

PILOTS MUTUAL BENEFIT FUND

ANNUAL REPORT

2021

Pilot Trustees

Pip Schofield (Chairperson)	Air NZ Airbus A320 First Officer
Matthew Harrington	Air NZ Airbus A320 Captain
Hamish Murray	Air NZ Airbus A320 Captain
Louise Maihi	Air NZ 787 Second Officer
Alexis Ruth	Air NZ Second Officer from June 2020
Craig Woodhams	Air NZ 777 Captain to November 2020

Company Trustee: Craig Tolley Air NZ GM from 29 April 2021

Independent Trustees: Penelope Ryder-Lewis - Lawyer
Paul Kelway

Secretary: Elaine Brown

Administrator: Donna Lacey

Administrative Support: Marie Pugh to December 2020

Office:

Unit 8, Level 2, 204 Thorndon Quay, Wellington

Freephone: 0800 PIL MBF (0800 745 623)

Or (04) 478-3632

Email: office@pilotsmbf.org.nz

Website: www.pilotsmbf.org.nz

For the year ended 31 March 2021

Please note the following four important points –

- **A reminder to all members that you must notify the MBF office within 90 days of receiving notification of a loss of licence. The website has a link which makes this very easy and quick to do. You need to attach a scan of the notification. “Loss of licence” includes suspension and disqualification. Refer to the Fund’s rules (rule 1) for the full definition.**
- **Please note that the MBF is a separate organisation from NZ ALPA. Therefore, it is necessary for you to advise the MBF Office of any changes to your employment or contact details. For your convenience you can email office@pilotsmbf.org.nz.**
- **If you are struggling to pay the MBF contributions on a six-monthly basis please contact the MBF Office as other payment methods may be available. If your contribution remains unpaid you will drop back to the basic cover as per your respective CEA or to zero cover if contributions are not made by your employer.**
- **Please remember the MBF is here to help with a return to flying. We may also help with rehabilitation. While we may be able to help with accessing specialists, some testing, consultations, and advice, we are not and cannot be involved with financial support for medically based treatments.**

CHAIRMAN’S REPORT

As we start the second half of 2021, the Covid 19 pandemic is still having an effect on our daily lives. The aviation industry continues to feel the impacts, though now the focus is on the reopening of destinations. How countries manage outbreaks, monitor vaccine rollouts and regulate travel requirements is still a very much a work in progress.

The Pilots MBF implemented a number of initiatives last year in an endeavour to protect the Fund. It was pleasing to be able to return disability payments back to normal levels last month (90% of income), a clear sign that the Fund is seeing signs of recovery. We are also back accepting new members after halting this for a time last year.

The calculation of disability payments during the last 12 months for those on LWOP or furlough has created a bit of confusion. The pandemic really highlighted our rules around this, and I provided an explanation in the last newsletter sent out to all members. The trustees have worked hard to continue to provide help to those going on claim, but we are bound by our rule set, a rule set that has never been challenged like it has in the last 12 months.

We were pleased to see our investments continue to rebound after the initial drop last March, and we have been in a position to move more money into managed funds, while still maintain a healthy cash balance. I have had a number of queries around us reducing the buy rate, and while I would like to see this occur, for the health of the Fund it is not something we are in a position to do just yet. We continue to review this regularly.

The improvement of our systems continues to move along. Microsoft Teams has given the trustees a far better way of monitoring claimants and getting good up to date information on re licencing. We have also started refining the website and have recently developed online forms for pilots to notify the Fund when they have been stood down. Our IT progression is an ongoing project, designed to improve both claimants and the trustees experience with the Fund. It was great to see the regional airlines come onboard with salary deduction, something that has been in the pipeline for a while.

We have just run trustee elections. Thank you to all that took the time to vote. Much like NZALPA we have seen a decline in voter numbers. You all pay into the Fund, and you have a right to vote on who represents you. Please take the time to do so when elections are run.

I look forward to seeing and talking to members at the AGM mid-June. We made the decision to hold it in Nelson again due to last year's turn out, as well as Covid 19 precautions. The major cities have caused us problems with meetings over the last few years. With the AGM having an online attendance I implore you to register and have a listen.

ADMINISTRATION

Administration services are provided by MBFAL. The MBFAL was set up by the Pilots MBF approximately a decade ago to carry out the administration functions for both the Pilots and ATC Funds. During the FY21 year, MBFAL retained the services of three staff members. Elaine and Donna constitute our fulltime staff. Marie the part time assistant resigned in December.

The ongoing development of the Fund's operations under our Microsoft Teams framework has allowed the office to work remotely for many months now. Without the work done over the last few years to modernise and enhance our IT capabilities the Fund, under COVID restrictions, would have been in a very different position to that which it finds itself in today. Thanks to Matt Harrington for developing and managing this radical improvement in our IT capability.

Paul Robinson (trustee of the ATC MBF) continues his role as a Director of the MBFAL. His help in running the MBFAL operating company is vital to the Pilots Fund.

MEDICAL

The Fund uses a number of case managers to facilitate treatment, recovery and, in some cases, contact the regulator. Our case managers are all professional and appropriately qualified.

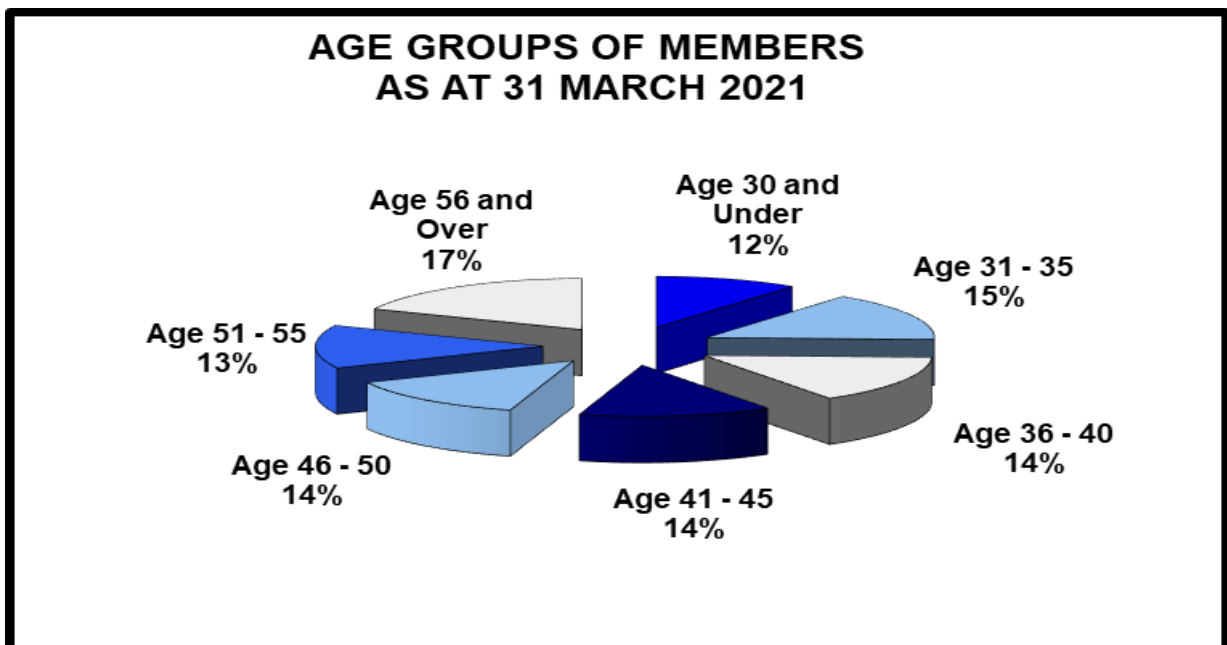
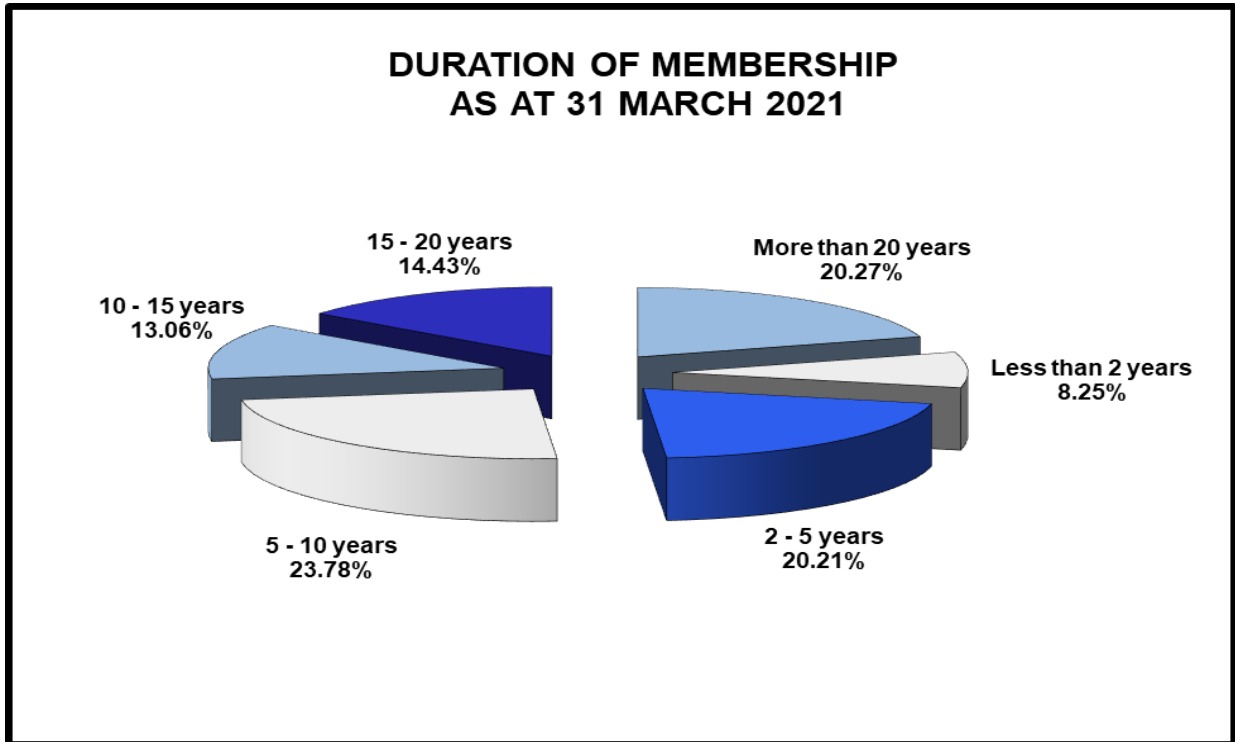
We rely on advice from the health and insurance industry when it comes to applying, or not, exclusions. Any advice we receive is considered by all the Trustees.

