

MARITIME RETIREMENT SCHEME

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021**

MARITIME RETIREMENT SCHEME

Table of Contents For the year ended 31 March 2021

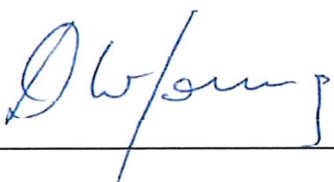

INDEX

Statement of Net Assets	Page 1
Statement of Changes in Net Assets	Page 2
Statement of Cash Flows	Page 3
Notes to the Financial Statements	Pages 4 to 14
Independent Auditor's Report	Pages 15 to 16

Maritime Retirement Scheme
Statement of Net Assets
As at 31 March 2021
 (All amounts are in NZD)

	Note	<u>31 March 2021</u>	<u>31 March 2020</u>
CURRENT ASSETS			
Cash and Cash Equivalents		112,217	37,164
Investments At Fair Value Through Profit or Loss	6	227,488,174	192,783,380
Accounts Receivable	8	11,571	11,571
Deferred Tax Asset	10	148,521	173,550
Income Tax Receivable	10	-	964,269
Total Current Assets		<u>227,760,483</u>	<u>193,969,933</u>
Total Assets		<u>227,760,483</u>	<u>193,969,933</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	(89,314)	(106,900)
Benefits Payable		(523,950)	-
Current Tax Payable	10	(3,551,246)	-
Total Liabilities		<u>(4,164,509)</u>	<u>(106,900)</u>
NET ASSETS AVAILABLE FOR BENEFITS		<u>223,595,973</u>	<u>193,863,033</u>
<i>Represented by:</i>			
Member Accounts		126,067,269	108,714,673
Employer Accounts		72,251,259	64,935,325
Maritime KiwiSaver Scheme Account		16,190,401	12,821,140
Reserve Accounts		9,087,044	7,391,895
Total	5	<u>223,595,973</u>	<u>193,863,033</u>

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

 _____ Trustee	27 July 2021 _____ Date
 _____ Trustee	27 July 2021 _____ Date

Maritime Retirement Scheme
Statement of Changes in Net Assets
For the year ended 31 March 2021
 (All amounts are in NZD)

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
INVESTMENT ACTIVITIES			
Investment Revenue			
Interest Received		-	-
Distributions Received		2,735,755	3,195,195
Net gains/(losses) on Investments At Fair Value Through Profit or Loss	7	42,044,363	(8,115,510)
Total Investment Revenue		44,780,118	(4,920,315)
Investment Expenses and Rebates			
Investment Management Fees		(1,058,751)	(1,115,093)
Investment Management Fee Rebates		312,615	298,033
Total Investment Expenses And Rebates		(746,136)	(817,060)
Net Investment Revenue		44,033,982	(5,737,375)
OTHER REVENUES			
Other Income		-	13,000
Total Other Revenue		-	13,000
OTHER EXPENSES			
Administration Fees		(235,440)	(230,040)
Consulting Fees		(59,565)	(37,981)
Auditors' Remuneration - Audit of Financial Statement	14	(34,832)	(58,433)
Auditors' Remuneration - Register of Members	14	(4,066)	(4,715)
Auditors' Remuneration - Control Assurance Services	14	(1,424)	(11,728)
Tax Advisory Services	14	(30,303)	(24,997)
Trustee Fees		(84,940)	(71,238)
Trustee Liability Insurance		(31,108)	(31,108)
Legal Fees		(55,142)	(27,921)
FMA Fees/Levies		(34,800)	(38,148)
General Expenses		(9,491)	(15,329)
Total Other Expenses		(581,111)	(551,637)
Gain before taxation and membership activities		43,452,871	(6,276,012)
MEMBERSHIP ACTIVITIES			
Contributions			
Members' Contributions		5,984,131	6,175,794
Employers' Contributions		4,033,446	4,291,171
Unallocated Contributions		53,621	42,573
Transfer In		154,945	-
Kiwisaver Contributions		1,526,581	1,582,903
PIE Tax	10	-	135,602
Total Contributions		11,752,723	12,228,043
Less:			
KiwiSaver Withdrawals		(1,454,005)	(1,444,753)
Unallocated Contributions Refunded		(6,259)	(208)
Disablement		(37,373)	(280,050)
Death		(699,131)	(20,290)
Additional Death		(100,689)	(498,373)
First home Withdrawal		(321,269)	(518,911)
Financial Hardship		(199,253)	(128,544)
Retirement		(6,236,406)	(2,854,791)
Resignation		(4,326,254)	(2,764,577)
Redundancy		(827,328)	-
Full withdrawals - deferred beneficiaries		(1,696,851)	(2,334,809)
Transfers Out		-	(6,146)
Partial withdrawals - deferred beneficiaries		(2,491,850)	(2,714,184)
Partial withdrawals - other		(3,505,452)	(2,115,273)
Pensions		(3,266)	(3,781)
Group Life Premiums		(9,723)	(8,956)
PIE Tax Expense	10	(3,557,544)	-
PIE Tax Paid on behalf of KiwiSaver Scheme		-	(120,000)
		(25,472,654)	(15,813,643)
Net Membership Activities		(13,719,931)	(3,585,600)
Net Increase/(Decrease) in Net Assets During The Year		29,732,940	(9,861,612)
Net Assets Available for Benefits at Beginning of Year		193,863,033	203,724,645
Net Assets Available for Benefits at End of Year		223,595,973	193,863,033

