



# **ANNUAL REPORT**

## **2003**

**The Association of Superannuation Funds of New Zealand Inc**

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## ASFONZ ANNUAL REPORT AND FINANCIAL STATEMENTS 2003

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## **MEMBERS OF COUNCIL**

(as at 29 April 2004)

<b>Chairman</b>	Mike Woodbury, BA LLB(Hons) Chapman Tripp Sheffield Young Superannuation Plan
<b>Vice Chairman</b>	Jill Spooner, BSc, FIAA, FNZSA Watson Wyatt New Zealand Limited
<b>Hon Treasurer</b>	David Scott Seafarers Retirement Fund
<b>Councillors</b>	Vicki Dunne, BA Dunne Consulting Group Limited
	Bruce Dutton The New Zealand Anglican Church Pension Board
	Michael Littlewood, BA LLB Planit Services Limited
	John Melville, BSc FIA FNZSA Melville Jessup Weaver
	Elaine McFadyen, Dip. Bus. Studies AXA New Zealand Limited
	David Penney, FCII Dip. Bus. Studies(endorsed in Personal Financial Planning) Westpac

## **SECRETARIAT**

<b>Executive Director</b>	Bruce Kerr
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## CHAIRMAN'S REPORT

This is the 35<sup>th</sup> Annual Report of the Association of Superannuation Funds of New Zealand (ASFONZ) – *“the Voice of Workplace Super”*.

The year 2003 was an extremely eventful, and on balance positive, one for workplace superannuation. Tangible moves towards compliance cost reduction and tax neutrality were accompanied by renewed recognition and understanding of the importance of employment-related superannuation. ASFONZ was a positive force for change in each area.

As a principally voluntary organisation, ASFONZ relies heavily on the active support of its Council and members to achieve its aims, which are ever-broadening. Councillors make a vital contribution to ASFONZ. I thank Councillors for their energy, ideas and enthusiasm in volunteering their time to help ASFONZ achieve its aims on behalf of employers, trustees and the wider industry.

ASFONZ achieved much in 2003, notably:

- introducing various technology-based initiatives which now enable the ASFONZ Secretariat to operate more efficiently and to deliver better, more timely information and other services to members;
- with other industry participants, winning the battle for removal of the prospectus requirement for most employer-based schemes – long a key ASFONZ objective;
- favourably influencing the new “tiered” SSCWT rates legislation; and
- continuing the evolution of our highly successful Trustee Training Programme.

At the beginning of the year, ASFONZ faced the challenge of replacing our former Executive Director David Stevens, who for more than nine years had been the linchpin of our organisation and a truly enormous contributor. Effective 1 April 2003, career banker and ASFONZ Councillor Bruce Kerr was appointed to the role of Executive Director for a term of six months. Bruce then agreed, effective 1 October 2003, to a permanent appointment as Executive Director.

I sincerely thank Bruce for the manner in which he has risen to this challenge, for his boundless energy in support of Councillors and for the work that he undertakes on behalf of all members.

Bruce has been a driving force behind several of ASFONZ's more notable initiatives over the last year, including:

- transforming our “static” and under-utilised website into an attractive and topical resource for members and the wider industry – if you have not yet explored [www.asfonz.org.nz](http://www.asfonz.org.nz) then I urge you to do so; and
- modernising our membership database and technical support, to improve what ASFONZ knows about and can communicate to its members.

Bruce operated without Secretarial support for much of last year. Late in 2003, we warmly welcomed Umbee Rogers to the position of Secretary for ASFONZ. Umbee has settled into the role very well, and I thank her for her contributions to date.

This report summarises ASFONZ’s principal activities during the year. As noted above, we achieved conspicuous success in several areas. However, we face a number of ongoing challenges. To my mind, two of the biggest are to improve our profile among legislators and policymakers and (as ever) to engage more meaningfully with employers participating in master trusts, which are clearly the long-term future of workplace superannuation.