Members need to be open when declaring previous injury or illness. When applying for increased cover you must disclose any health issues. If in doubt as to their significance, you should advise on the application. Not all health issues have exclusions. Members should note that even if an exclusion is applied, it will apply only to that portion of cover which is being increased. Exclusions can also be removed when the medical condition is no longer an issue.

MEMBERSHIP

Membership numbers as at 31 March 2021 were 1539, down from 1645 members the previous year.

This reduction has been a result of redundancy caused by the crisis in air travel during the year. Some perspectives on membership follow.



Membership groupings as at 31 March 2021, respective to the employing companies, are:

Air New Zealand	2021	2020
Members	809	904
Mt Cook		
Members	243	240
Air Nelson		
Members	203	197
Jet Connect		
Members	93	93
Virgin Australia		
Members with Basic Cover	1	98
Jet Star		
Members with Basic Cover only	35	41
Pilots made Redundant		
Minimum cover required	85	0

Other Aviation Groups * (No Company Contribution) 70 66

Air Chathams, Aircrew Partnership, Air Freight NZ Ltd, Airworks, Aviation Contractors/Self-employed, A V Lease Ltd, - Canterbury Aero Club, China Air, Classic Flights, Corporate Jet, Flying Instructor, Fox & Franz Heli Services, Garden City Helicopters, Glacier Southern Lakes Helicopters, Helicopters NZ, Heliworks, Helilink, L3 Airline Academy, Marlborough Helicopters, Massey University, Nelson Aviation College, Otago Air spread, Phillips Search & Rescue Trust, Robert Jones Holding, Skydive Auckland, Skyline Aviation, Sounds Air, Tasman Cargo Airlines, Skydive Auckland, Sounds Air, Southern Lakes Aviation, Tasman Cargo Airlines, Wanaka Helicopters, Wellington Aero Club.

Membership by Activity	2021	2020
Domestic Airline Operations	446	437
Short Haul International (Virgin Australia), including Air NZ, Jet Connect and Jet Star	820	582
Helicopter Operations	29	22
Regional Operations	29	29
Flying Instructors	13	15

FINANCIAL

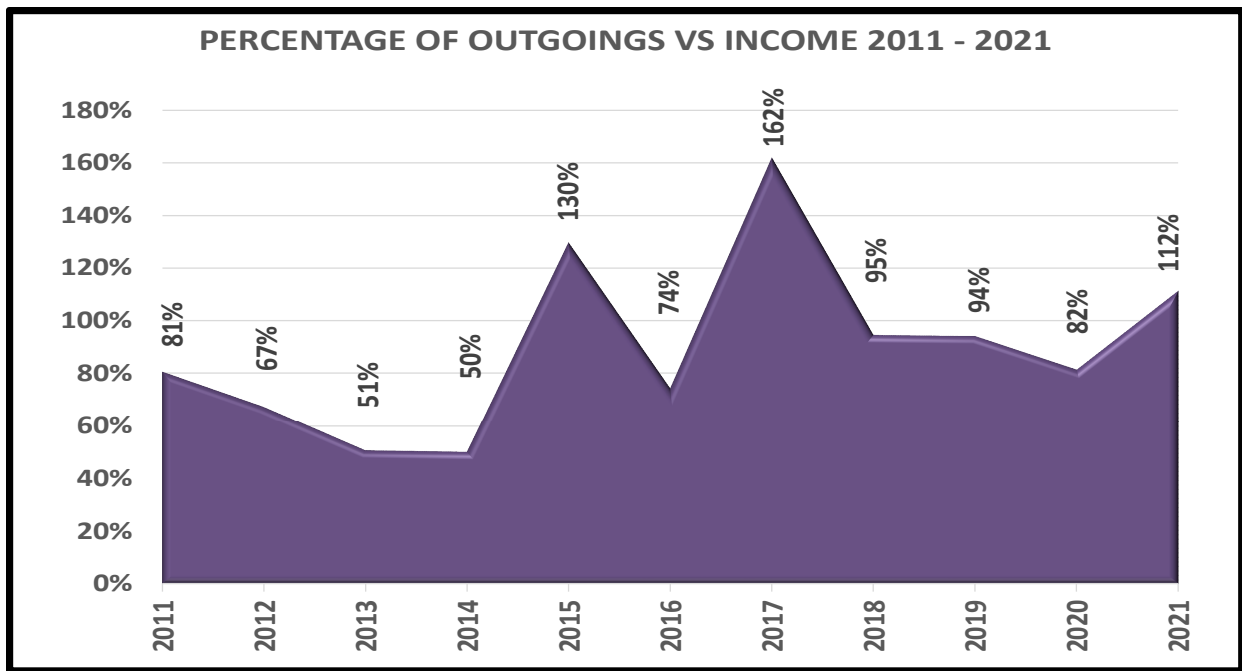
The Fund had a loss of \$433,016 in the year ended 31 March 2021. This was expected as a consequence of the suspension of membership contributions for 6 months until 30 September 2020, as trustees sought to provide some financial relief to members when Covid restrictions were severe.

Trustees expect the Fund to return to a surplus with the existing buy rate. The Fund needs to generate ongoing surpluses to meet the needs of younger members in the years ahead. Around 80 percent of claimants on the Fund are aged over 45 years of age. Most members in the 45 to 65 year age group have been members for 20 to 30 years and have contributed substantially to the current resources of the Fund. The Fund in general needs to be making a surplus of around \$1m each and every year.

