80,040,963	-	80,040,963

There were no transfers between levels during the year. (2018: none).

**Opus Downer Retirement Scheme  
Notes to the Financial Statements  
For the year ended 30 June 2019**

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**10. Risk Management**

Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustee. The Trustee has 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 other than the liability for promised benefits.

**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) (2018: 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 Scheme'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 Trustee 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 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 (NZ) Limited and its nominee company, Harbour Asset Management NZ Limited and Nikko Asset Management Limited, which the Trustee considers to be financial institutions 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 Trustee.

**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 +/- \$4,136,457 (2018: +/- \$4,002,048).

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

**11. Commitments and Contingent Liabilities**

There were no commitments outstanding as at 30 June 2019. (2018: Nil).

The Scheme holds a contingent liability of \$41,831 at 30 June 2019 (2018: \$47,747). This relates to the outstanding 2006 Reserve Account distribution payable to those members who have not been able to be contacted as well as some outstanding benefits payable to members that have left employment and have not been able to be contacted.

**12. Related Parties**

The Scheme holds no direct investments in any of the employer companies or any of their related parties and during the year had no related party transactions except for employer contributions of \$1,475,317 (2018: \$1,568,949), received from the sponsoring companies. These contributions were made in accordance with the Trust Deed.

The following Directors are members of the Scheme. Member and Employer contributions from the Directors amounted to \$59,708 (2018: \$53,078).

John Vessey  
Quentin McCarthy

During the year these Director's account balances were credited with employer contributions in accordance with the Trust Deed. (2018: same). No benefit payments were made to the Directors. (2018: same).

**13. Events After Balance Date**

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