During the year ASFONZ reworked its mission statement, which I think it is appropriate to reproduce in full. Our mission is to promote employment-related superannuation in New Zealand by:

"1 **Advocacy** – *being the recognised voice for all employers and trustees involved in employment-related superannuation, through:*

- (i) *advocating legislative and public initiatives beneficial to the industry;*
- (ii) *making submissions and commentary on existing legislative and public policy initiatives;*
- (iii) *issuing regular press releases and other public commentary on matters of wider concern or interest to members; and*
- (iv) *staying in regular contact with responsible Ministers, regulatory and industry bodies, the Retirement Commissioner and Government Departments to protect, promote and advance members’ interests.*

2 **Education** – *promoting trustee, employer and member education through dedicated training programmes, newsletters and special interest seminars.*

- 3 **Networking** – providing trustees, employers and service providers involved in employment-related superannuation with a regular forum for sharing ideas and information on industry matters.”

### **COUNCIL MEMBERSHIP**

The full list of Councillors who served during 2003 is as follows:

<b>Name</b>	<b>Membership Category</b>	<b>First Year of Election</b>	<b>Status</b>
Don Baskerville	Ordinary	1998	Retired April 2004
Michael Batstone	Ordinary	-	Co-opted April 2003
Vicki Dunne	Associate	2002	Continuing
Ollie Gilbert	Associate	2000	Resigned March 2004
Bruce Kerr	Ordinary	2002	Resigned October 2003
Michael Littlewood	Ordinary	-	Co-opted October 2003
Elaine McFadyen	Ordinary	2000	Continuing
David Scott	Ordinary	2002	Continuing
Ken Simons	Ordinary	1997	Retired April 2003
Jill Spooner	Ordinary	2001	Continuing
Mike Woodbury	Ordinary	2001	Continuing

There were three positions available on Council for the 2003 election. As the number of nominees equalled the number of vacancies, no election was required. Ollie Gilbert and Elaine McFadyen, both of whom had completed their first three-year terms, were reappointed. We were also joined by David Scott (Chairman of the Seafarers Retirement Fund).

Linda McCulloch (AMP) resigned from Council in April 2003 when she took a new job outside the financial services industry. Bruce Kerr then resigned when accepting the permanent appointment as ASFONZ Executive Director in October 2003. Linda and Bruce were replaced through co-option by, respectively, Michael Batstone (Holcim (New Zealand) Limited) and Michael Littlewood (Planit Services Limited).

Six Council positions became available in early 2004, by reason of:

- the retirements (by rotation) of Jill Spooner and Mike Woodbury, both of whom were eligible and stood for re-election;
- the retirement of Don Baskerville, who (having completed six years as a Councillor) was ineligible for re-election;
- the resignations of Bruce Kerr and Linda McCulloch (whose places had been temporarily filled by co-option); and
- the resignation of Ollie Gilbert.

Reflecting the increased profile of ASFONZ and the industry generally, a healthily contested election ensued, with eight nominations. The successful candidates were Bruce Dutton (NZ Anglican Church Pension Board), Michael Littlewood, John Melville (Melville Jessup Weaver Ltd Staff Super Scheme), David Penney (Westpac Investment Management-NZ-Limited), Jill Spooner and Mike Woodbury.

I thank all the departed Councillors for their invaluable contributions to ASFONZ. I also congratulate all newly elected Councillors – ASFONZ is in good heart thanks to your goodwill and active interest, and I look forward to your full participation in our future development.

I must take this opportunity to thank Jill Spooner, ASFONZ Vice-Chairman, for the unwavering support and assistance she has given me as Chairman during 2003.

## **FINANCIAL**

The overall result for the year ended 31 December 2003 was an operating deficit of \$54,372, leaving members' funds at \$60,286.

This was materially larger than the usual deficit arising during a non-Conference year (the 2001 deficit was \$30,689). However, it reflected a deliberate Council policy of spending surplus funds on outputs that matter – what else are those funds for?

