

MARITIME RETIREMENT SCHEME

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

MARITIME RETIREMENT SCHEME

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Maritime Retirement Scheme
Statement of Net Assets
As at 31 March 2017

(All amounts are in NZD unless otherwise stated)

	Note	Maritime KiwiSaver Scheme (Trustee Members Fund per Trust Deed)				Waterfront Industry Superannuation Fund 2016
		Waterfront Fund 2017	Seafarers Fund 2017	2017	2017	
CURRENT ASSETS						
Cash and cash equivalents		223,673	92,018	19,861	335,552	141,970
Investments designated as fair value through profit or loss	6	128,924,900	53,039,090	11,448,108	193,412,098	125,747,455
Trade and other receivables	8	-	-	-	-	29,815
Tax receivable		-	-	-	-	59,028
Total Current Assets		129,148,573	53,131,108	11,467,969	193,747,650	125,978,268
NON-CURRENT ASSETS						
Rental property	10	3,132,933	1,288,873	278,194	4,700,000	-
Total Assets		132,281,506	54,419,981	11,746,163	198,447,650	125,978,268
CURRENT LIABILITIES						
Trade and other payables	9	(57,119)	(23,499)	(5,072)	(85,690)	(172,721)
GST payable		(16,185)	(6,659)	(1,437)	(24,281)	-
Benefits payable		-	(39,670)	(10,038)	(49,708)	-
Current tax payable	11	(139,234)	(163,698)	104,581	(198,251)	-
Deferred tax liability	11	-	(46,946)	-	(46,946)	-
Total Liabilities		(212,538)	(280,472)	88,134	(404,876)	(172,721)
NET ASSETS AVAILABLE FOR BENEFITS		132,068,968	54,139,509	11,834,297	198,042,774	125,805,547

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

Trustee  Date 31/3/17

Trustee  Date 31-7-2017

The notes on pages 5 to 24 are an integral part of these financial statements.

Maritime Retirement Scheme
Statement of Changes in Net Assets
For the year ended 31 March 2017
(All amounts are in NZD unless otherwise stated)

	Maritime KiwiSaver Scheme					Waterfront Industry
	Waterfront Fund	Seafarers Fund	(Trustee Members Fund per Trust Deed)	Maritime Retirement Scheme Total	Superannuation Fund	
Note	2017	2017	2017	2017	2016	
INVESTMENT ACTIVITIES						
Investment revenue						
Interest received	79	18	6	103	2,068	
Distributions received	353,799	78,111	27,569	459,479	704,056	
Rental Income	227,949	50,326	17,762	296,037	-	
Net gains on investments held at fair value through profit or loss	12,949,273	2,916,077	1,017,676	16,883,027	4,455,925	
	7					
	13,531,100	3,044,532	1,063,013	17,638,646	5,162,049	
Investment Expenses and Rebates						
Investment Management Fees	(514,794)	(113,656)	(40,114)	(668,564)	(631,877)	
Investment Management Fee Rebates	46,808	10,334	3,647	60,789	92,746	
Property Expenses	3,608	797	281	4,686	-	
	(464,378)	(102,525)	(36,186)	(603,089)	(539,131)	
Investment Expenses allocated to WIKS	-	-	-	-	36,542	
Investment Expenses	(464,378)	(102,525)	(36,186)	(603,089)	(502,589)	
Net Investment revenue	13,066,722	2,942,007	1,026,827	17,035,557	4,659,460	
OTHER REVENUES						
Other Income	-	-	-	-	879	
Total Other Revenue	-	-	-	-	879	
OTHER EXPENSES						
Administration fees	(199,500)	(44,046)	(15,546)	(259,092)	(203,833)	
Consulting fees	(31,460)	(6,946)	(2,451)	(40,857)	(21,845)	
Actuarial fees	(7,121)	(1,572)	(555)	(9,248)	(7,557)	
Auditors' remuneration	(30,241)	(6,676)	(2,356)	(39,273)	(38,525)	
Tax advisory services	(23,846)	(5,265)	(1,858)	(30,969)	(57,098)	
Trustee fees	(92,409)	(20,402)	(7,201)	(120,012)	(98,808)	
Legal fees	(57,073)	(12,601)	(4,447)	(74,121)	(164,935)	
FMA Fees/Levies	(6,323)	(1,396)	(493)	(8,212)	(52,765)	
General expenses	13,974	3,085	1,089	18,148	(101,636)	
Use of money interest	(86)	(19)	(7)	(112)	-	
Other Expenses allocated to WIKS	-	-	-	-	40,936	
Total Other Expenses	(434,085)	(95,838)	(33,825)	(563,748)	(706,086)	
Gain before taxation and membership activities	12,632,637	2,846,169	993,002	16,471,809	3,954,253	

The notes on pages 5 to 24 are an integral part of these financial statements.