The additional rules approved by members over the last few years have improved the financial robustness of the Fund. The number of claims has fallen. The level of support for a new member who comes on claim is now more commensurate with the contributions they have made. The Fund after all is a mutual fund. This means members contribute for the benefit of others on the expectation that other members do the same for them. The revised rules appear to have encouraged more focus and effort by claimants in returning to health.

The Fund continued the process of diversifying its investments to Mint Diversified Income Fund and Milford Diversified Income Fund. The Fund has invested \$1.75m in each fund. Both funds recovered from a drop in value in March 2020. These are highly uncertain times. Trustees are cognisant of the need to continue to provide income support for members and hence be prudent over protecting the capital value of the Fund's assets.

The Trustees' expectation is to see the Fund return to reasonable surplus in the financial year 2022. As Trustees, we have a duty first and foremost to make sure the Fund remains financially viable, with a set of rules that allows the trustees to operate effectively and with the members' best interests front and centre.



TAXATION

The Fund continues to enjoy the tax-free status as provided by the sickness, accident and death mutuality Fund provisions of the Income Tax Act. The Trustees are cognisant of this status in considering any changes to the provisions of rules of the Fund.

As the Fund enjoys a tax-free status it does not pay tax on any surplus nor is it liable for GST. Contributions are not subject to GST nor can contributions be claimed back in individual member's tax returns. Any disability or capital payment from the Fund is likewise not subject to any income tax.

Cover levels @ \$7/1000 for year ending 31 March 2020
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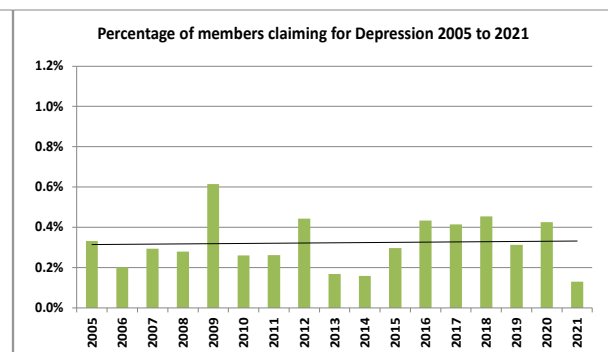
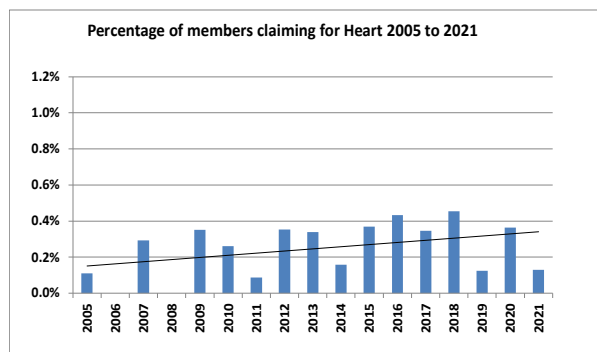
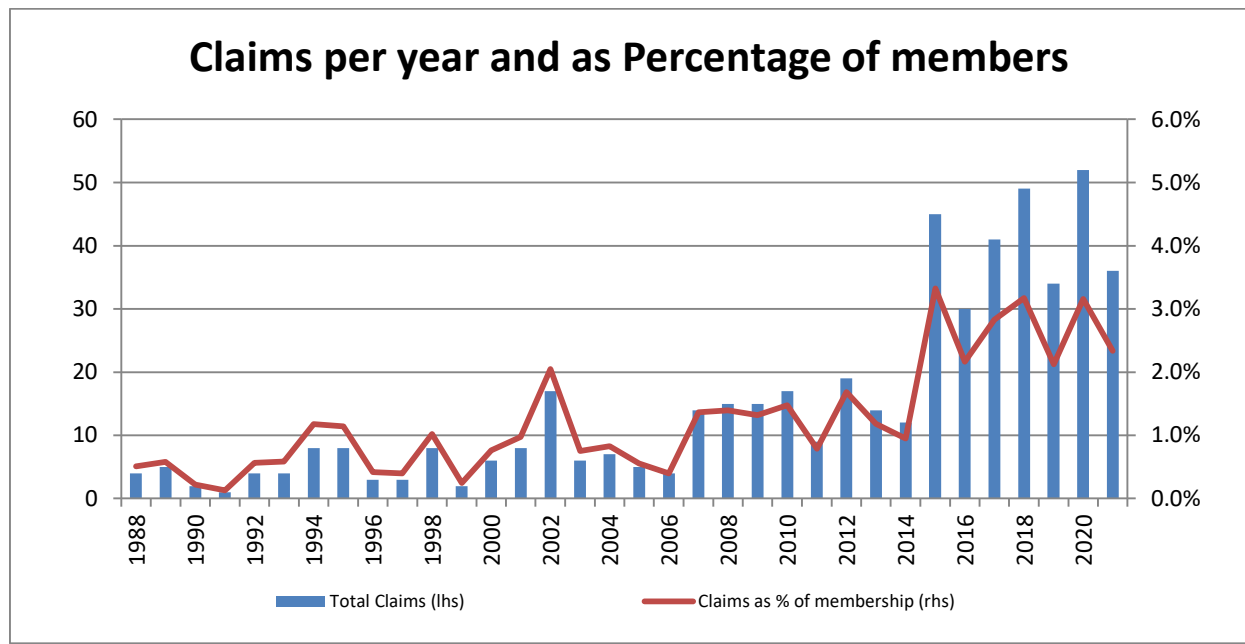
	<u>Income Covered</u>		<u>Cost</u>	<u>Paid by</u>
<u>AIR NEW ZEALAND</u>				
Basic Cover	182,320	@ \$7/1000	\$1,276.24	Company Contribution
Additional Cover	135,463	@ \$7/1000	{ \$474.12	Company Contribution
(Company matches Pilot contribution)			{ \$474.12	Member Contribution
	<u>317,783</u>			
Extra Cover	<u>282,217</u>	@ \$7/1000	\$1975.52	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>AIR NELSON</u>				
Basic Cover	128,571	@ \$7/1000	\$900.00	Company Contribution
Additional Cover	57,143	@ \$7/1000	{ \$200.00	Company Contribution
(Company matches Pilot contribution)			{ \$200.00	Member Contribution
	\$ <u>185,714</u>			
Extra Cover	<u>414,286</u>	@ \$7/1000	\$3100.00	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>MOUNT COOK</u>				
Basic Cover	128,571	@ \$7/1000	\$900.00	Company Contribution
Additional Cover	57,143	@ \$7/1000	{ \$200.00	Company Contribution
(Company matches Pilot contribution)			{ \$200.00	Member Contribution
	\$ <u>185,714</u>			
Extra Cover	<u>414,286</u>	@ \$7/1000	\$3100.00	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>VIRGIN AIRLINES</u>				
Basic Cover	380,714	@ \$7/1000	\$2665.00	Company Contribution
TO				
Basic Cover	484,143	@ \$7/1000	\$3389.00	Company Contribution
<u>JET CONNECT</u>				
Basic Cover	171,429	@ \$7/1000	\$1,200.00	Company Contribution
Extra Cover	<u>428,571</u>	@ \$7/1000	\$3,000.00	Member Contribution
TOTAL	\$ <u>600,000</u>			
TO				
Basic Cover	277,839	@ \$7/1000	\$1,944.87	Company Contribution
Extra Cover	<u>322,161</u>	@ \$7/1000	\$2,255.13	Member Contribution
TOTAL	\$ <u>600,000</u>			
<u>CANTERBURY AERO CLUB</u>				
Basic Cover	66,964	@ \$7/1000	\$468.75	Company Contribution
<u>OTHER AIRLINES /OPERATORS</u>				
No Company Contribution				
Basic Cover (Minimum)	50,000	@ \$7/1000	\$350.00	Member Contribution

