

**MARITIME RETIREMENT SCHEME**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2022**

# MARITIME RETIREMENT SCHEME

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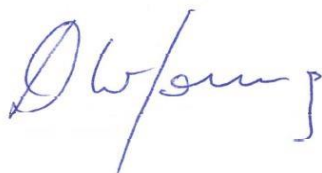
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**Maritime Retirement Scheme**  
**Statement of Net Assets**  
**As at 31 March 2022**  
 (All amounts are in NZD)

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>			
Cash and Cash Equivalents		204,448	112,217
Investments At Fair Value Through Profit or Loss	6	222,511,630	227,488,174
Accounts Receivable	8	-	11,571
Deferred Tax Asset	10	124,902	148,521
Prepayment of Trustee Liability Insurance		22,333	-
Income Tax Receivable	10	11,980	-
<b>Total Assets</b>		<b>222,875,293</b>	<b>227,760,483</b>
<b>LIABILITIES</b>			
Trade and Other Payables	9	(65,672)	(89,314)
Benefits Payable		-	(523,950)
Current Tax Payable	10	-	(3,551,246)
<b>Total Liabilities</b>		<b>(65,672)</b>	<b>(4,164,510)</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		<b>222,809,621</b>	<b>223,595,973</b>
<i>Represented by:</i>			
Member Accounts		126,539,194	126,442,117
Employer Accounts		71,596,698	72,251,259
Maritime KiwiSaver Scheme Account		16,622,148	16,190,401
Reserve Accounts		8,051,581	8,712,196
<b>Total</b>	5	<b>222,809,621</b>	<b>223,595,973</b>

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



Trustee

27 July 2022

Date



Trustee

27 July 2022

Date

**Maritime Retirement Scheme**  
**Statement of Changes in Net Assets**  
**For the year ended 31 March 2022**  
(All amounts are in NZD)

	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>INVESTMENT ACTIVITIES</b>			
<b>Investment Revenue</b>			
Distributions Received		2,440,417	2,735,755
Net gains/(losses) on Investments At Fair Value Through Profit or Loss	7	164,389	42,044,363
<b>Total Investment Revenue</b>		<b>2,604,806</b>	<b>44,780,118</b>
<b>Investment Expenses and Rebates</b>			
Investment Management Fees		(1,002,701)	(1,058,751)
Investment Management Fee Rebates		190,290	312,615
<b>Total Investment Expenses And Rebates</b>		<b>(812,411)</b>	<b>(746,136)</b>
<b>Net Investment Revenue</b>		<b>1,792,395</b>	<b>44,033,982</b>
<b>OTHER REVENUES</b>			
Other Income		7,051	-
<b>Total Other Revenue</b>		<b>7,051</b>	<b>-</b>
<b>OTHER EXPENSES</b>			
Administration Fees		(240,060)	(235,440)
Consulting Fees		(50,533)	(59,565)
Auditors' Remuneration	14	(50,313)	(40,323)
Tax Advisory Services	14	(25,530)	(30,303)
Trustee Fees		(88,286)	(84,940)
Trustee Liability Insurance		(34,155)	(31,108)
Legal Fees		(29,517)	(55,142)
FMA Fees/Levies		(37,926)	(34,800)
General Expenses		(11,166)	(9,491)
<b>Total Other Expenses</b>		<b>(567,486)</b>	<b>(581,111)</b>
<b>Gain before taxation and membership activities</b>		<b>1,231,961</b>	<b>43,452,871</b>
<b>MEMBERSHIP ACTIVITIES</b>			
<b>Contributions</b>			
Members' Contributions		6,563,056	5,984,131
Employers' Contributions		4,330,063	4,033,446
Unallocated Contributions		-	53,621
Transfer In		16,897	154,945
Kiwisaver Contributions		1,735,046	1,526,581
<b>Total Contributions</b>		<b>12,645,062</b>	<b>11,752,723</b>
<b>Less:</b>			
KiwiSaver Withdrawals		(1,211,445)	(1,454,005)
Unallocated Contributions Refunded		-	(6,259)
Disablement		(91,253)	(37,373)
Death		(683,568)	(324,283)
Additional Death		-	(475,537)
First home Withdrawal		(285,788)	(321,269)
Financial Hardship		(87,300)	(199,253)
Retirement		(1,607,234)	(6,236,406)
Resignation		(3,782,041)	(4,326,254)
Redundancy		(42,429)	(827,328)
Full withdrawals - deferred beneficiaries		(1,534,673)	(1,696,851)
Transfers Out		(41,395)	-
Partial withdrawals - deferred beneficiaries		(2,418,575)	(2,491,850)
Partial withdrawals - other		(2,564,055)	(3,505,452)
Pensions		(804)	(3,266)
Group Life Premiums		(6,283)	(9,723)
		<b>(14,356,843)</b>	<b>(21,915,110)</b>
PIE Tax Expense	10	(41,336)	(3,557,544)
PIE Tax Paid on behalf of KiwiSaver Scheme		(265,196)	-
<b>Net Membership Activities</b>		<b>(2,018,313)</b>	<b>(13,719,931)</b>
<b>Net (Decrease)/Increase in Net Assets During The Year</b>		<b>(786,352)</b>	<b>29,732,940</b>
Net Assets Available for Benefits at Beginning of Year		223,595,973	193,863,033
<b>Net Assets Available for Benefits at End of Year</b>		<b>222,809,621</b>	<b>223,595,973</b>