The notes on pages 4 to 14 are an integral part of these financial statements.

Maritime Retirement Scheme
Statement of Cash Flows
For the year ended 31 March 2021
(All amounts are in NZD)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Contributions from Members and Employers		11,746,467	12,092,233
Tax Refund		983,000	-
Interest and Other Income		-	13,001
		<u>12,729,467</u>	<u>12,105,234</u>
<i>Cash applied to</i>			
Benefits Paid		(21,375,178)	(16,212,965)
Other Expenses		(608,420)	(541,254)
Provisional Tax Paid		-	(1,573,000)
GST Paid		-	(7,253)
Net Cash Flows from Operating Activities	11	<u>(9,254,131)</u>	<u>(6,229,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash provided from</i>			
Sale of Investments		89,011,339	7,308,052
<i>Cash was applied to</i>			
Purchase of Investments		(79,682,155)	(1,115,094)
Net Cash Flows from Investing Activities		<u>9,329,184</u>	<u>6,192,958</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		75,053	(36,280)
Cash at Beginning of Year		37,164	73,444
Cash at End of Year		<u>112,217</u>	<u>37,164</u>

The notes on pages 4 to 14 are an integral part of these financial statements.

Maritime Retirement Scheme

Notes to the Financial Statements For the year ended 31 March 2021

1. Scheme Description

The Maritime Retirement Scheme (the "Scheme") is a defined contribution scheme registered under the Financial Markets Conduct Act 2013 ("FMCA").

Details of membership as at 31 March 2021 were:

	Pensioners	Defined Contribution	Total
01 April 2020	3	1,428	1,431
New member	0	76	76
Death	(2)	(3)	(5)
Withdrawal/Resignations	0	(75)	(75)
Retirements	0	(32)	(32)
Transfers Out	0	(1)	(1)
31 March 2021	1	1,393	1,394

The Fund is domiciled in New Zealand and the address of their registered office is c/o Melville Jessup Weaver, Level 7, 20 Ballance Street, Wellington 6011. The Administration Manager is Melville Jessup Weaver which is Incorporated and domiciled in New Zealand. The Custodian of the Scheme is Maritime Retirement Scheme Nominees Limited.

The Trustees of the Fund are:

David Young
Simon Brodie
Joe Fleetwood resigned 17 Feb 2021. Replaced by Craig Harrison 17 Feb 2021
Clive Glover resigned 30 July 2020. Replaced by Brodie Stevens 30 July 2020
Ray Welson
Deepthi Swamapuri
Ray Fife
Jimmy King resigned 12 December 2020. Replaced by Carl Findlay 12 December 2020
Russel Mayn
Walter Rushbrook

The Scheme is a Reporting Entity under the Financial Reporting Act 2013 and is registered under the Financial Markets Conduct Act 2013 ("FMCA").

Funding Arrangements

The Scheme is an employer subsidised, defined contribution scheme.

The Scheme receives contributions from members and their participating employers in accordance with their employment agreements. The Maritime KiwiSaver Scheme is a member of, and invests solely into, the Maritime Retirement Scheme and is referred to the Maritime KiwiSaver Scheme on the financial statements.

The Waterside members who joined on or before 1 April 2016 can elect to apply all or part of the Members' benefit to the purchase of a life time pension of such amount as the Trustees shall determine on the advice of the actuary. There is currently one (2020: three) pensioner within the Scheme. The Trustees have established a pension reserve to which \$39,456 (2020: \$34,650) has been allocated to fund the expected pension payments. Due to the small number of pensioners and the nature of the pension benefits, actuarial information on the pension liability is not presented in these financial statements.