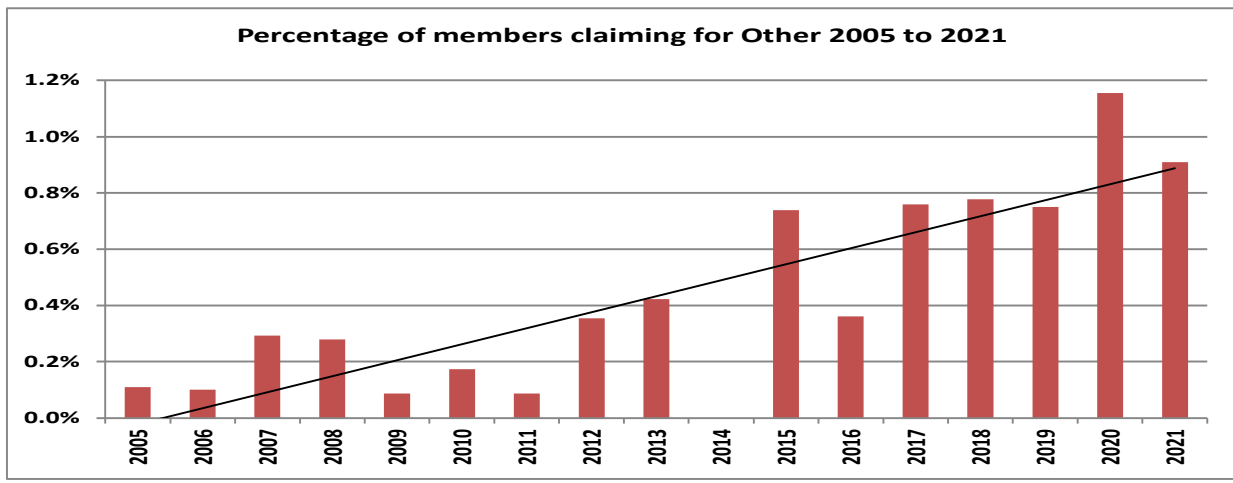
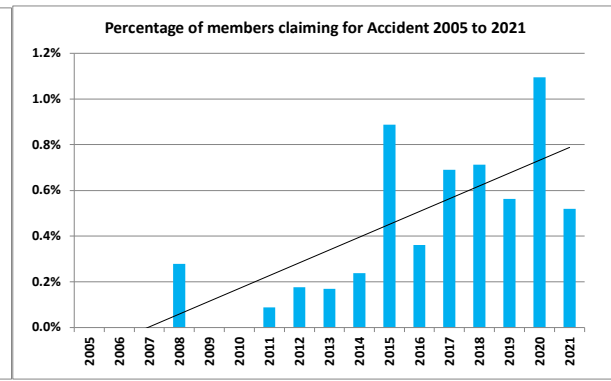
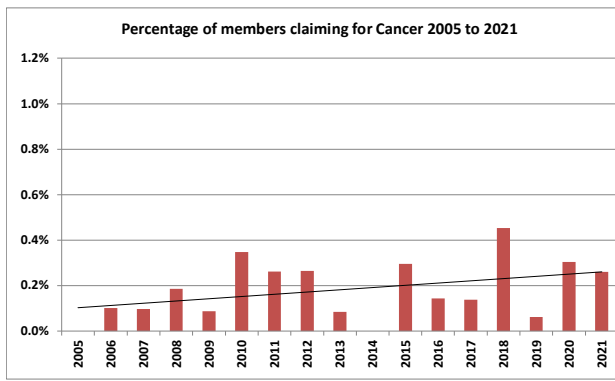
DISABILITY CLAIMS

During the financial year to 31 March 2021 there were 36 applications for benefits accepted. This is a decrease of 16, down from 52 applications in the previous year. Two applications for benefits were not accepted.

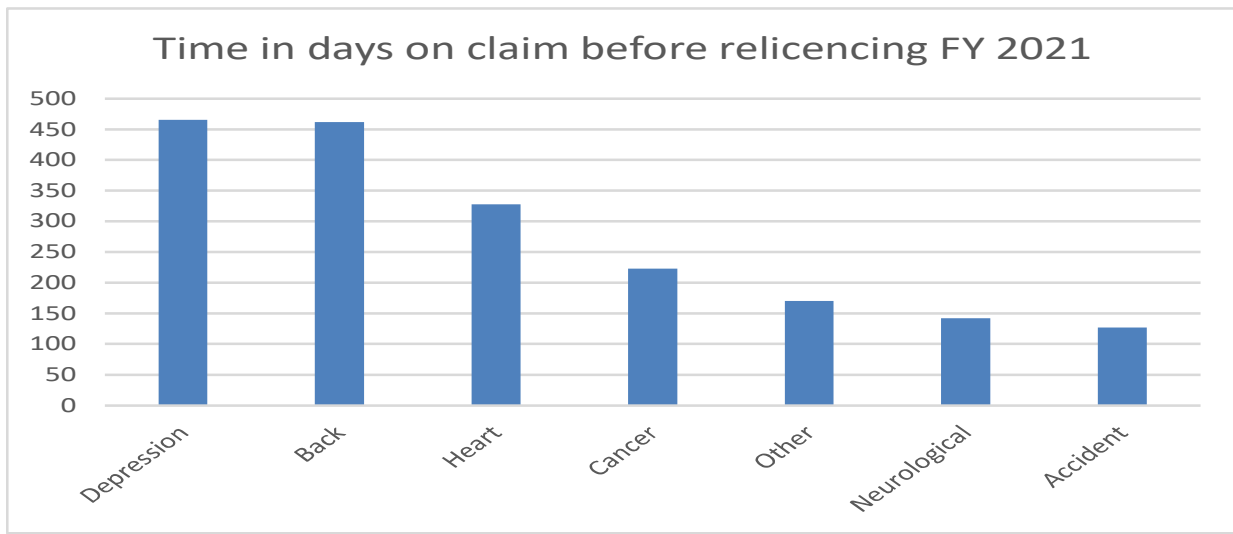
The Fund assisted 77 members during the year. There were 46 members who relicenced, and one member received a capital benefit payout. At the end of the year the Fund had 28 members whose claim for assistance had been accepted.

Total membership expenses were \$3,694,135 (2020: \$3,907,306) comprising 105 percent (2020 : 72 percent) of the income of the Fund.





You may find this helpful in deciding on the appropriateness of your cover .



PK Schofield

Philippa Schofield
Chairperson

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
PERFORMANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2021

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
PERFORMANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2021

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THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
AS AT 31 MARCH 2021
DIRECTORY

Trustees:

Philippa Schofield (Chairperson)
Matthew Harrington
Paul Kelway
Louise Maihi
Hamish Murray
Alexis Ruth
Penelope Ryder-Lewis

Accountants:

Baker Tilly Staples Rodway Wellington
Level 6
95 Customhouse Quay
Wellington

Auditors:

BDO Wellington Audit Limited
Tower Building
50 Customhouse Quay
Wellington

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
AS AT 31 MARCH 2021
ENTITY INFORMATION

Legal Name:	New Zealand Airline Pilots' Mutual Benefit Fund
Type and Legal Basis:	Non Profit Making Tax Free (SAD Status)
Purpose or Mission:	The object of the Mutual Benefit Fund is to provide financial benefits and other assistance to members of the Fund whose earning capacity as a pilot has ceased due to the suspension and/or disqualification of their CAA or CASA Medical Certificates.
Structure:	<p>The Fund has not less than seven or more than ten Trustees with two independent Trustees. Pilot Trustees are elected by ballot. Currently there are five pilot Trustees. One of the Pilot Trustees is elected as Chairman.</p> <p>The Board meets bi-monthly. The administrative office is in Thorndon, Wellington and is staffed by two full-time employees.</p>
Main Source of Cash and Resources:	Member contributions - \$7 per \$1,000 of cover. Contributions are also received from employers who are contractually bound. Investment income is derived also from registered bank term deposits and unit trust investments.
Physical Address:	Level 2 204 Thorndon Quay Pipitea Wellington 6011
Phone:	+64 4 478 3632 0800 PIL MBF (0800 745 623)
Website / Email:	www.pilotsmbf.org.nz office@pilotsmbf.org.nz

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
FOR THE YEAR ENDED 31 MARCH 2021
STATEMENT OF SERVICE PERFORMANCE

Description of Outcomes:

The Fund's goal is to provide full support to a pilot to achieve reinstatement of their medical certificate. In the first instance income support was provided by way of 80% of net earnings as a pilot. Normally benefits are 90% of net earnings, but in FY21 Trustees exercised their discretion under the rules to lower the benefit to 80% of net earnings. In addition rehabilitation services are provided where Trustees, in consultation with the Fund's medical advisers and case managers, create a plan that they deem appropriate to facilitate a return to work. Claimants of the Fund are expected to make their best effort to achieve vocational rehabilitation.