Maritime Retirement Scheme
Statement of Changes in Net Assets
For the year ended 31 March 2017

(All amounts are in NZD unless otherwise stated)

	Maritime KiwiSaver Scheme				
	Waterfront Fund	Seafarers Fund	(Trustee Members Fund per Trust Deed)	Maritime Retirement Scheme Total	Waterfront Industry Superannuation Fund
Note	2017	2017	2017	2017	2016
MEMBERSHIP ACTIVITIES					
Contributions					
Members' Contributions	4,203,206	1,402,077	-	5,605,283	3,842,283
Employers' Contributions	2,362,527	2,048,913	-	4,411,440	2,243,593
Unallocated Contributions	-	36,889	-	36,889	-
KiwiSaver contributions	-	-	1,665,162	1,665,162	-
Total Contributions	6,565,733	3,487,879	1,665,162	11,718,774	6,085,876
Less:					
Withdrawals	(4,037,226)	(659,448)	(1,283,480)	(5,980,154)	(2,081,153)
Disablement	-	(567,468)	-	(567,468)	(8,105)
Death	(1,174,448)	(218,677)	-	(1,393,125)	(9,446)
Retirement	(2,487,550)	(4,066,134)	-	(6,553,684)	(8,779,463)
Redundancy	-	(226,037)	-	(226,037)	(458,456)
Terminal illness	-	(250,652)	-	(250,652)	-
Partial withdrawals	(3,871,077)	(964,921)	-	(4,835,998)	(4,050,048)
Pensions	(6,527)	-	-	(6,527)	(6,745)
Group life premiums	-	(37,612)	-	(37,612)	-
PIE Tax expense	(1,348,121)	(638,868)	-	(1,986,989)	(630,491)
	(12,934,949)	(7,629,817)	(1,283,480)	(21,848,246)	(16,023,907)
Net Membership Activities	(6,369,216)	(4,141,938)	381,682	(10,129,473)	(9,938,031)
Transfers In - Seafarers Retirement Fund	-	55,435,278	-	55,435,278	-
Transfers In from KiwiSaver funds	15	-	10,459,613	10,459,613	-
Net Increase/(Decrease) in Net Assets During The Year	6,263,421	54,139,509	11,834,297	72,237,227	(5,983,779)
Net Assets Available for Benefits at Beginning of Year	125,805,547	-	-	125,805,547	131,789,325
Net Assets Available for Benefits at End of Year	132,068,968	54,139,509	11,834,297	198,042,774	125,805,547

The notes on pages 5 to 24 are an integral part of these financial statements.

Maritime Retirement Scheme
Statement of Cash Flows
For the year ending 31 March 2017
(All amounts are in NZD unless otherwise stated)

	Note	Waterfront Fund 2017	Seafarers Fund 2017	Maritime KiwiSaver Scheme (Trustee Members Fund per Trust Deed) 2017	Maritime Retirement Scheme Total 2017	Waterfront Industry Superannuation Fund 2016
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash provided from</i>						
Contributions from Members and Employers		6,567,639	3,487,879	1,665,162	11,720,680	6,559,339
Rental Income		262,140	57,875	20,427	340,442	-
Interest and Other Income		79	18	6	103	2,930
		6,829,858	3,545,772	1,685,595	12,061,225	6,562,269
<i>Cash applied to</i>						
Benefits Paid		(11,586,828)	(6,913,667)	(1,273,442)	(19,773,937)	(15,744,715)
Investment Management fees		(25,866)	(5,710)	(2,015)	(33,591)	(58,110)
Other Expenses		(609,323)	(134,525)	(47,479)	(791,327)	(638,427)
Provisional Tax paid		(1,309,000)	(289,000)	(102,000)	(1,700,000)	(1,323,088)
GST paid		(21,997)	(4,857)	(1,714)	(28,568)	-
		(16,723,156)	(3,801,987)	258,945	(10,266,198)	(11,202,071)
Net Cash Flows from Operating Activities	12					
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash provided from</i>						
Sale of Investments		32,079,089	8,807,689	1,730,207	42,616,985	11,295,183
<i>Cash was applied to</i>						
Purchase of Investments		(25,274,230)	(5,580,025)	(1,969,421)	(32,823,676)	-
		6,804,859	3,227,664	(239,214)	9,793,309	11,295,183
Net Cash Flows from Investing Activities						
Net (Decrease)/Increase in Cash and Cash Equivalents		81,703	(574,323)	19,731	(472,889)	93,112
Cash at Beginning of Year		141,970			141,970	48,858
Transfer of Cash and Cash Equivalents	15	-	666,341	130	666,471	-
Cash at End of Year		223,673	92,018	19,861	335,552	141,970

The notes on pages 5 to 24 are an integral part of these financial statements.