The three key contributors to the increased deficit were:

- Trustee Education Programme – development and delivery: \$14,015 (2002: nil);
- Journal publication - \$13,085 (2002: \$3,385); and
- Website development and software upgrades - \$14,939 (2002: \$1,200).

It was pleasing to note that 2003 subscription income increased slightly from 2002, and that Council meeting overheads were significantly reduced due to the increased use of videoconferencing.

The biennial Conference is a major source of income for ASFONZ, and 2004 is a Conference year. The August 2002 Conference generated a surplus of \$60,612. Strong early interest from potential sponsors and participants, together with a fresh approach to content and format, look likely to ensure that this year's Conference is at least as successful.

## **MEMBERSHIP**

Membership numbers declined slightly over the year, to 103 Ordinary Members and 47 Associate Members. In view of the reducing number of schemes and continuing industry rationalisation, our numbers have held up very well. ASFONZ has also succeeded in joining several new members in recent months. However, while we still continue to gain new members, the number is not sufficient to compensate for members lost. The losses are due principally to scheme wind-ups and mergers, and the continuing trend of transfers to master trust arrangements.

The challenge for ASFONZ is to develop a closer relationship with master trust schemes and the employer-users of those schemes. Such schemes are still employment-related and, therefore, eligible to continue as members of ASFONZ and contribute to the future well-being of the overall industry. More particularly, their sponsors retain many of the same information needs and public policy concerns as stand-alone scheme sponsors.

Eliciting greater participation from among employers who are master trust participants is one of the Council's major aims for the 2004 Conference.

## **COUNCIL ACTIVITIES**

### **Council Meetings**

During 2003 full Council meetings were held on 19 February, 29 April (AGM), 22 July and 21 October 2003. Councillors, and Council sub-Committees, also met informally (usually by teleconference) on a number of other occasions.

Most Council meetings are now held via videoconference. The drawbacks of such meetings are minimal, and they provide efficiencies in terms of individual Councillors' time and reduced financial costs to ASFONZ.

ASFONZ acknowledges the continuing support of Chapman Tripp in making videoconferencing facilities available in both Wellington and Auckland.

### **Prospectus Abolition**

During 2003 ASFONZ joined with Business New Zealand, ISI, the CTU and the Office of the Retirement Commissioner in providing a detailed written submission

to the Commerce Select Committee expressing strong endorsement of the provisions in the Business Law Reform Bill 2003 exempting employer-based superannuation schemes from the prospectus requirement.

ASFONZ, which had fought long and hard for that law change, made its own supporting submission. We also conducted something of a "media offensive", with good coverage in daily and weekly newspapers. Other ASFONZ members made useful submissions as well.

ASFONZ elicited a number of prospectus "war stories" from trustees, sponsors and service providers concerning difficulties encountered in complying with the prospectus regime. These had a powerful persuasive effect on the politicians.

Despite opposition from the Securities Commission, the Legislation Committee of the NZ Law Society and the Institute of Chartered Accountants, common sense won the day. A prospectus exemption covering most employer-based schemes became law on 14 April 2004.

Some compromise was necessary as the "cost" of abolishing the prospectus requirement. Several additional disclosures are now required in annual reports for schemes which invoke the prospectus exemption, and investment statements will require amending in minor respects.

Prospectus abolition will produce significant cost savings for qualifying employer-based schemes, and reduced administrative complexity.

### **Progressive SSCWT Rates**

Effective 1 April 2004, employers are now permitted (at their discretion) to levy SSCWT at either 33% or a rate related to the income derived by a scheme member in the previous income year (15% for those whose earnings were \$9,500 or below, and 21% for those whose earnings were between \$9,501 and \$38,000).

This change will produce a little more work for employers at payroll level. However, it is an important step towards tax-neutrality for lower paid contributors, and is significantly simpler than several alternatives which were considered.

ASFONZ, with the help of Geoff Blaikie from Ernst & Young, made written and oral submissions to IRD Policy urging that any tiered SSCWT rates mechanism must be simple, elective and available to defined benefit schemes.