The Fund could provide a Capital Benefit payment of up to \$600,000 where a claimant is permanently unable to gain re-instatement of their Medical Certificate.

There were 1539 members of the Fund as at 31 March 2021 (2020: 1,645 members).

Description of Performance:

In the 2021 financial year the Fund assisted 78 claimants (2020: 114 claimants). There were 48 pilots who achieved medical certificate reinstatement (2020: 72 pilots). 1 pilot was unable to achieve medical certificate reinstatement and was paid a Capital Benefit totalling \$583,860 (2020: 4 pilots were unable to regain their medical certificates and paid out benefits totalling \$1,110,031).

The Fund expects to have between 30 and 40 claimants receiving support at any one time, down from recent levels.

A claimant is usually assigned a Pilot Trustee as a liaison supporter and normally a case manager. Most claimants are highly motivated to return to work and the Fund acts to positively support that process.

Total membership expenses were \$3,694,135 (2020: \$3,907,306) comprising 105% (2020: 72%) of the Fund's income.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2021 \$	2020 \$	Parent 2021 \$	2020 \$
INCOME					
Administration Fees - ATC MBF		49,788	56,250	-	-
Interest Received		375,445	589,849	375,445	589,849
Dividends Received		71,879	31,741	71,879	31,741
Other Revenue		-	1,303	-	-
Investment Gain/(Loss) on Equities and Unit Trusts		250,195	(185,237)	250,195	(185,237)
Contributions - Company		1,927,875	2,360,874	1,927,875	2,360,874
Contributions - Individual		1,067,827	2,566,096	1,067,827	2,566,096
Total Income		3,743,009	5,420,876	3,693,221	5,363,322
Less Expenses					
Administration Expenses					
Accident Compensation Levy		502	525	-	-
Accounting Fees		16,814	19,511	9,830	12,573
Administration		36,719	42,578	281,513	326,428
Audit Fees		23,209	21,960	19,701	19,352
Bank Charges		474	663	246	341
Car Parking Expenses		1,300	2,600	-	-
Communications		3,627	4,103	-	-
Computer Expenses		14,546	16,009	13,882	14,087
Consultancy		11,880	7,505	11,880	7,505
Depreciation		1,741	2,154	-	-
Directors Expenses		1,813	1,118	-	-
Directors' Fees		70,102	81,575	-	-
Electricity		243	-	-	-
Fund Management Fees		5,393	7,298	5,393	7,298
General Expenses		9,196	5,800	1,178	4,131
Hire of Equipment		1,880	3,573	-	-
Insurance		6,590	6,657	-	-
Legal Expenses		1,870	(2,024)	-	-
Loss on Sale		1,109	-	-	-
Printing, Postage & Stationery		2,618	419	390	-
Repairs and Maintenance		3,968	-	-	-
Rent & Outgoings		13,271	15,080	-	-
Salaries		167,347	179,462	-	-
Staff Training		1,450	-	-	-
Support Services		4,086	5,025	-	-
Total Administration Expenses		401,747	421,589	344,014	391,715
Membership Expenses					
Case Management		97,143	85,419	97,143	85,419
Disability Benefits	3	3,510,956	3,658,556	3,510,956	3,658,556
Legal - Membership expenses		30,334	90,067	30,334	90,067
Medical Fees & Rehabilitation		55,535	70,280	55,535	70,280
Travel - Membership expenses		167	2,983	167	2,983
Total Membership Expenses		3,694,135	3,907,306	3,694,135	3,907,306
Trustee Expenses					
Meetings - Accommodation & Catering		8,208	16,825	8,208	16,825
Meetings - Trustees Allowances and Expense		13,385	15,911	13,385	15,911
Meetings - Professional Trustee Fees		49,490	41,055	49,490	41,055
Travel		9,060	19,282	9,060	19,282
Total Trustee Expenses		80,143	93,073	80,143	93,073
Total Expenses		4,176,025	4,421,968	4,118,291	4,392,093
NET SURPLUS/(DEFICIT)		(433,016)	998,908	(425,070)	971,229
Tax Provision	6	-	6,211	-	-
NET SURPLUS/(DEFICIT) AFTER TAX		(433,016)	992,697	(425,070)	971,229

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 MARCH 2021


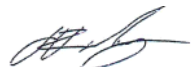
	Note	Group 2021 \$	2020 \$	Parent 2021 \$	2020 \$
ACCUMULATED FUNDS AT START OF YEAR		18,312,548	17,319,851	18,306,121	17,334,892
Net Surplus/(Deficit)		(433,016)	992,697	(425,070)	971,229
ACCUMULATED FUNDS AT END OF YEAR		<u>17,879,532</u>	<u>18,312,548</u>	<u>17,881,051</u>	<u>18,306,121</u>

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Group 2021 \$	2020 \$	Parent 2021 \$	2020 \$
CURRENT ASSETS					
Bank Accounts	9	2,131,581	2,926,678	2,068,584	2,819,261
Term Deposits	9	11,750,000	8,250,000	11,750,000	8,250,000
Contributions Receivable		509,064	614,319	509,065	614,319
Accrued Interest		37,585	33,940	37,586	33,940
Taxation	6	-	-	-	-
Payments in Advance		3,732	5,091	-	-
Total Current Assets		14,431,963	11,830,028	14,365,235	11,717,520
NON-CURRENT ASSETS					
Non-Current Term Deposits	9	3,500,000	7,000,000	3,500,000	7,000,000
Loan - MBFAL	8	-	-	32,500	59,500
Plant & Equipment		2,746	5,597	-	-
Investments	10	3,619,242	2,334,061	3,625,242	2,340,061
Total Non-Current Assets		7,121,988	9,339,658	7,157,742	9,399,561
TOTAL ASSETS		21,553,951	21,169,686	21,522,977	21,117,081
CURRENT LIABILITIES					
GST Due for Payment		16,583	22,410	-	-
Taxation	6	2,940	6,200	-	-
Accounts Payable		64,659	32,392	51,689	14,824
Income in Advance		308	18,657	308	18,657
Accrued Expenses		26,500	74,799	26,500	74,799
Disability Benefits - Current Portion	3	2,008,521	2,105,926	2,008,521	2,105,926
Total Current Liabilities		2,119,511	2,260,384	2,087,018	2,214,206
NON-CURRENT LIABILITIES					
Disability Benefits - Non-Current Portion	3	1,554,908	596,754	1,554,908	596,754
Total Non-Current Liabilities		1,554,908	596,754	1,554,908	596,754
TOTAL LIABILITIES		3,674,419	2,857,138	3,641,926	2,810,960
NET ASSETS		17,879,532	18,312,548	17,881,051	18,306,121
Represented by;					
ACCUMULATED FUNDS					
Retained Earnings		17,879,532	18,312,548	17,881,051	18,306,121
ACCUMULATED FUNDS		17,879,532	18,312,548	17,881,051	18,306,121

These financial statements are signed on behalf of the company by;