Maritime Retirement Scheme

Notes to the Financial Statements For the year ended 31 March 2017

1. Scheme Description

The Maritime Retirement Scheme (the "Maritime Scheme") is a new Scheme created under clause 28 (repealed 1 December 2016) of Schedule 4 of the Financial Markets Conduct Act 2013 that is the amalgamation of the Seafarers Retirement Fund and the Waterfront Industry Superannuation Fund that took effect on 31 March 2016.

The Fund is domiciled in New Zealand and the address of their registered office is c/o Melville Jessup Weaver, 21 Ganges Road, Khandallah 6035. 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 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 Fund receives contributions from members and their participating employers in accordance with the terms of the Trust Deed. Each Waterside Member contributes at least 4% of earnings and the relevant participating employer contributes an equivalent percentage (up to a maximum of 7% of Member earnings). Different contribution rates apply to Seafarer Members. Ordinary members contribute 4% of the Members Earnings, or such greater amount as agreed in writing between Member and Employer. The Employer contributes an amount equal to twice the amount the Member contributes. Reduced Rate Members must contribute at least 1% of earnings or such greater amount as agreed with the employer. Non-Subsidised Members must contribute at least 4% of earnings or such greater amount as agreed with the Trustees. Any member of the Maritime KiwiSaver Scheme may elect to reduce their contributions to the Scheme by the amount contributing to the KiwiSaver Scheme. 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 Waterfront Fund 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 are currently five (2016: five) pensioners within the Waterfront Fund. The Trustees have established a pension reserve to which \$43,450 (2016: \$45,811) 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

The previous Seafarers and Waterfront Trust Deeds have been rescinded and the replacement, dated 31 March 2016, is a Trust Deed for the Maritime Retirement Scheme. The new Trust Deed facilitates the amalgamation of the Waterfront Industry Superannuation Fund and Seafarers Retirement Fund into the new Maritime Retirement Scheme and the transition to the new FMCA regulatory regime. The Waterfront Industry Superannuation Fund has been used as the comparative in the financial statements (refer to Note 15 for further details).

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) **For the year ended 31 March 2017**

2. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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.

Under the Trust Deed, individual funds exist within the Scheme for the Waterfront, Seafarers and KiwiSaver members. The liabilities and reserves of the three funds are kept separate hence subject to s.461A of the FMCA, the funds are presented separately on the financial statements.

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 untitled 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.

Rental Income

Rental income is recognised in the Statement of Changes in Net Assets on a straight-line basis over the lease term.

Expenses

All expenses are accounted for on an accruals basis.

Receivables

Receivables do not carry any interest, are short term in nature and are stated at amortised cost.

Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These financial liabilities are stated at amortised cost.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

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

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 intends to settle on a net basis.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Classification of assets and liabilities

The Scheme classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are designated by the Scheme at fair value through profit or loss at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Trustee to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Trustees have determined that all financial assets of the Scheme are designated at fair value through profit and loss with the exception of cash at bank, receivables, prepayments and payables which are classified as loans and receivables.

Recognition and Derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership. All realised gains and losses on financial assets and financial liabilities 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 2017

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

Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value 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 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 measurement is based on the presumption that the transaction to sell the asset or transfer a liability takes place either:

- In the principle market of the asset or liability.
- In the absence of a principle market, in the most advantageous market for the asset or liability.
- The principle or most advantageous market must be accessible by the Scheme.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming market participants act in their economic best interest.

Property

Property is valued at fair value at balance date by an independent registered valuer.

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.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

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

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

There have been no changes in accounting policies from the previous audited financial statements. The accounting policies have been applied consistently to all periods presented in these financial statements.

Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective. The impact of the Standards and Interpretations not yet adopted in the Scheme's financial statements is yet to be assessed.

NZ IFRS 9 Financial Instruments - Effective from 1 January 2018, with early adoption permitted. This standard introduces new requirements for the classification and measurement of financial assets. All recognised financial assets that are currently in the scope of NZ IAS 39 will be measured at either amortised cost or fair value. NZ IAS 26 already requires investments to be valued at fair value, so NZ IFRS 9 will not affect the measurement of the Scheme's financial assets.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

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 2017:

	Waterfront Fund			
	Member Account \$	Employer Account \$	Reserve Account \$	Total 2017 \$
Balance 1 April 2016	80,349,497	38,832,331	6,623,719	125,805,547
Contributions	4,203,206	2,362,527	-	6,565,733
Benefits paid	(4,671,359)	(6,749,556)	(159,384)	(11,580,301)
Forfeited Benefits	-	(266,354)	266,354	-
Pension payments	-	-	(6,527)	(6,527)
Net Income Allocated	7,342,294	3,908,856	33,366	11,284,516
Balance 31 March 2017	87,223,638	38,087,802	6,757,528	132,068,968