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 2022**  
(All amounts are in NZD)

	Note	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash provided from</i>			
Contributions from Members and Employers		12,645,065	11,746,467
Tax Refund		-	983,000
Other Income		18,622	-
		<u>12,663,687</u>	<u>12,729,467</u>
<i>Cash applied to</i>			
Benefits Paid		(14,874,510)	(21,375,178)
Other Expenses		(619,742)	(608,420)
Provisional Tax Paid		(3,846,143)	-
<b>Net Cash Flows applied to Operating Activities</b>	<b>11</b>	<b><u>(6,676,708)</u></b>	<b><u>(9,254,131)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash provided from</i>			
Sale of Investments		57,492,892	89,011,339
<i>Cash was applied to</i>			
Purchase of Investments		(50,723,953)	(79,682,155)
<b>Net Cash Flows from Investing Activities</b>		<b><u>6,768,939</u></b>	<b><u>9,329,184</u></b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>92,231</b>	<b>75,053</b>
<b>Cash at Beginning of Year</b>		<b>112,217</b>	<b>37,164</b>
<b>Cash at End of Year</b>		<b><u>204,448</u></b>	<b><u>112,217</u></b>

## Maritime Retirement Scheme

### Notes to the Financial Statements For the year ended 31 March 2022

#### 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 2022 were:

	Pensioners	Defined Contribution	Total
01 April 2021	1	1,393	1,394
New member	0	184	184
Death	0	(4)	(4)
Withdrawal/Resignations	0	(85)	(85)
Retirements	0	(14)	(14)
Transfers Out	0	(2)	(2)
31 March 2022	1	1,472	1,473

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  
Craig Harrison  
Brodie Stevens  
Ray Welson  
Deepthi Swarnapuri  
Ray Fife  
Carl Findlay  
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 (2021: one) pensioner within the Scheme. The Trustees have established a pension reserve to which \$39,043 (2021: \$39,456) 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

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. (2021: Nil).

In June 2021, the Scheme ended its investment manager relationship with AMP Capital Investors (New Zealand) Managed Funds. The amounts were transferred to Fisher Funds and existing managers.

## Maritime Retirement Scheme

### Notes to the Financial Statements (Cont'd) For the year ended 31 March 2022

#### 2. Summary of Significant Accounting Policies

##### 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 three investment choices, a Growth Portfolio, 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.

There have been prior period comparatives which have been reclassified to make disclosure consistent with the current year.

##### 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 unitised investments 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 2022

#### 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 initial 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 2022

#### 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 2022:

	Member Account \$	Employer Account \$	Reserve Account \$	Total 2022 \$
Balance 1 April 2021	137,419,172	77,464,605	8,712,196	223,595,973
Contributions	7,870,087	4,777,722	-	12,647,809
Benefits Paid	(8,451,844)	(5,897,912)	-	(14,349,756)
Forfeited Benefits	-	(14,527)	14,527	-
Distribution to Seafarer members	-	-	(590,000)	(590,000)
Pension Payments	-	-	(804)	(804)
Net Income Allocated	1,120,816	469,922	(84,338)	1,506,400
Balance 31 March 2022	<u>137,958,231</u>	<u>76,799,809</u>	<u>8,051,581</u>	<u>222,809,621</u>

##### 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	(13,849,720)	(7,195,470)	(856,644)	(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	<u>137,419,172</u>	<u>77,464,605</u>	<u>8,712,196</u>	<u>223,595,973</u>

##### Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2021: 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.