Trustee  Trustee 

Date 3 June 2021

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES				
Cash was received from:				
Receipts from Providing Goods or Services	49,788	57,553	-	-
Contributions	3,082,607	4,823,061	3,082,607	4,823,061
Interest Received	409,383	595,906	409,383	595,906
Net GST	-	3,838	-	-
Cash was Applied to:				
Payments to Suppliers and Employees	(668,980)	(784,672)	(613,355)	(751,927)
Disability Benefits	(2,659,312)	(3,575,687)	(2,659,312)	(3,575,687)
Net GST	(5,324)	-	-	-
Taxation	(3,260)	-	-	-
Net Cash Flows from Operating Activities	204,902	1,120,000	219,323	1,091,354
CASHFLOWS FROM INVESTING AND FINANCING ACTIVITIES				
Cash was received from:				
Receipts from the Sale of Investments	-	-	-	-
Term Deposits > 90 days Term	-	2,500,000	-	2,500,000
Loan to Subsidiary	-	-	30,000	12,000
Cash was Applied to:				
Plant and Equipment	-	(1,462)	-	-
Investments	(1,000,000)	(2,500,000)	(1,000,000)	(2,500,000)
Term Deposits > 90 days Term	-	-	-	-
Net Cash Flows from Investing and Financing Activities	(1,000,000)	(1,462)	(970,000)	12,000
Net Increase/ (Decrease) in Cash	(795,098)	1,118,538	(750,677)	1,103,354
Opening Cash	2,926,678	1,808,140	2,819,261	1,715,907
Closing Cash	2,131,580	2,926,678	2,068,584	2,819,261
This is represented by:				
ANZ Bank -00 Account	679,291	347,073	679,291	347,073
ANZ Bank Call Account	1,452,289	2,579,606	1,389,293	2,472,188
Bank Accounts	2,131,580	2,926,678	2,068,584	2,819,261

This Statement is to be read in conjunction with the Notes to the Financial Statements.

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The New Zealand Airline Pilots' Mutual Benefit Fund Group being a sickness, accident and death benefit fund is not required to use any particular reporting framework but has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Reporting Entity

For the results for the year ended 31 March 2021 The New Zealand Airline Pilots' Mutual Benefit Fund Group comprises the following entities:

The New Zealand Airline Pilots' Mutual Benefit Fund (Parent)
Mutual Benefit Fund Administration Limited (Subsidiary)

The New Zealand Airline Pilots' Mutual Benefit Fund is a sickness, accident, and death benefit fund as approved by the Inland Revenue Department.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial functional and presentational currency. These financial statements have been rounded to the nearest dollar.

(a) Consolidation of Subsidiaries

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being The New Zealand Airline Pilots' Mutual Benefit Fund (the parent) and its subsidiary as defined in PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements (Not-for-profit)*. A list of subsidiaries is above. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such subsidiary.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the Group are eliminated in full.

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

(b) Plant and Equipment

The entity has the following classes of fixed assets;

Office Equipment	8.5 - 67% SL
Leasehold Improvements	7% DV

All plant and equipment is recorded at cost less accumulated depreciation.

Depreciation of plant and equipment has been calculated at the maximum rates permitted by the Income Tax Act 2007.

(c) Goods & Services Tax

Subsidiary financial statements are prepared and have been consolidated on a GST exclusive basis.

(d) Income Tax

The parent is exempt from income tax. The income tax expense charged to the Statement of Financial Performance recognises the current obligations of the subsidiary and all amounts arising from differences between the accounting results and assessable income for the period, calculated using the liability method.

(e) Investments

The carrying value of the Fund's financial assets depends upon the type of investment.

(i) Unit Trusts

Investments in this category are acquired principally for the purpose of selling and include all unit trust investments held through fund managers. They are stated at fair value, with any gain or loss recognised in the Statement of Financial Performance separately from the dividends or interest they may generate.

(ii) Term Deposits and Bank Accounts

Investments in this category have fixed or determinable payments and which the Fund intends (and is able to) hold to maturity. These are stated at fair value less any impairment (which is recognised in the Statement of Financial Performance).

Investments are assessed for indicators of impairment at each reporting date. Investments are impaired when there is objective evidence that the value of the asset has been impacted as a result of one or more events that occurred after the initial recognition of the financial asset. Where an investment is deemed to be impaired the carrying amount is reduced via an allowance account, against which an uncollectible investment is written off. An investment is deemed to be uncollectible upon notification of insolvency of the company invested in or upon receipt of similar evidence that the Fund will be unable to collect the amount. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

(iii) Shares held by Parent in Subsidiary

The Fund holds 100% of the shares in the company. These shares are stated at cost.

(f) Leased Assets

Operating Leases

Operating leases are those where all the risks and benefits are substantially retained by the lessor. Lease payments are expensed in the periods the amounts are payable.

(g) Disability Benefits

The disability benefit expense includes an accrual which represents the Trustees best estimate of the amount likely to be paid out to members whose claims have been received and approved and who have not re-licenced as at balance date.

The accrual requires significant judgement and estimation due to the nature of the benefits being paid. All claims are subject to medical review which is continually assessed. In addition the Trustees and employees have significant experience to call upon to exercise judgement on the potential extent of a liability for a member's claim.

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

The assumptions used by the Trustees include:

-Where evidence available gives a relatively clear time period for the member returning to work then this time period is accrued as a liability.

-Where evidence available indicates it is improbable a member will return to work then the full value of the capital benefit is accrued as a liability.

-Where the evidence available means the Trustees are unable to identify a clear date for a potential return to work, or non-return to work, then an accrual is made for the period where there is relative certainty that the member will not return to work. For the period beyond where there is relative certainty, the Trustees have disclosed as a contingent liability the range of possible future disability benefit payments as well as the Trustees' best estimate of the likely liability based on the Trustees' experience and with reference to probabilities developed from historical payouts for the applicable conditions.

(h) Revenue Recognition

Administration Fees

Administration fees are recognised as revenue on an accrual basis.

Contributions Received

Contributions being a primary source of funding are recognised when they become receivable from members and employer contributions are recognised on an accrual basis.

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

Dividend Income is recognised when the right to receive payment has been established.

(i) Bank Accounts and Cash

Bank and Cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Changes in Accounting Policies

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

2 AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

3 DISABILITY BENEFITS

As noted in the accounting policy at 1(g) the determination of the amount of liability in respect of member claims is subject to a significant degree of estimation and judgement. The disability accrual has been determined using all available evidence and in light of the Trustees' experience and judgement.

Disability Benefits Accrual

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current Portion	2,008,521	2,105,926	2,008,521	2,105,926
Non-Current Portion	1,554,908	596,754	1,554,908	596,754
Total Disability Accrual	<u>3,563,429</u>	<u>2,702,680</u>	<u>3,563,429</u>	<u>2,702,680</u>

During the year disability benefits of \$2,283,790 (2020: \$2,525,088) were paid out for claims where the event leading to the claim had occurred on or before 31 March 2020. This compares to \$2,105,926 (2020: \$2,173,461) which was the Trustees' estimate that was included in the current liabilities as at 31 March 2020.

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Disability Accrual and Expense Reconciliation

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Opening Disability Accrual	2,702,680	2,621,078	2,702,680	2,621,078
Provision Utilised	(2,283,790)	(2,525,088)	(2,283,790)	(2,525,088)
Increase in Provision	3,144,539	2,606,690	3,144,539	2,606,690
Closing Disability Accrual	3,563,429	2,702,680	3,563,429	2,702,680
Disability Benefits Paid or Payable	2,650,207	3,576,954	2,650,207	3,576,954
Less: Provision Utilised	(2,283,790)	(2,525,088)	(2,283,790)	(2,525,088)
Plus: Increase in Provision	3,144,539	2,606,690	3,144,539	2,606,690
Recognised Disability Expense	3,510,956	3,658,556	3,510,956	3,658,556

4 CONTINGENT LIABILITIES

The obligation the Fund has in respect to existing claims on the Fund is contingent upon future events over which the Fund has no control. Due to the uncertainty surrounding certain future disability benefit payments the range of possible future disability benefit payments for which a liability has not been recognised has been calculated for claims approved prior to balance date being \$0 to \$3,081,941 (2020: \$0 to \$6,983,801). The Trustees' best estimate of the likely liability based on the Trustees' experience and with reference to probabilities developed from historical payout patterns for the applicable conditions is nil (2020: \$10,445) as per accounting policy (g). The New Zealand Airline Pilots' Mutual Benefit Fund Group has not granted any securities in respect of liabilities payable by any other party.

Within the contingent liability range are the residual capital benefits of nil claimants (2020: 2 claimants).