	Seafarers Fund			
	Member Account \$	Employer Account \$	Reserve Account \$	Total 2017 \$
Balance 1 April 2016	-	-	-	-
Transfers In	19,409,583	35,645,903	379,792	55,435,278
Contributions	1,438,966	2,048,913	-	3,487,879
Benefits paid	(2,602,278)	(4,351,059)	-	(6,953,337)
Forfeited Benefits	-	-	-	-
Pension payments	-	-	-	-
Net Income Allocated	1,109,559	1,438,653	(378,523)	2,169,689
Balance 31 March 2017	19,355,830	34,782,410	1,269	54,139,509

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

3. Liability for Promised Retirement Benefits (Continued)

Changes in promised retirement benefits as at 31 March 2017 (continued):

	Member Account	Maritime KiwiSaver Scheme Employer Account	Reserve Account	Total 2017
	\$	\$	\$	\$
Balance 1 April 2016	-	-	-	-
Transfers In	6,802,473	3,657,140	-	10,459,613
Contributions	1,345,478	319,684	-	1,665,162
Benefits paid	(643,529)	(639,951)	-	(1,283,480)
Pension payments	-	-	-	-
Net Income Allocated	680,333	312,669	-	993,002
Balance 31 March 2017	8,184,755	3,649,542	-	11,834,297

	Member Account	Maritime Retirement Scheme Total Employer Account	Reserve Account	Total 2017
	\$	\$	\$	\$
Balance 1 April 2016	80,349,497	38,832,331	6,623,719	125,805,547
Transfers In	26,212,056	39,303,043	379,792	65,894,891
Contributions	6,987,650	4,731,124	-	11,718,774
Benefits paid	(7,917,166)	(11,740,568)	(159,384)	(19,817,118)
Forfeited Benefits	-	(266,354)	266,354	-
Pension payments	-	-	(6,527)	(6,527)
Net Income Allocated	9,132,186	5,660,178	(345,157)	14,447,207
Balance 31 March 2017	114,764,223	76,519,754	6,758,797	198,042,774

Changes in promised benefits as at 31 March 2016:

	Member Account	Waterfront Industry Superannuation Fund Employer Account	Reserve Account	Total 2016
	\$	\$	\$	\$
Balance 1 April 2015	84,522,115	40,875,498	6,391,712	131,789,325
Contributions	5,791,010	2,243,593	-	8,034,603
Benefits paid	(12,076,451)	(5,323,669)	-	(17,400,120)
Forfeited Benefits	-	-	64,730	64,730
Pension payments	-	-	(6,745)	(6,745)
Net Income Allocated	2,112,823	1,036,909	174,022	3,323,754
Balance 31 March 2016	80,349,497	38,832,331	6,623,719	125,805,547

Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2016: Nil).

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

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.

Waterfront Fund	Seafarers Fund	Maritime KiwiSaver Scheme	Maritime Retirement Scheme Total	Waterfront Industry Superannuation Fund
2017	2017	2017	2017	2016
\$	\$	\$	\$	\$
124,095,613	47,836,383	11,717,335	183,649,331	118,024,442

5. Reserve Account

(a) Changes in Reserve Accounts

Waterfront Fund	Seafarers Fund	Maritime KiwiSaver Scheme	Maritime Retirement Scheme Total	Waterfront Industry Superannuation Fund
2017	2017	2017	2017	2016
\$	\$	\$	\$	\$
Death Benefit 'A'				
Balance at beginning of year	5,063,166	-	5,063,166	4,926,090
Death Benefit	(123,522)	-	(123,522)	-
Net Income Allocated	455,341	-	455,341	137,076
Balance at end of year	5,394,984	-	5,394,984	5,063,166
Death Benefit 'B'				
Balance at beginning of year	1,473,984	-	1,473,984	1,370,022
Death Benefit	(35,861)	-	(35,861)	-
Forfeited Benefits	266,353	-	266,353	64,730
Net Income Allocated	135,705	-	135,705	39,232
Balance at end of year	1,840,180	-	1,840,180	1,473,984

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 2016 and the actuary recommended no further contributions were required until the next valuation as at 31 March 2019. The 'B' account is funded from the unvested portion of employer accumulations from members leaving service benefits. Both accounts earn interest during the year.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

5. Reserve Account (Continued)

	Waterfront Fund 2017	Seafarers Fund 2017	Maritime KiwiSaver Scheme 2017	Maritime Retirement Scheme Total 2017	Waterfront Industry Superannuation Fund 2016
Pension					
Balance at beginning of year	\$ 45,811	-	-	45,811	51,215
Benefits allocated during the year	(6,527)	-	-	(6,527)	(6,745)
Net Income allocated	4,166	-	-	4,166	1,341
Balance at end of year	43,450	-	-	43,450	45,811

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 2016 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.