Retirement Benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings 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 and Comparatives

During the year the Trust Deed was amended to allow withdrawals to meet a member's PIE tax liability and to clarify the rules for Seafarer contributions. (2020: Nil).

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2021

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They 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 (IFRS) as issued by The International Accounting Standards Board.

Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They 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 (IFRS) as issued by The International Accounting Standards Board.

The Scheme is comprised of two investment choices, a Balanced Portfolio and a Conservative Portfolio. The financial statements have been prepared at the Scheme level as the liabilities of the individual investment choices are not limited to the assets of each investment choice. Therefore assets of one investment choice could be used to meet the liabilities of another.

Measurement Base

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

Presentational Currency

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

Investment Income

Interest, dividends and distributions from unitholdings are taken to income on a due and receivable basis.

Realised and Unrealised Gains and Losses

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

Expenses

All expenses are accounted for on an accruals basis.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance date. The Trustees periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Scheme qualifies as, and has elected to be, a portfolio investment entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the members and is therefore shown as part of Net Membership Activities in the Statement of Changes in Net Assets. The Scheme itself has no tax expense.

Under the PIE regime, the Scheme attributes the taxable income of the Scheme to members in accordance with the proportion of their overall interest in the Scheme. The income attributed to each member is taxed at the member's "prescribed investor rate" which is capped at 28%. The Scheme accounts for tax on behalf of natural persons and undertakes any necessary adjustments to the members' interests in the assets of the Scheme to reflect that the Scheme pays tax at varying rates on behalf of members.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Net Assets liability method. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Financial Instruments

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.

(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, prepaid pensions and trade and other receivables, which are classified as financial assets at amortised cost.

Financial liabilities at amortised cost comprise trade and other payables, and benefits payable. These amounts are unsecured and are usually paid within 30 days from recognition.

(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.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2021

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

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.

(iv) Impairment of Financial Assets

The Scheme recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Scheme expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the scheme applies a simplified approach in calculating ECLs. Therefore, the scheme does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Goods and Services Tax (GST)

The Scheme is registered for GST and consequently transactions related to the Rental Property are stated exclusive of GST.

Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

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.

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

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

Promised Retirement Benefits

The liability for promised retirement 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 retirement benefits are shown in Note 3.

Unallocated Contributions

The balance of Unallocated Contributions relates to contributions received from current and prior years not allocated to members account. These contributions are from members with incomplete documentation required to allocate their contributions.

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.

Critical Accounting Estimates and Judgements

It is possible to determine the fair values of all financial assets through prices provided by the investment managers. 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. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustees have to apply their judgement as to what constitutes quoted price in an active market.

Changes in accounting policies

During the year there were no changes in accounting policies.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2021

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

Standards and Interpretations issued and adopted during the year.

There were no new Standards and Interpretations issued and adopted during the year.

3. Liability for Promised Retirement Benefits

Liability for promised retirement benefits is maintained through member's account, unallocated contributions and reserve account.

Member account is an accumulation of members' contributions credited with interest and debited with members' fees and benefit payments. Interest may either increase or decrease the member account depending on the interim rates available during the time of exit and the declared rates at year end approved by the Trustees.

The balance of employer's account includes vested employer contributions in respect of the member and unvested employer contributions. The detailed vesting rules are set up in the Trust Deed.

Changes in promised retirement benefits as at 31 March 2021:

	Member Account \$	Employer Account \$	Reserve Account \$	Total 2021 \$
Balance 1 April 2020	117,475,293	68,951,651	7,436,089	193,863,033
Contributions	7,193,543	4,505,347	53,621	11,752,512
Benefits Paid	(14,224,568)	(7,195,470)	(481,796)	(21,901,834)
Forfeited Benefits	-	(118,090)	118,090	-
Pension Payments	-	-	(3,266)	(3,266)
Net Income Allocated	26,600,056	11,321,167	1,964,306	39,885,529
Balance 31 March 2021	137,044,324	77,464,605	9,087,044	223,595,973

Changes in promised retirement benefits as at 31 March 2020:

	Member Account \$	Employer Account \$	Reserve Account \$	Total 2020 \$
Balance 1 April 2019	120,403,342	75,338,775	7,982,528	203,724,645
Contributions	7,310,360	4,736,268	45,813	12,092,441
Benefits Paid	(9,669,105)	(5,513,222)	(498,373)	(15,680,700)
Forfeited Benefits	-	(71,509)	71,509	-
Pension Payments	-	-	(3,781)	(3,781)
Net Income Allocated	(569,303)	(5,538,661)	(161,607)	(6,269,572)
Balance 31 March 2020	117,475,293	68,951,651	7,436,089	193,863,033

Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2020: Nil).