5 CAPITAL COMMITMENTS

At balance date there are no known Capital Commitments. (2020: Nil)

6 TAXATION

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net Surplus	- 433,016	998,908	- 425,070	971,229
Less: Parent Income Non-taxable	425,070	(971,229)	425,070	(971,229)
Add: Non-Deductible Expenses	- 6,118	707	-	-
Taxable income/(loss)	- 14,064	28,386	-	-
Taxation Adjustments				
Losses Brought Forward	-	(6,204)	-	-
Assessable Income/ (Losses Carried Forward)	- 14,064	22,182	-	-
Taxation at Current Rates	-	6,211	-	-
Tax Expense	-	6,211	-	-
Opening Income Tax Balance	6,200	(11)	-	-
Income Tax Paid	(3,260)	-	-	-
Total Income Tax	2,940	(11)	-	-
Total Tax to pay / (refund)	2,940	6,200	-	-

There are tax losses to carry forward to reduce potential future taxable income amounting to \$14,064 (2020: nil).

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7 COMMITMENTS

The Mutual Benefit Fund Administration Ltd agreed to lease office space from Thorndon 2005 Limited in November 2020 for a period of two years. The lease agreement allows for a further rights of renewal at 1 November 2022 and 1 November 2024. The operating lease liabilities are as follows:

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current Portion	17,896	10,313	-	-
Non-Current Portion	10,439	-	-	-
Total	28,335	10,313	-	-

8 LOAN - MBFAL

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Mutual Benefit Fund Administration Ltd	-	-	32,500	59,500

The loan is repayable on demand and interest free.

9 BANK ACCOUNTS & TERM DEPOSITS

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
ANZ Bank 00 Account	679,291	347,073	679,291	347,073
ANZ Bank Call Account	1,452,289	2,579,606	1,389,293	2,472,188
ANZ Bank	3,500,000	3,500,000	3,500,000	3,500,000
ASB Bank	2,000,000	3,000,000	2,000,000	3,000,000
BNZ Bank	4,750,000	3,750,000	4,750,000	3,750,000
Kiwibank Limited	1,500,000	1,500,000	1,500,000	1,500,000
Westpac Bank	3,500,000	3,500,000	3,500,000	3,500,000
	17,381,581	18,176,678	17,318,584	18,069,261
Current Portion	13,881,581	11,176,678	13,818,584	11,069,261
Non-Current Portion	3,500,000	7,000,000	3,500,000	7,000,000
	17,381,581	18,176,678	17,318,584	18,069,261

There was no overdraft as at balance date nor was any facility arranged. The Fund has an ANZ Credit Card with a limit of \$15,000. The Subsidiary has an ANZ Credit Card with a limit of \$2,000.

10 INVESTMENTS

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
NZ Shares				
Mutual Benefit Fund Admin. Ltd	-	-	6,000	6,000
Total NZ Shares	-	-	6,000	6,000
Unit Trusts				
Milford Asset Management	1,847,017	1,161,065	1,847,017	1,161,065
Mint Asset Management	1,772,224	1,172,995	1,772,224	1,172,995
Total Fixed Interest	3,619,242	2,334,061	3,619,242	2,334,061
Current Portion	-	-	-	-
Non-Current Portion	3,619,242	2,334,061	3,625,242	2,340,061
Total Investments	3,619,242	2,334,061	3,625,242	2,340,061

These notes to the financial statements form part of and are to be read in conjunction with these statements

THE NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11 RELATED PARTIES

Mutual Benefit Fund Administration Limited is a wholly owned subsidiary of The New Zealand Airline Pilots' Mutual Benefit Fund. All transactions with The New Zealand Airline Pilots' Mutual Benefit Fund have been entered into the ordinary course of business, undertaken on commercial terms on an arm's length basis.

During the period there have been material transactions between The New Zealand Airline Pilots' Mutual Benefit Fund and related parties as follows:

Name of Related Party:

Penelope Ryder-Lewis

Types of transactions:

In addition to being a Trustee of the Fund, Penelope Ryder-Lewis is a principal at Bartlett Law which received fees for legal services provided to the Group. These fees totalled \$10,938 (2020: \$62,836). Of these amounts there was nil (2020: nil) payable and nil (2020: nil) accrued at balance date.

Name of Related Party:

Dr Simon Ryder-Lewis (brother of Trustee Penelope Ryder-Lewis)

Types of transactions:

Dr Simon Ryder-Lewis is a case manager used by the Group and received payment of \$49,817 during the year for his services (2020: \$42,210). Of these amounts there was nil (2020: 2,622) payable at balance date.

Name of Related Party:

Matthew Harrington

Types of transactions:

In addition to being a Trustee of the Fund, Matthew Harrington is a director and shareholder at Expand I.T. Limited which received fees for I.T. services provided to the Group. These fees totalled \$14,444 (2020: \$10,470). Of these amounts there was \$1,150 (2020: \$1,150) payable at balance date.

Name of Related Party:

Paul Kelway

Types of transactions:

In addition to being a Trustee of the Fund, Paul Kelway is a director and shareholder at Paulkelwayconsulting Limited which received fees for financial and management services provided to the Fund. These fees totalled \$11,880 (2020: \$7,505). Nothing was payable at balance date.

12 SUBSEQUENT EVENTS

Subsequent to balance date the Trustees have approved 3 disability benefit applications which related to application for benefits received prior to balance date (2020: 0 claims). The sum total of capital benefit cover for these claims is 187,106 (2020: nil) and the Trustees' best estimate of payments expected to be made to these claimants based on the Trustees' judgement and historical payouts is \$153,000 (2020: nil).

These notes to the financial statements form part of and are to be read in conjunction with these statements

Financial Reports

Mutual Benefit Fund Administration Limited
For the year ended 31 March 2021

Prepared by Baker Tilly Staples Rodway Wellington

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6	Statement of Movements in Equity
7	Statement of Financial Position
8	Notes to and Forming part the Financial Statements

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MUTUAL BENEFIT FUND ADMINISTRATION LIMITED**

Opinion

We have audited the financial statements of Mutual Benefit Fund Administration Limited ("the Company"), which comprise the statement of financial position as at 31 March 2021, the statement of movements in equity, and the statement of financial performance 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 of the Company for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the accounting policies specified in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with 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 are independent of the Company 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Company's shareholders, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and the Company's shareholders, as a body, and should not be distributed to or used by parties other than the Company or the Company's shareholders. Our opinion is not modified in respect of this matter.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 1 to the financial statements and for such internal control as the directors 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

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

BDO Wellington Audit Limited

BDO Wellington Audit Limited
Wellington
New Zealand
03 June 2021

Company Directory

Mutual Benefit Fund Administration Limited For the year ended 31 March 2021

Directors

- Matthew Harrington
- Louise Maihi
- Hamish Murray
- Paul Robinson
- Alexis Ruth
- Philippa Schofield

Company Number

3074115

Date of Incorporation

31 August 2010

Bankers

ANZ

Solicitors

Bartlett Law

Wellington

Shareholders

Alexis Ruth, Hamish Murray, Louise Maihi, Matthew Harrington, Paul Kelway, Penelope Ryder-Lewis and Philippa Schofield -
6,000 Ordinary Shares

Statement of Financial Performance

Mutual Benefit Fund Administration Limited For the year ended 31 March 2021

	NOTES	2021	2020
Income			
Administration Fees - PMBF		244,794	283,850
Administration Fees - ATCMBF		49,788	56,250
Other Revenue		-	1,303
Total Income		294,582	341,403
Less Expenses			
Accident Compensation Levy		502	525
Accounting Fees		6,983	6,938
Audit Fees		3,509	2,609
Bank Fees		228	322
Car Parking Expenses		1,300	2,600
Communications		3,627	4,103
Computer Expenses		663	1,921
Depreciation		1,741	2,154
Directors Expenses		1,813	1,118
Directors Fees		70,102	81,575
Electricity		243	-
General Expenses		8,017	1,669
Hire of Equipment		1,880	3,573
Insurance		6,590	6,657
Legal expenses		1,870	(2,024)
Loss on Sale		1,109	-
Printing & Stationery		2,228	419
Rent		13,271	15,080
Repairs and Maintenance		3,968	-
Salaries		167,347	179,462
Staff Training		1,450	-
Support Services		4,086	5,025
Total Expenses		302,528	313,725
Net Surplus / (Deficit) Before Tax		(7,946)	27,678
Tax Adjustment			
Provision for Taxation		-	6,211
Net Surplus / (Deficit) After Tax		(7,946)	21,468

These Financial Statements have been subject to an audit or review engagement and must be read in conjunction with the Notes to the Financial Statements.