	Waterfront Fund 2017	Seafarers Fund 2017	Maritime KiwiSaver Scheme 2017	Maritime Retirement Scheme Total 2017	Waterfront Industry Superannuation Fund 2016
Income Reserve					
Balance at beginning of year	\$ 40,758	379,792	-	420,550	44,385
Capital movements during the year	-	(381,794)	-	(381,794)	(4,372)
Net Income Allocated	(402,461)	3,272	-	(399,189)	745
Balance at end of year	(361,703)	1,269	-	(360,434)	40,758

(b) Pursuant to the Trust Deed the Trustees shall establish a Reserve account for either the Seafarers' Fund or the Waterfront Fund which shall be credited with the following:

- any earnings allocated as per section 11 of the Trust Deed;
- any unclaimed benefit;
- any amount where the Member ceases to have the right to receive;
- any moneys arising which are not required to pay the Member's benefits;
- 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:

- augmenting the rate of earnings allocated under section 11 of the Trust Deed;
- payment of expenses of the Fund;
- increasing the retirement benefits of all Members on an equitable basis;
- providing benefits other than retirement benefits for all Members on an equitable basis;
- providing personal benefits for Members or their Dependents in the case of hardship;
- payment of all or any part of a Participating Employers' contributions of the Fund if they have suspended or terminated their contributions;
- payment of all or part of the contributions of all Members in any year on an equitable basis; and/or
- 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 2017

6. Financial Assets at Fair value through Profit or Loss

	Waterfront Fund 2017 \$	Seafarers Fund 2017 \$	Maritime KiwiSaver Scheme 2017 \$	Maritime Retirement Scheme Total 2017 \$	Waterfront Industry Superannuation Fund 2016 \$
AMP Capital Investors (New Zealand) Limited Managed Funds					
NZ Cash Fund	11,762,907	4,839,204	1,044,508	17,646,619	3,251,340
NZ Fixed Interest Fund	15,158,049	6,235,949	1,345,985	22,739,984	19,591,628
Australian Equities	5,075,793	2,088,157	450,714	7,614,664	4,317,131
Global Equities	11,759,353	4,837,742	1,044,192	17,641,287	-
	43,756,103	18,001,053	3,885,398	65,642,554	27,160,099
Mitford Asset Management					
Mitford NZ Equities	-	-	-	-	15,904,232
Nikko Investment Funds					
Multi Strategy Fund	3,706,864	1,524,986	329,157	5,561,007	-
	3,706,864	1,524,986	329,157	5,561,007	-
ANZ Investments Limited					
ANZ Fixed Interest International	20,805,382	8,559,235	1,847,450	31,212,066	30,131,716
ANZ Global Equity	29,658,763	12,201,474	2,633,601	44,493,837	34,645,557
	50,464,144	20,760,709	4,481,050	75,705,903	64,777,273
Standard Life Investments					
Global Strategy	-	-	-	-	4,215,168
Devon Funds Management					
Australian Equity	7,866,255	3,236,140	698,498	11,800,893	-
NZ Equity	11,389,161	4,685,446	1,011,320	17,085,927	-
	19,255,416	7,921,586	1,709,818	28,886,820	-
Legg Mason					
Global Opportunistic Fixed Income Fund	11,742,373	4,830,756	1,042,684	17,615,814	13,690,683
	11,742,373	4,830,756	1,042,684	17,615,814	13,690,683
Total	128,924,900	53,039,090	11,448,108	193,412,098	125,747,455

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2017

Total Net gains on investments held at fair value through profit or loss

AMP Capital Investors (New Zealand) Limited
Managed Funds
Devon Funds Management Limited
Nikko Investment Funds
ANZ Investments Limited
Miford Asset Management
Standard Life Investments
Legg Mason
Rental Property

Investment Management Fees Rebates Receivable
Trustee Liability Insurance prepaid
Other receivables

Sundry Creditors Payable

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Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

10. Investment Property

The investment property is located at 26 Vestey Drive, Mt. Wellington, Auckland. The registered owner is Maritime Retirement Scheme Nominees Limited which is the nominee company that holds the property on behalf of the Scheme. The property is stated at current market value less allowance on cost of disposal subject to existing lease as determined by an independent registered valuer. The valuation was completed by Savills (NZ) Ltd, 33 Shortland Street, Auckland as at 31 March 2017. The current market value of the property as at 31 March 2017 is \$4,700,000.

The valuer relied upon two methods to determine the property's value, these being:

- (a) Capitalisation Approach
- (b) Discounted Cash Flow Analysis

Under the capitalisation approach, the valuer adopted the potential current net market income. In assessing the market rental of the property, the valuer sought recent market leasing transactions of industrial properties within the property's immediate area.