	2022 \$	2021 \$
	<u>213,352,114</u>	<u>208,289,429</u>

## Maritime Retirement Scheme

### Notes to the Financial Statements (Cont'd) For the year ended 31 March 2022

#### 5. Reserve Account

##### (a) Changes in Reserve Accounts

	2022	2021
	\$	\$
<b>Death Benefit 'A'</b>		
Balance at beginning of year	5,903,315	5,055,472
Death Benefit	-	(332,943)
Net Income Allocated	43,768	1,180,786
Balance at end of year	<u>5,947,083</u>	<u>5,903,315</u>
<b>Death Benefit 'B'</b>		
Balance at beginning of year	2,070,554	1,622,167
Death Benefit	-	(142,594)
Forfeited Benefits	14,527	71,346
Net Income Allocated	17,579	519,636
Balance at end of year	<u>2,102,660</u>	<u>2,070,554</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.

	\$	\$
<b>Seafarer General Reserve</b>		
Balance at beginning of year	695,125	581,825
Forfeited Seafarer Benefits	2,256	46,744
Unallocated Contributions	(44,998)	47,362
Distribution to Seafarer Members	(590,000)	-
Net Income Allocated	2,703	19,194
Balance at end of year	<u>65,087</u>	<u>695,125</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.

	2022	2021
	\$	\$
<b>Pension</b>		
Balance at beginning of year	39,456	34,650
Benefits allocated during the year	(804)	(3,266)
Net Income allocated	391	8,072
Balance at end of year	<u>39,043</u>	<u>39,456</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.

	2022	2021
	\$	\$
<b>Income Reserve</b>		
Balance at beginning of year	3,746	141,973
Capital Movements during the year	(106,083)	(146,000)
Net Income Allocated	45	7,773
Balance at end of year	<u>(102,292)</u>	<u>3,746</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 2022

6. Financial Assets at Fair Value Through Profit or Loss

	2022	2021
	\$	\$
<b>AMP Capital Investors (New Zealand) Limited Managed Funds</b>		
NZ Cash Fund	-	-
NZ Fixed Interest Fund	-	-
Australian Equities	-	12,505,523
Global Equities	-	28,256,363
<b>Nikko Asset Management</b>		
Global Bond Fund	12,548,172	11,624,743
Multi Strategy Fund	14,407	922,366
<b>ANZ Investments Limited</b>		
NZ Cash Fund	19,431,851	20,817,996
ANZ NZ Fixed Interest	25,186,886	24,752,402
ANZ Global Equity	67,989,628	65,794,771
ANZ Global Equity (No. 5 Fund)	24,177,277	-
<b>Fisher Funds</b>		
Fisher Institutional Australian Equity Fund	9,555,467	-
Fisher Institutional Trans Tasman Equity Fund	5,360,123	-
<b>Hunter Investment</b>		
Global Fixed Interest Fund	47,951,591	48,682,662
<b>Salt Investment</b>		
NZ Dividend Appreciation Fund	-	14,131,348
Core Equity Fund	10,296,228	-
<b>Total</b>	<b>222,511,630</b>	<b>227,488,174</b>

7. Gains/(Losses) on Investments

	2022	2021
	\$	\$
Total Net gains on investments held at fair value through profit or loss	164,389	42,044,363

Broken down as follows:

**AMP Capital Investors (New Zealand) Limited Managed Funds**

NZ Cash Fund	2,844	20,731
NZ Fixed Interest Fund	9,005	725,580
Australian Equities	235,883	3,982,376
Global Equities	1,401,423	8,829,093

**Nikko Asset Management**

Global Bond Fund	(665,689)	(149,376)
Multi Strategy Fund	(230,288)	(473,762)

**ANZ Investments Limited**

NZ Cash Fund	151,162	25,403
ANZ NZ Fixed Interest	(1,398,745)	(589,850)
ANZ Global Equity	3,229,189	22,944,914
ANZ Global Equity (No. 5 Fund)	819,908	-