Statement of Movements in Equity

Mutual Benefit Fund Administration Limited For the year ended 31 March 2021

	2021	2020
Equity		
Opening Balance	12,427	(9,041)
Increases		
Surplus/(Deficit) for the Year	(7,946)	21,468
Total Increases	(7,946)	21,468
Total Equity	4,481	12,427


These Financial Statements have been subject to an audit or review engagement and must be read in conjunction with the Notes to the Financial Statements.

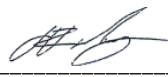
Statement of Financial Position

Mutual Benefit Fund Administration Limited As at 31 March 2021

	NOTES	2021	2020
Assets			
Current Assets			
Cash and Bank Accounts	6	62,996	107,417
Payments in Advance		3,732	5,091
Total Current Assets		66,729	112,508
Non-Current Assets			
Property, Plant and Equipment	8	2,747	5,597
Total Non-Current Assets		2,747	5,597
Total Assets		69,475	118,105
Liabilities			
Current Liabilities			
Accounts Payable and Accruals		12,971	17,568
GST Payable		16,583	22,410
Taxation	7	2,940	6,200
Total Current Liabilities		32,494	46,178
Non-Current Liabilities			
Loan - NZAPMBF	10	32,500	59,500
Total Non-Current Liabilities		32,500	59,500
Total Liabilities		64,994	105,678
Net Assets		4,481	12,427
Equity			
Share Capital		6,000	6,000
Retained Earnings / (Accumulated Losses)		(1,519)	6,427
Total Equity		4,481	12,427

These financial statements are signed on behalf of the company by;

Director 

Director 

Date 3 June 2021

These Financial Statements have been subject to an audit or review engagement and must be read in conjunction with the Notes to the Financial Statements.

Notes to and Forming part the Financial Statements

Mutual Benefit Fund Administration Limited For the year ended 31 March 2021

1. Statement of Accounting Policies

Reporting Entity

These financial statements are special purpose financial statements and have been prepared to meet the requirements of the shareholders and their group reporting obligations and for income tax purposes, in compliance with section 21B of the Tax Administration Act 1994.

The company is not required to prepare general purpose financial statements in accordance with the Companies Act 1993.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(a) Property, Plant and Equipment

All property, plant and equipment are recorded at cost less accumulated depreciation.

Depreciation of the property, plant and equipment has been calculated at the maximum rates permitted by the Income Tax Act 2007.

The entity has the following classes of fixed assets:

Leasehold Improvements	7% DV
Office Equipment	8.5 - 67% SL

(b) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis.

(c) Income Tax

Income tax expense charged to the Statement of Financial Performance recognises the current obligations and all amounts arising from differences between the accounting results and assessable income for the period, calculated using the liability method.

2. Audit

These financial statements have been subject to audit, please refer to Auditor's Report.

3. Contingent Liabilities

At balance date there are no known contingent liabilities. Mutual Benefit Fund Administration Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

4. Capital Commitments

At balance date there are no known Capital Commitments.

5. Imputation Credit Account

At balance date imputation credits available to the shareholders were \$3,271 (2020: \$11).

	2021	2020
6. Cash and Bank Accounts		
ANZ Bank Account	62,996	107,417
Total Cash and Bank Accounts	62,996	107,417

There was no overdraft as at balance date nor was any facility arranged.

	2021	2020
7. Taxation		
Net Surplus / (Deficit) Before Tax		
Net Profit / (Loss) Before Tax	(7,946)	27,678
Total Net Surplus / (Deficit) Before Tax	(7,946)	27,678
Non Deductible Expenses	(6,118)	707
Taxable income / (loss)	(14,064)	28,386
Taxation Adjustments		
Losses Brought Forward	-	(6,204)
Assessable Income/ (Losses Carried Forward)	(14,064)	22,182
Taxation at Current Rates	-	6,211
Income Tax Expense	-	6,211
Income Tax		
Opening Balance	6,200	(11)
Income tax paid	(3,260)	-
Total Income Tax	2,940	(11)
Total tax to pay / (Refund)	2,940	6,200
	2021	2020
Non Deductible Expenditure		
Holiday Pay Accrual	(6,118)	707
Total Non Deductible Expenditure	(6,118)	707

Tax losses amounting to \$14,064 (2020: nil) can be carried forward to reduce potential future taxable income. Such benefit has not been recorded in the financial statements and will be subject to current income tax legislation.

	2021	2020
8. Property, Plant and Equipment		
Leasehold Improvements		
At Cost	1,371	1,371
Less Accumulated Depreciation	(377)	(302)
Total	994	1,069
Office Equipment		
At Cost	37,992	40,519
Less Accumulated Depreciation	(36,240)	(35,991)
Total	1,752	4,528
Total Property, Plant and Equipment	2,747	5,597

9. Lease Commitments

The Mutual Benefit Fund Administration agreed to lease office space from Thorndon 2005 Limited in November 2020. The first right of renewal date is November 2022. The next renewal date is November 2024.

	2021	2020
Lease Commitments		
Current Portion	17,896	10,313
Non Current Portion	10,439	-
Total	28,335	10,313

	2021	2020
10. Loan - New Zealand Airline Pilots' Mutual Benefit Fund		
Loan - NZAPMBF	32,500	59,500
Total Loan - New Zealand Airline Pilots' Mutual Benefit Fund	32,500	59,500

The loan is repayable on demand and is interest free.

11. Related Parties

Mutual Benefit Fund Administration Limited provides administration services to its sole shareholder the New Zealand Airline Pilots' Mutual Benefit Fund. These services are provided on an arms length basis and fees for the year were \$244,794 (2020: \$283,850).

Matthew Harrington is a director of both Expand IT Limited and Mutual Benefit Fund Administration Limited. Expand IT Limited provides IT support and fees for the year were \$3,814 (2020: \$3,973).

12. Subsequent Events

There have been no events subsequent to balance date that have affected these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF NEW ZEALAND AIRLINE PILOTS' MUTUAL BENEFIT FUND GROUP**

Opinion

We have audited the performance report of The New Zealand Airline Pilots' Mutual Benefit Fund Group ("the Fund"), which comprises which comprises the entity information, the statement of service performance, the statement of financial performance, statement of movements in accumulated funds and statement of cash flows for the year ended 31 March 2021, the statement of financial position as at 31 March 2021, and the statement of accounting policies and other explanatory information.

In our opinion, the accompanying performance report of the Fund for the year ended 31 March 2021, are prepared, in all material respects, in accordance with the accounting policies specified in Note 1 to the performance report.

Basis for Opinion

We conducted our audit in accordance with 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 Performance report* section of our report. We are independent of the Fund 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Fund.

Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the performance report, which describes the basis of accounting. The performance report is prepared solely for the Fund's trustees, as a body. As a result, the performance report may not be suitable for another purpose. Our report is intended solely for the Fund and the Fund's trustees, as a body, and should not be distributed to or used by parties other than the Fund or the Fund's trustees. Our opinion is not modified in respect of this matter.

Other Information

The trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the performance report and our auditor's report thereon.

Our opinion on the performance report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the Performance Report

The trustees are responsible for the preparation of the performance report in accordance with the accounting policies specified in Note 1 to the performance report and for such internal control as the trustees determine is necessary to enable the preparation of performance report that are free from material misstatement, whether due to fraud or error.

In preparing the performance report, the trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 decisions of users taken on the basis of these performance report.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



BDO Wellington Audit Limited

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

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

BDO Wellington Audit Limited

BDO Wellington Audit Limited
Wellington
New Zealand
03 June 2021