The discounted cash flow analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including rental growth of 2.97% per annum (average), sale price of the property at end of the investment horizon at \$6,120,218 and costs associated with its disposal at the end of the investment period is \$91,803.

Having regard to the capitalisation approach and discounted cash flow analysis, the valuer derived the current market value for the property to be \$4,700,000. The value reflects an initial yield of 6.39%, equated market yield of 6.48%, an IRR of 8.08% and a capital rate of \$2,500/psm of lettable area.

The investment property is currently leased to Estee Lauder Limited (the "lessee") for the purpose of warehousing and offices. The renewed lease agreement commenced on 11 December 2013 and expires on 10 December 2022.

The lessee is responsible for all outgoings typically associated with a net lease arrangement. In the duration of the term of the lease, the lessee has been granted Naming Rights and Signage Rights in respect of the building free of charge.

The rent received during the year amounts to \$296,037.

The sensitivity analysis in the valuation methodology used by the Valuer due to a reasonable change in the factors adopted in the valuation, with all other variables held constant, is indicated below:

Capitalisation approach sensitivity table:				Discounted cash flow sensitivity table:			
Capitalisation rate	6.75%	6.50%	6.25%	Terminal Yield			
Assessed market value	\$4,600,000	\$4,700,000	4,900,000	8.25%	6.50%	6.75%	7.00%
				4,991,018	4,887,425	4,790,976	

It has been considered that the appropriate market yield for the property to be 6.50% and the adopted discount rate of 8.25% based on market research.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

11. 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.

	Waterfront Fund 2017	Seafarers Fund 2017	Maritime KiwiSaver Scheme 2017	Maritime Retirement Scheme Total 2017	Waterfront Industry Superannuation Fund 2016
Current Tax	\$ 1,348,121	\$ 638,868	\$ -	\$ 1,986,989	\$ 630,491
Deferred Tax	1,348,121	638,868	-	1,986,989	630,491
	1,348,121	638,868	-	1,986,989	630,491
The total change for the year can be reconciled to the change in net assets as follows:					
Change in Net Assets before Membership Activities	12,632,638	2,846,169	993,002	16,471,809	3,954,253
Income Tax @ 28%	3,537,139	796,927	278,041	4,612,107	1,107,191
Tax effect of:					
Non Assessable Investment Gains and Losses	(1,838,833)	(8,547)	(124,252)	(1,971,632)	(138,934)
PIE tax adjustment	46,408	-	-	46,408	(8,589)
Prior period adjustment	-	(3,179)	-	(3,179)	-
Tax Credits	(256,126)	(131,882)	(23,514)	(411,522)	(247,122)
Members with PIRs less than the maximum rate	(140,467)	(14,451)	(13,313)	(168,231)	(82,055)
Tax at 0% PIR	-	-	(116,962)	(116,962)	-
Income Tax Expense	1,348,121	638,868	-	1,986,989	630,491
Balance Brought forward	(59,028)	468,174	(7,017)	402,129	633,569
Tax (paid)	(1,149,859)	(452,477)	(97,964)	(1,700,000)	(1,323,088)
Current year tax	1,348,121	151,180	-	1,499,301	630,491
Prior period adjustment	-	(3,179)	-	(3,179)	-
Tax Payable/(Receivable)	139,234	163,698	(104,681)	198,251	(59,028)
Deferred Tax liability	-	(21,074)	-	(21,074)	-
Opening balance	-	(25,872)	-	(25,872)	-
Current deferred tax expense	-	(46,946)	-	(46,946)	-
Deferred Tax Asset/(Liability)	-	(46,946)	-	(46,946)	-

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 2017

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

	Waterfront Fund 2017	Seafarers Fund 2017	Maritime KiwiSaver Scheme 2017	Maritime Retirement Scheme Total 2017	Waterfront Industry Superannuation Fund 2016
Increase/(Decrease) in Net Assets	\$ 6,263,421	\$ 54,139,509	\$ 11,834,297	\$ 72,237,227	\$ (5,983,778)
Non-cash items					
Unrealised Gains on Fair value Through Profit and Loss Assets	(13,148,311)	(2,595,547)	(1,139,169)	(16,883,027)	(4,455,925)
Distribution Income	(353,799)	(78,111)	(27,569)	(459,479)	(704,056)
Interest Income	-	-	-	-	(16)
Investment Management fees	489,037	107,946	38,099	635,082	532,941
Investment Management rebates	(46,808)	(10,334)	(3,647)	(60,789)	(88,462)
Transfers In - Seafarers Retirement Fund	-	(55,435,278)	-	(55,435,278)	-
Transfers In from KiwiSaver funds	-	-	(10,459,613)	(10,459,613)	-
Movements in Other Working Capital Items					
Decrease/(Increase) in Contributions Receivable	-	-	-	-	473,462
(Decrease)/Increase in Benefits Payable	-	39,670	10,038	48,708	(351,298)
(Increase)/Decrease in Accounts Receivable	57,119	23,499	-	85,690	(4)
Decrease/(Increase) in Accounts Payable	16,185	6,659	1,437	24,281	67,662
Increase in GST Payable	-	-	-	-	-
(Decrease)/Increase in PIE Tax Payable	-	-	-	-	(692,597)
Net Cash Flows from Operating Activities	(6,723,156)	(3,801,987)	258,945	(10,266,198)	(11,202,071)

Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2017

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 2017

AS at 31 March 2017	Waterfront Fund	
Assets as per Statement of Net Assets	Loans and Receivables	Assets at Fair Value
Trade and other receivables	\$ -	\$ -
Financial assets at fair value through profit or loss		128,924,900
Cash and cash equivalents		
Total	223,673	128,924,900
	223,673	

Seafarers Fund		Assets at Fair Value
Loans and Receivables	\$	\$
-	-	-
92,018	53,039,090	-
92,018	53,039,090	-

Liabilities as per Statement of Net Assets	Liabilities at fair value through Profit or Loss	Other financial liabilities
Other payables	\$ -	\$ 57,119
Benefits Payable	-	-
Total	-	57,119

Liabilities at fair value through Profit or Loss	Other financial liabilities
\$	\$
-	23,499
-	39,670
-	63,169

As at 31 March 2017

As at 31 March 2017		
Assets as per Statement of Net Assets	Maritime KiwiSaver Scheme Loans and Assets at Receivables Fair Value	
Trade and other receivables	\$ -	\$ -
Financial assets at fair value through profit or loss		11,448,108
Cash and cash equivalents		19,861
Total	19,861	11,448,108

Maritime Retirement Scheme Total	193,412,098
Loans and Assets at Fair Value	-
Receivables	-
\$	\$
335,552	193,412,098
335,552	193,412,098

	\$	\$
Liabilities as per Statement of Net Assets		
Other Payables	-	5,072
Benefits Payable	-	10,038
Total	-	15,110

Liabilities at fair value through Profit or Loss	Other financial liabilities
\$	\$
-	85,690
-	49,708
-	135,398

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

13. Financial Risk Management (Continued)

Financial Instruments by Category

As at 31 March 2016	Waterfront Industry Superannuation Fund Loans and Receivables	Assets at Fair Value
Assets as per Statement of Net Assets		
Trade and other receivables	27,909	-
Contributions Receivable	1,906	-
Financial assets at fair value through profit or loss	141,970	125,747,455
Cash and cash equivalents	171,785	-
Total		125,747,455
Liabilities as per Statement of Net Assets		
Other payables		(172,721)
Total		(172,721)

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

Due to the unlisted 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 Trustee meetings. The Trustees invite an investment manager 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 "SIPPO").

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

13. Financial Risk Management (Continued)

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 ten percent decrease in the unit prices of the Scheme's investments would have an adverse impact on the value of the Scheme's assets of \$19,341,210 (2016: \$12,574,746). Conversely, a ten percent increase in the unit prices of the Scheme's investments would have a positive impact on the value of the Scheme's assets of \$19,341,210 (2016: \$12,574,746). 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 Hedged 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 unlisted products which invest in cash and fixed interest investments. There is no maturity period for unlisted investments.

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

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 property and the Alternative investment fund, are considered to be readily realisable. The Alternative investment 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 Manager. 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 2017

14. 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:

Waterfront Fund 31 March 2017

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	128,924,900	-	128,924,900
Rental property	-	-	3,132,933	3,132,933
Total Assets	-	128,924,900	3,132,933	132,057,833

Seafarers Fund 31 March 2017

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	53,039,090	-	53,039,090
Rental property	-	-	1,288,873	1,288,873
Total Assets	-	53,039,090	1,288,873	54,327,963

Maritime KiwiSaver Scheme 31 March 2017

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	11,448,108	-	11,448,108
Rental property	-	-	278,194	278,194
Total Assets	-	11,448,108	278,194	11,726,302

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

14. Fair Value (Continued)

Maritime Retirement Scheme Total 31 March 2017				
Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	193,412,098	-	193,412,098
Rental property	-	-	4,700,000	4,700,000
Total Assets	-	193,412,098	4,700,000	198,112,098
Waterfront Industry Superannuation Fund 31 March 2016				
Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	125,747,455	-	125,747,455
Total Assets	-	125,747,455	-	125,747,455

15. Amalgamation of Schemes

The Maritime Retirement Scheme was established on 1 April 2016 from the amalgamation of the Seafarers Retirement Fund into the Waterfront Industry Superannuation Fund and the rescinding of their previous Trust Deeds by replacement with the Maritime Retirement Scheme Trust Deed. This amalgamation was performed pursuant to Clause 28 of Schedule 4 of the FMCA.