4. Vested Benefits

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.

	2021 \$	2020 \$
	208,289,429	188,395,943

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2021

5. Reserve Account

(a) Changes in Reserve Accounts

	2021	2020
	\$	\$
Death Benefit 'A'		
Balance at beginning of year	5,055,472	5,621,282
Death Benefit	(70,549)	(353,317)
Net Income Allocated	1,180,786	(212,493)
Balance at end of year	<u>6,165,708</u>	<u>5,055,472</u>
Death Benefit 'B'		
Balance at beginning of year	1,622,167	2,311,872
Death Benefit	(30,140)	(145,056)
Forfeited Benefits	71,346	69,117
Transferred to Seafarer General Reserve	-	(560,585)
Net Income Allocated	519,636	(53,182)
Balance at end of year	<u>2,183,009</u>	<u>1,622,167</u>

The Death Benefit 'A' and 'B' accounts represent amounts available to pay WISF's additional death benefits. Each Additional Death Benefit is paid in proportional amounts from the two accounts. The 'A' account is funded by the participating employers. A formal actuarial valuation is undertaken every three years to determine the level of contribution required from the participating employers. The most recent valuation was completed as at 31 March 2019 and the actuary stated that the death benefit reserves are very likely to be adequate to cover the death benefit over the next 40 years. The actuary recommended that no additional contributions are required in respect of the death benefits until the next valuation as at 31 March 2022. The 'B' account is funded from the unvested portion of employer accumulations from Waterfront Worker members' leaving service benefits. Both accounts earn interest during the year.

	\$	\$
Seafarer General Reserve		
Balance at beginning of year	581,825	-
Forfeited Seafarer Benefits	46,744	560,585
Unallocated Contributions	47,362	42,573
Distribution to Seafarer Members	-	-
Net Income Allocated	19,194	(21,332)
Balance at end of year	<u>695,125</u>	<u>581,825</u>

The Seafarer General Reserve is funded from the unvested portion of employer accumulations from Seafarer members' leaving service benefits and from contributions that are received but are unable to be allocated to members due to insufficient paperwork. Distributions can be made from this account to Seafarer members only.

	2021	2020
	\$	\$
Pension		
Balance at beginning of year	34,650	39,351
Benefits allocated during the year	(3,266)	(3,781)
Net Income allocated	8,072	(920)
Balance at end of year	<u>39,456</u>	<u>34,650</u>

The Pension Reserve Account represents amounts available to pay WISF's pensioners. A formal actuarial valuation is undertaken every three years to determine the level of reserves required to fund the pension payments. The most recent valuation was completed as at 31 March 2019 and the actuary stated that the current level of the pension reserve account was sufficient to meet the expected pension payments to the remaining pensioners.

	2021	2020
	\$	\$
Income Reserve		
Balance at beginning of year	141,973	10,022
Capital Movements during the year	(146,000)	132,474
Net Income Allocated	7,773	(523)
Balance at end of year	<u>3,746</u>	<u>141,973</u>

(b) Pursuant to the Trust Deed the Trustees shall establish a Income Reserve account for Maritime Retirement scheme which shall be credited with the following:

- (a) any earnings allocated as per section 11 of the Trust Deed;
- (b) any unclaimed benefit;
- (c) any amount where the Member ceases to have the right to receive;
- (d) any moneys arising which are not required to pay the Member's benefits;
- (e) any income or gains not included in earnings allocated as per Section 11 of the Trust Deed.

The Trustees may, at their discretion, apply any part or the whole of the Reserve account to:

- (a) augmenting the rate of earnings allocated under section 11 of the Trust Deed;
- (b) payment of expenses of the Fund;
- (c) increasing the retirement benefits of all Members on an equitable basis;
- (d) providing benefits other than retirement benefits for all Members on an equitable basis;
- (e) providing personal benefits for Members or their Dependants in the case of hardship;
- (f) payment of all or any part of a Participating Employers' contributions of the Fund if they have suspended or terminated their contributions;
- (g) payment of all or part of the contributions of all Members in any year on an equitable basis; and/or
- (h) payment of any benefit paid later than seven days after the date on which it becomes due.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2021