**Legg Mason**

Global Opportunistic Fixed Income Fund	-	2,336,025
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**Fisher Funds**

Fisher Institutional Australian Equity Fund	520,709	-
Fisher Institutional Trans Tasman Equity Fund	(19,863)	-

**Hunter Investment**

Global Fixed Interest Fund	(3,535,171)	1,399,836
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**Salt Investment**

NZ Dividend Appreciation Fund	48,705	2,993,393
Core Equity Fund	(404,682)	-

8. Accounts Receivable

	2022	2021
	\$	\$
Other receivables	-	11,571
	-	11,571

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd)  
For the year ended 31 March 2022

9. Trade and Other Payables

	2022	2021
	\$	\$
Creative Marketing	73	261
Audit Fees	33,638	38,525
Tax Adviser fees	920	2,243
TIMG -Archive storage and cataloguing	311	296
MJW - Consulting Fees	3,727	8,055
MJW - Administration	20,150	19,860
Trustee Fees	5,700	5,700
Trustee Expenses	-	741
Collective RoM audit	-	4,066
Custodian controls audit	-	2,546
Filing Fees	1,155	-
Legal fees	-	7,021
	<u>65,673</u>	<u>89,314</u>

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.

	2022	2021
	\$	\$
Current Tax	64,955	3,546,454
Deferred Tax	(23,619)	11,090
	<u>41,336</u>	<u>3,557,544</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	1,231,961	43,452,871
Income Tax @ 28%	344,949	12,166,804
<b>Tax effect of:</b>		
Non Assessable Investment Gains and Losses	(282,612)	(7,756,828)
PIE tax adjustment	-	(41,801)
Prior period adjustment	19,028	36,119
Tax Credits	(120,451)	(287,910)
Members with PIRs less than the maximum rate	22,360	(281,327)
Tax at 0% PIR	58,062	(277,513)
<b>Income Tax Expense</b>	<u>41,336</u>	<u>3,557,544</u>
<b>Current Tax Payable</b>		
Balance Brought forward	3,551,246	(964,269)
Tax (paid)	(3,846,139)	983,000
PIE tax paid on behalf of KiwiSaver Scheme	265,196	-
Current year tax	-	3,532,515
Prior period adjustment	17,717	-
<b>Tax (Receivable) / Payable</b>	<u>(11,980)</u>	<u>3,551,246</u>
<b>Deferred Tax Asset</b>		
Opening balance	148,521	173,550
Prior Period Adjustment	(1,311)	(36,119)
Current Deferred Tax Expense	(22,308)	11,090
<b>Deferred Tax Asset</b>	<u>124,902</u>	<u>148,521</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 2022**

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
(Decrease)/Increase in Net Assets	(786,352)	29,732,940
<b>Non-cash Items</b>		
Unrealised (Gains)/Losses on Fair value Through Profit and Loss Assets	(164,389)	(42,044,363)
Distribution Income	(2,440,417)	(2,735,755)
Investment Management Fees	1,002,700	1,058,751
Investment Management Rebates	(190,290)	(312,615)
<b>Movements in Other Working Capital Items</b>		
Increase/(Decrease) in Deferred Tax	23,619	25,029
(Increase)/Decrease in Prepayments	(22,333)	-
Increase/(Decrease) in Benefits Payable	(523,949)	523,950
Decrease/(Increase) in Accounts Receivable	11,571	-
(Decrease)/Increase in Accounts Payable	(23,642)	(17,585)
(Increase)/Decrease in Tax Payable	(3,563,226)	4,515,517
<b>Net Cash Flows from Operating Activities</b>	<b>(6,676,708)</b>	<b>(9,254,131)</b>

**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 2022**

	<b>Financial Asset At Amortised Cost</b>	<b>Financial Assets At Fair Value Through Profit or Loss</b>
	<b>\$</b>	<b>\$</b>
Assets as per Statement of Net Assets		
Financial Assets At Fair Value Through Profit or Loss	-	222,511,630
Cash and Cash Equivalents	204,448	-
Total	<u>204,448</u>	<u>222,511,630</u>
	<b>Financial Liabilities At Fair Value Through Profit or Loss</b>	<b>Financial Liabilities At Amortised Cost</b>
	<b>\$</b>	<b>\$</b>
Liabilities as per Statement of Net Assets		
Other Payables	-	65,672
Benefits Payable	-	-
Total	<u>-</u>	<u>65,672</u>