Under NZ IFRS the amalgamation is not considered a common control transaction. For accounting purposes, an acquirer must be identified and treated as the continuing entity. Due to its relative size, the Waterfront Fund had been identified as the acquirer, and therefore the 2016 corresponding figures represent only the balances of the Waterfront Fund. The Seafarers Fund and the Waterfront KiwiSaver Scheme as at amalgamation date are presented as a transfer into the Maritime Scheme during the year.

As part of the changes made, a newly amalgamated Maritime KiwiSaver Scheme was also formed and became a member of the new Maritime Retirement Scheme on 1 April 2016. Whilst the Maritime KiwiSaver Scheme is a member of the Maritime Retirement Scheme (i.e. it solely invests through the Maritime Retirement Scheme), the Maritime KiwiSaver Scheme also prepares separate financial statements in accordance with NZ IFRS and IFRS.

The impact of the amalgamation is that the closing balances, at 31 March 2016, of the Seafarers Retirement Fund of \$55,435,278, and the combined Seafarers and Waterfront KiwiSaver schemes' closing balances of \$10,459,613 were transferred into the Maritime Retirement Scheme on 1 April 2016. These transfers comprised cash of \$666,471 and investments of \$65,228,420. For purposes of amalgamation, the transferred balances approximate their fair value at time of transfer.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2017

16. Auditors' Remuneration - Audit Fees

	Waterfront Fund 2017	Seafarers Fund 2017	Maritime KiwiSaver Scheme 2017	Maritime Retirement Scheme Total 2017	Waterfront Industry Superannuation Fund 2016
Audit of financial statements - Deloitte Limited	\$ (26,699)	\$ (5,894)	\$ (2,080)	\$ (34,673)	-
Audit of the Register - Deloitte Limited	(3,542)	(782)	(276)	(4,600)	-
Audit of financial statements - PWC	-	-	-	-	(38,525)
Tax advisory services - Deloitte Limited	(23,846)	(5,265)	(1,858)	(30,969)	(57,098)
Total	(54,087)	(11,941)	(4,214)	(70,242)	(95,623)

17. Commitments and Contingent Liabilities

There were no material commitments or contingent liabilities outstanding as at 31 March 2017 (2016: Nil).

Operating Lease Commitments Receivable

The Scheme has entered into a renewal of lease with Estee Lauder Limited as tenant on its investment property at 26 Vesley Drive, Mt Wellington. The term of the lease has been renewed for a further term to 10 December 2022. The rent for the renewed term is \$307,646 per annum.

18. 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 \$4,411,440 per annum (2016: \$2,243,593).

The Scheme pays secretarial fees to the Trustee, trustee liability insurance and reimburses the Trustees' costs for travelling, etc. During the year, the Trustee fees were \$120,012 (2016: \$98,808). Trustees that are members of the Scheme contribute on the same basis and have the same rights as other members of the Scheme.

19. Events after Balance date

On 3 May 2017 a Trust Deed amendment was executed by the trustees. As well as some minor amendments there were two significant changes:

1. Removed clause 5.10 so that, in future, there shall be no separation of assets for each of the Seafarers Fund, the Waterfront Fund and the Trustees' Member Fund; and
2. Amended clause 13.1, 13.2, 13.4 to remove requirements for the Trustees to keep separate accounting records prepare separate financial statements and annual report at each of these Funds as well as the Scheme.

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

Independent Auditor's Report

To the Members of the Maritime Retirement Scheme

Opinion

We have audited the financial statements of the Maritime Retirement Scheme (the 'Scheme') comprising of the following funds (the 'Funds'):

- Waterfront Fund
- Seafarers' Fund
- Trustee Member's Fund

which comprise the Statements of Net Assets as at 31 March 2017, and the Statements of Changes in Net Assets and Statements 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 24, present fairly, in all material respects, the financial positions of the Funds and Scheme as at 31 March 2017, and their financial performances 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 Funds and Scheme in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, 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 compliance assistance and other assurance services, we have no relationship with or interests in the Funds and Scheme. These services have not impaired our independence as auditor of the Funds and Scheme.

Other information

The Trustees are responsible on behalf of the Funds and 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 will not express any form of assurance conclusion thereon.

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

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.

Trustees' responsibilities for the financial statements

The Trustees are responsible on behalf of the Funds and 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 Funds and Scheme for assessing the Funds and 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 Funds and 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/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Funds and Scheme's members, as a body. Our audit has been undertaken so that we might state to the Funds and 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 Funds and Scheme's members as a body, for our audit work, for this report, or for the opinions we have formed.

A stylized, handwritten-style signature of 'Deloitte Limited' in a dark grey or black ink.

**Jacqueline Robertson, Partner
for Deloitte Limited**

Wellington, New Zealand
31 July 2017