6. Financial Assets at Fair Value Through Profit or Loss

	2021	2020
	\$	\$
AMP Capital Investors (New Zealand) Limited Managed Funds		
NZ Cash Fund	-	10,507,010
NZ Fixed Interest Fund	-	24,463,967
Australian Equities	12,505,523	8,589,328
Global Equities	28,256,363	22,136,618
Nikko Asset Management		
Global Bond Fund	11,624,743	-
Multi Strategy Fund	922,366	8,995,780
ANZ Investments Limited		
NZ Cash Fund	20,817,996	-
ANZ NZ Fixed Interest	24,752,402	-
ANZ Global Equity	65,794,771	48,771,756
Legg Mason		
Global Opportunistic Fixed Income Fund	-	17,472,406
Hunter Investment		
Global Fixed Interest Fund	48,682,662	40,962,713
Salt Investment		
NZ Dividend Appreciation Fund	14,131,348	10,883,802
Total	227,488,174	192,783,380

7. Gains/(Losses) on Investments

	2021	2020
	\$	\$
Total Net gains on investments held at fair value through profit or loss	42,044,363	(8,115,510)

Broken down as follows:

AMP Capital Investors (New Zealand) Limited Managed Funds		
NZ Cash Fund	20,731	85,737
NZ Fixed Interest Fund	725,580	448,166
Australian Equities	3,982,376	(1,773,890)
Global Equities	8,829,093	(2,068,124)
Nikko Asset Management		
Global Bond Fund	(149,376)	-
Multi Strategy Fund	(473,762)	415,752
ANZ Investments Limited		
NZ Cash Fund	25,403	-
ANZ NZ Fixed Interest	(589,850)	-
ANZ Global Equity	22,944,914	(3,442,019)
Legg Mason		
Global Opportunistic Fixed Income Fund	2,336,025	(1,045,947)
Hunter Investment		
Global Fixed Interest Fund	1,399,836	(438,547)
Salt Investment		
NZ Dividend Appreciation Fund	2,993,393	(296,639)

8. Accounts Receivable

	2021	2020
	\$	\$
Other receivables	11,571	11,571
	<u>11,571</u>	<u>11,571</u>

9. Trade and Other Payables

	2021	2020
	\$	\$
Creative Marketing	261	73
Audit Fees	38,525	46,588
Tax Adviser fees	2,243	1,553
TIMG - Archive storage and cataloguing	296	305
MJW - Consulting Fees	8,055	6,442
MJW - Administration	19,860	19,380
Trustee Fees	5,700	11,686
Trustee Expenses	741	-
Collective RoM audit	4,066	4,715
Custodian controls audit	2,546	11,728
Legal fees	7,021	4,431
	<u>89,314</u>	<u>106,900</u>

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2021

10. Income Tax

The Maritime Scheme invests in a number of funds that are Portfolio Investment Entities. For these investments, the Maritime Scheme can elect to apply a Prescribed Investor Rate ("PIR") of either 0% or 28%. Taxable income calculated within the investments to which a 0% PIR is applied is taxable directly within the Scheme, with the resultant tax charge present on the face of the Statement of Changes in Net Assets as income tax expense/(credit). Taxable income calculated within the investments to which a 28% PIR is applied is taxable within those investments, with any tax deducted/credited reflected in the valuation of investments at year end, with investment returns shown gross of tax.

	2021	2020
	\$	\$
Current Tax	3,546,454	-
Deferred Tax	11,090	(135,602)
	<u>3,557,544</u>	<u>(135,602)</u>
The total charge for the year can be reconciled to the change in net assets as follows:		
Change in Net Assets before Membership Activities	43,452,871	(6,276,012)
Income Tax @ 28%	12,166,804	(1,757,283)
Tax effect of:		
Non Assessable Investment Gains and Losses	(7,756,828)	1,864,982
PIE tax adjustment	(41,801)	(104,890)
Prior period adjustment	36,119	-
Tax Credits	(287,910)	(122,794)
Members with PIRs less than the maximum rate	(281,327)	(28,839)
Tax at 0% PIR	(277,513)	13,222
Income Tax Expense	<u>3,557,544</u>	<u>(135,602)</u>
Current Tax Payable		
Balance Brought forward	(964,269)	488,731
Tax (paid)	983,000	(1,453,000)
Current year tax	3,532,515	-
Prior period adjustment	-	-
Tax (Receivable) / Payable	<u>3,551,246</u>	<u>(964,269)</u>
Deferred Tax Asset		
Opening balance	173,550	37,948
Prior Period Adjustment	(36,119)	-
Current Deferred Tax Expense	11,090	135,602
Deferred Tax Asset	<u>148,521</u>	<u>173,550</u>