**As at 31 March 2021**

	<b>Financial Asset at Amortised Cost</b>	<b>Financial Assets At Fair Value Through Profit or Loss</b>
	<b>\$</b>	<b>\$</b>
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>
	<b>Financial Liabilities At Fair Value Through Profit or Loss</b>	<b>Financial Liabilities At Amortised Cost</b>
	<b>\$</b>	<b>\$</b>
Liabilities as per Statement of Net Assets		
Other Payables	-	89,314
Benefits Payable	-	523,950
Total	<u>-</u>	<u>613,264</u>

## Maritime Retirement Scheme

### Notes to the Financial Statements (Cont'd) For the year ended 31 March 2022

#### 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 unitholded 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 unitholded products. The Scheme is exposed directly and indirectly to other price risks through its investments in unitholded products.

Due to the unitholded 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 10% (2021: 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 \$22,251,163 (2021: \$22,748,817). Conversely, a 10% (2021: 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 \$22,251,163 (2021: \$22,748,817). 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 ANZ's Global Equities Fund and Hunter's Global Fixed Interest 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 unitholded products which invest in cash and fixed interest investments. There is no maturity period for unitholded 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 2022

#### 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:

<b>31 March 2022</b>				
<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Balance</b>
	\$	\$	\$	\$
Nikko Global Bond Fund	-	12,548,172	-	12,548,172
Nikko Multi Strategy Fund	-	-	14,407	14,407
ANZ NZ Cash Fund	-	19,431,851	-	19,431,851
ANZ NZ Fixed Interest	-	25,186,886	-	25,186,886
ANZ Global Equity	-	67,989,628	-	67,989,628
ANZ Global Equity (No. 5 Fund)	-	24,177,277	-	24,177,277
Fisher Institutional Australian Equity Fund	-	9,555,467	-	9,555,467
Fisher Institutional Trans Tasman Equity Fund	-	5,360,123	-	5,360,123
Hunter Global Fixed Interest Fund	-	47,951,591	-	47,951,591
Salt Core Equity Fund	-	10,296,228	-	10,296,228
<b>Total Assets</b>	-	<b>222,497,222</b>	<b>14,407</b>	<b>222,511,629</b>

<b>31 March 2021</b>				
<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Balance</b>
	\$	\$	\$	\$
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
<b>Total Assets</b>	-	<b>226,565,809</b>	<b>922,366</b>	<b>227,488,175</b>

The Scheme invests in managed funds. The fair value is based upon unit prices calculated by the Manager of each fund.

The fair value of units 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 fund 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 fund.

At the end of each accounting period the Trustees review the Fair Value Hierarchy and associated disclosures based on information available at that point in time and considers the reasonableness of the disclosures or if any transfers between levels need to be made.

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 2022**

**14. Auditor's Remuneration - Audit Fees**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Audit of financial statements - Deloitte Limited	(50,313)	(34,832)
Audit of the Register	-	(4,066)
Custodian Control	-	(1,424)
Tax advisory services - Deloitte Limited	(25,530)	(30,303)
<b>Total</b>	<u>(75,843)</u>	<u>(70,625)</u>

**15. Commitments and Contingent Liabilities**

No contingent liability for the year. (2021: 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 \$4,330,063 per annum (2021: \$4,033,446).

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 \$88,286 (2021: \$84,940). 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 \$34,155 (2021: \$31,108) in premiums for trustee liability insurance.

**17. Events after Balance date**

There were no events after balance date. (2021: After balance date the trustees have transferred the investments held at AMP Capital to ANZ Investments and to Fisher Funds.)



## 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 2022, and the statement changes in net assets 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 2022, 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 Scheme 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, 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

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 which is expected to be made available to us after the date of the audit 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. If so, we are required to report that fact. We have nothing to report in this regard.

When we read 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.

#### Trustee's 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/assurance-standards/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*

**Hamish Anton, Partner**  
for Deloitte Limited  
Wellington, New Zealand  
27 July 2022