As the Maritime Scheme is a PIE, tax payable is determined with reference to each individual member's PIR, rather than being payable by the Scheme at a flat rate of 28%.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2021

11. Reconciliation of Net Cash Flows from Operating Activities to Change in Net Assets

	2021	2020
	\$	\$
Increase/(Decrease) in Net Assets	29,732,940	(9,861,612)
Non-cash Items		
Unrealised (Gains)/Losses on Fair value Through Profit and Loss Assets	(42,044,363)	8,115,510
Distribution Income	(2,735,755)	(3,195,195)
Investment Management Fees	1,058,751	1,115,093
Investment Management Rebates	(312,615)	(298,033)
Movements in Other Working Capital Items		
Increase/(Decrease) in Deferred Tax	25,029	(135,602)
Increase/(Decrease) in Benefits Payable	523,950	(528,484)
(Decrease)/Increase in Accounts Payable	(17,585)	19,338
Decrease in GST Payable	-	(7,254)
(Increase)/Decrease in Tax Payable	4,515,516	(1,452,999)
Net Cash Flows from Operating Activities	<u>(9,254,132)</u>	<u>(6,229,238)</u>

12. Financial Risk Management

The Scheme utilises 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 revenues 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 Policies and Objectives 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.

Financial Instruments by Category

As at 31 March 2021

	Financial Asset At Amortised Cost	Financial Assets At Fair Value Through Profit or Loss
Assets as per Statement of Net Assets	\$	\$
Trade And Other Receivables	11,571	-
Financial Assets At Fair Value Through Profit or Loss	-	227,488,174
Cash and Cash Equivalents	112,217	-
Total	<u>123,788</u>	<u>227,488,174</u>
	Financial Liabilities At Fair Value Through Profit or Loss	Financial Liabilities At Amortised Cost
Liabilities as per Statement of Net Assets	\$	\$
Other Payables	-	89,314
Benefits Payable	-	523,950
Total	<u>-</u>	<u>613,264</u>

As at 31 March 2020

	Financial Asset at Amortised Cost	Financial Assets At Fair Value Through Profit or Loss
Assets as per Statement of Net Assets	\$	\$
Trade And Other Receivables	11,571	-
Contributions Receivable	-	-
Financial Assets At Fair Value Through Profit or Loss	-	192,783,380
Cash and Cash Equivalents	37,164	-
Total	<u>48,735</u>	<u>192,783,380</u>
	Financial Liabilities At Fair Value Through Profit or Loss	Financial Liabilities At Amortised Cost
Liabilities as per Statement of Net Assets	\$	\$
Other Payables	-	106,900
Benefits Payable	-	-
Total	<u>-</u>	<u>106,900</u>

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2021

Credit Risk

Credit Risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Scheme to credit risk consist of cash, receivables and investments in unithised products. The maximum credit exposure to credit risk is the carrying value of these financial instruments.

The Trustees manage and monitor credit risk by setting benchmark asset allocations and appointing investment managers to manage each asset class, thereby diversifying the Scheme's assets. The Trustees, with advice of Melville Jessup Weaver, perform due diligence of all investment managers before appointment. The Trustees invite an investment manager to each Trustees meeting to discuss performance and risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, currency risk and interest rate risk. The Scheme is exposed indirectly to foreign exchange risk and interest rate risk through its investments in unithised products. The Scheme is exposed directly and indirectly to other price risks through its investments in unithised products.

Due to the unithised nature of the investment it is not practical to determine the sensitivity of the unit price to changes in foreign exchange rates, interest rates or other market factors. Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustees.

Risk management activities are undertaken by the Trustees to manage the market risks outlined below. The Trustees use the services of Melville Jessup Weaver to actively manage the Scheme's cash flow according to benchmark asset allocations. The Trustees review the overall asset allocation and decide on rebalancing at certain Trustees meetings. The Trustees invite investment managers to each Trustee meeting to discuss performance and risk. In addition, Melville Jessup Weaver's services are used to produce investment monitors that report on and assess investment manager performance against benchmarks set in the Statement of Investment Policy and Objectives (the "SIPO").

Other Price Risk

Other price risk is the risk that the value of the Scheme's investments will increase or decrease due to a change in the unit prices of the Scheme's investments.

A 13% (2020: 13%) decrease in the unit prices of the Scheme's investments would have an adverse impact on the value of the Scheme's assets of \$29,573,463 (2020: \$19,278,338). Conversely, a 13% (2020: 13%) increase in the unit prices of the Scheme's investments would have a positive impact on the value of the Scheme's assets of \$29,573,463 (2020: \$19,278,338). The maximum exposure to other price risk is the carrying value of these financial instruments.

Currency Risk

Some of the Scheme's assets are invested overseas. Returns on assets held overseas can be affected by changes in the value of the New Zealand dollar and overseas currencies. The Scheme's overseas investments have different amounts of currency hedging depending on the asset class and the hedging policy. Most asset classes have no hedging except for AMP's Global Equities Fund, Hunter's Global Fixed Interest Fund and Legg Mason's Global Opportunistic Fixed Income Fund which has full hedging against currency movements.

Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustees.

Interest Rate Risk

The Scheme is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in unithised products which invest in cash and fixed interest investments. There is no maturity period for unithised investments.

Interest rate risk management activities are undertaken by the investment managers in accordance with the investment mandates set by the Trustees.

Liquidity Risk

Liquidity risk is the risk that the Scheme will encounter difficulty in raising funds to meet its obligations to pay Members. However, to control liquidity risk, the Scheme invests in financial instruments. The Scheme's investments, with the exception of the Multi Strategy Fund, are considered to be readily realisable. The Multi Strategy portfolio invests in non-traditional investments such as infrastructure and commodities and are therefore less liquid than traditional asset classes.

For the remaining investments, there are no restrictions on the redemption of units and they may be redeemed for cash at any time, subject to the approval of the Investment Managers. The investment managers do reserve the right to limit redemptions under extreme market conditions, but the Trustees spread this risk by investing across multiple asset classes and the investment managers further spread this risk by investing across multiple securities within those classes.

Capital Management

Net assets available to pay benefits are considered to be the Scheme's capital for the purposes of capital management. The Scheme does not have to comply with externally imposed capital requirements.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2021

13. Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Scheme's accounting policies.

The Scheme classifies fair value measurements of financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Valuation techniques using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The unit price is based upon a Net Asset Valuation using observable inputs of quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The Net Asset Valuation of the Scheme may also include securities or derivatives which have inputs such as foreign exchange spot and forward rates and interest rate curves derived from quoted bond prices. The Net Asset Valuation may also have adjustments to reflect fees associated with the Scheme.

The following tables analyses within the fair value hierarchy the Scheme's financial assets and non-financial assets measured at fair value:

31 March 2021

Assets	Level 1	Level 2	Level 3	Total Balance
	\$	\$	\$	\$
AMP Australian Equities	-	12,505,523	-	12,505,523
AMP Global Equities	-	28,256,363	-	28,256,363
Nikko Global Bond Fund	-	11,624,743	-	11,624,743
Nikko Multi Strategy Fund	-	-	922,366	922,366
ANZ NZ Cash Fund	-	20,817,996	-	20,817,996
ANZ NZ Fixed Interest	-	24,752,402	-	24,752,402
ANZ Global Equity	-	65,794,771	-	65,794,771
Hunter Global Fixed Interest Fund	-	48,682,662	-	48,682,662
Salt NZ Dividend Appreciation Fund	-	14,131,348	-	14,131,348
Total Assets	-	226,565,808	922,366	227,488,174

31 March 2020

Assets	Level 1	Level 2	Level 3	Total Balance
	\$	\$	\$	\$
AMP NZ Cash Fund	-	10,507,010	-	10,507,010
AMP NZ Fixed Interest Fund	-	24,463,967	-	24,463,967
AMP Australian Equities	-	8,589,328	-	8,589,328
AMP Global Equities	-	22,136,618	-	22,136,618
Nikko Multi Strategy Fund	-	-	8,995,780	8,995,780
ANZ Global Equity	-	48,771,756	-	48,771,756
Global Opportunistic Fixed Income Fund	-	17,472,406	-	17,472,406
Hunter Global Fixed Interest Fund	-	40,962,713	-	40,962,713
Salt NZ Dividend Appreciation Fund	-	10,883,802	-	10,883,802
Total Assets	-	183,787,600	8,995,780	192,783,380

All financial assets at fair value through profit or loss are classified as Level 2 fair value instruments, except for financial assets in the Nikko AM Wholesale Multi-Strategy Fund which are classified as Level 3 amounting to \$922,366.

As at 31 March 2020 part of the Nikko AM Wholesale Multi-Strategy Fund was being wound down due to the level of redemptions. This combined with the lack of liquidity at the time of the redemptions of the underlying assets contribute to the Level 3 classification. The units relating to this wound down were separated and since 31 March 2020 over 90% has been recovered and applied to new units that do not exhibit the same lack of liquidity. As at 31 March 2021 \$922,366 relating to the wind down of the old fund are still to be recovered. The investment manager has considered this in assessing the fair value of these units. There is a risk that some loss could be experienced of these units on collection.

Key Judgements and Estimates on the fair value of the investment in the Nikko AM Wholesale Multi-Strategy Fund ("the investment")

The Trustees evaluate the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets at balance date. The Scheme uses the unit prices as provided by the investment manager as the only input to the valuation. The investment manager may use data that is not readily observable in current markets. If the investment manager uses unobservable market data, then they need to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation.

Investment	Opening Balance 1 April 2020 (\$)	Purchase / (Sales) (\$)	Total Gains / (Losses) (\$)	Closing Balance 31 March 2021 (\$)	Sensitivity Analysis	
					10% increase in valuation (\$)	10% decrease in valuation (\$)
Nikko AM W/S Multi- Strategy Fund	8,995,780	(8,618,255)	(377,525)	-	-	-
Nikko AM W/S Multi- Strategy Fund-MAR20	-	702,057	220,309	922,366	92,237	(92,237)
Total	8,995,780	(7,916,198)	765,150	922,366	92,237	(92,237)

There were no transfers between level 1, 2 or 3 in the year.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2021

14. Auditor's Remuneration - Audit Fees

	2021	2020
	\$	\$
Audit of financial statements - Deloitte Limited	(34,832)	(58,433)
Audit of the Register	(4,066)	(4,715)
Custodian Control	(1,424)	(11,728)
Tax advisory services - Deloitte Limited	(30,303)	(24,997)
Total	<u>(70,625)</u>	<u>(99,873)</u>

15. Commitments and Contingent Liabilities

No contingent liability for the year. (2020: Nil).

16. Related Parties

The Scheme holds no investments in any of the employer companies or any of its related parties and during the period had no related party transactions except for the receipt of employer contributions of \$4,033,446 per annum (2020: \$4,291,171).

The Scheme pays secretarial fees to some of the Trustees, trustee liability insurance and reimburses the Trustees' costs for travelling, etc. During the year, the Trustee fees were \$84,940 (2020: \$71,238). Trustees that are members of the Scheme contribute on the same basis and have the same rights as other members of the Scheme.

During the year the Scheme paid \$31,108 (2020: \$31,108) in premiums for trustee liability insurance.

17. Events after Balance date

After balance date the trustees have transferred the investments held at AMP Capital to ANZ Investments and to Fisher Funds. (2020: The outbreak of the novel coronavirus (COVID-19) in early 2020 has affected business and economic activity around the world, including New Zealand. Given the spread of the COVID-19, the range of potential outcomes for the global economy are difficult to predict at this point in time. Possible outcomes range from successful virus containment and minor short term impact, to a prolonged global contagion resulting in possible recession. At the same time, there are a number of policy and fiscal responses emerging across the globe intended to mitigate potential negative economic impacts. When it comes to the Scheme, we are monitoring the COVID-19 outbreak closely, the directors follow guidance from the World Health Organization and abides by the requirements activated by local governments. The investments balance as at 30 June 2020 increased by \$14,163,669 compared to the balance as at 31 March 2020. The Trustees note that the investment value is dependent upon the price of the underlying assets and the markets are volatile due to COVID-19 as discussed above.)

Independent Auditor's Report

To the Members of Maritime Retirement Scheme

Opinion

We have audited the financial statements of Maritime Retirement Scheme (the 'Scheme'), which comprise the statement of net assets as at 31 March 2021, and the statement of changes in net assets and statement of cash flows 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, on pages 1 to 14, present fairly, in all material respects, the financial position of the Scheme as at 31 March 2021, and its financial performance and 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 ('ISAs') and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other than in our capacity as auditor, the provision of other assurance services, and the provision of taxation advice, we have no relationship with or interests in the Scheme. These services have not impaired our independence as auditor of the Scheme.

Key audit matters

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

We have determined that there are no key audit matters to communicate in our report.

Other information

The Trustees are responsible on behalf of the Scheme for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustees and consider further appropriate actions

The Trustees' responsibilities for the financial statements

The Trustees are responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Trustees 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 Trustees are responsible on behalf of the Scheme 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 Trustees either intend 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 and 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 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 on the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Scheme's members, as a body. Our audit has been undertaken so that we might state to the Scheme's members those matters 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.

Deloitte Limited

**Silvio Bruinsma, Partner
for Deloitte Limited**
Wellington, New Zealand
27 July 2021