We are very pleased that the resulting law change has each of those features

### **Superannuation Schemes Act amendments**

The ASFONZ submission on the Business Law Reform Bill also addressed several changes to the Superannuation Schemes Act 1989 which took effect on 14 April

2004. ASFONZ will liaise with the Government Actuary to keep a watching brief on the practical impacts of those changes.

### **Other public policy initiatives**

ASFONZ made a submission to IRD during 2003 on recommended changes to the FWT legislation, and the Council intends making a submission later this year on further proposed changes to FWT in the recently introduced Taxation Bill. We will also make a submission on the New Zealand Superannuation Amendment Bill.

ASFONZ will monitor proposed changes to the investment adviser legislation for their practical impact on workplace superannuation schemes, particularly to ensure that employers and trustees are not unduly restricted when communicating to members.

ASFONZ discussed with the Retirement Commissioner, ISI and others during 2003 a range of other issues, including the utility of a formalised disputes process for employer schemes and possible extensions to the ISI ombudsman scheme.

### **PRG report**

ASFONZ made written and oral submissions in May and June 2003 to the Periodic Report Group 2003. A principal focus of the PRG was employer-based superannuation schemes and their role in encouraging private provision of retirement income.

One of our key themes was the desirability of the Government promoting, educating and leading by example in facilitating employment-related superannuation for its own employees. Whatever one's view of the appropriateness of its employer subsidy component, the State Sector Retirement Savings Scheme for the core public sector (which will take effect in July 2004), will materially increase the current rate of participation in work-related superannuation schemes in New Zealand, which is a favourable development.

The PRG report's recommendation for the establishment of a "Work-based Savings Group" evolved into (or perhaps was rejected in favour of) a joint Treasury/IRD-led proposal for the establishment of a "Workplace Product Group" (WPG) to advise the Government on the detailed design and implementation of a generic workplace-based savings product. ASFONZ has sought formal representation on the WPG.

### **Survey**

The *ASFONZ Super Survey 2003* attracted an increased number of participants, and the results were summarised in the *Super Survey* section on our website. Thank you to all who participated.

### **"Saving New Zealand" forum**

ASFONZ was an active participant, in July 2003, in the ISI-led "Savings New Zealand Forum". The Forum was a worthwhile initiative, which will no doubt assist the WPG's deliberations.

### **Conference**

Bruce Kerr attended the 12-14 November 2003 ASFA Conference in Brisbane as our representative, and obtained some invaluable insights concerning the content and format for our 2004 Conference (for which planning is well underway). The ASFONZ Conference will take place from 29 to 31 August 2004 at the Sheraton in Auckland, with the theme "*Workplace Super in the Spotlight*".

### **Premises**

The lease on the premises occupied at Level 2, AMP Chambers, 187 Featherston Street, Wellington formally expired on 31 March 2003, but is being extended from month-to-month on the existing terms while we consider whether or not to seek alternative accommodation.

The existing premises continue to meet the needs of the ASFONZ Secretariat, and one option is simply to renew the expired lease.

## **MEMBER ACTIVITIES**

### **Education Programme**

The ASFONZ Trustee Training Programme continues progressing from strength to strength, and particular thanks for this must go to Councillor Vicki Dunne for her tireless work in developing and promoting the Programme.

The Trustee Training Programme now comprises three modules:

- "Introduction to Trusteeship" (presenters Sue Brown, Chapman Tripp and David Ireland, Kensington Swan);
- "Introduction to Investing" (presenters Michael Chamberlain, MCA NZ Limited and Craig Stobo, formerly of BT Funds Management (NZ) Limited); and
- "Best Practice Governance" (presenters Tony Hassed, Hassed Advice and John Irwin, Chairman, Global Retirement Trust).

A fourth module ("Investing – Currency and Hedging") is currently under development.

The Council thanks all the presenters for their continued support, and also Chapman Tripp and other ASFONZ members for the use of their superb venues.

Trustee training sessions were held during 2003 in Auckland, Wellington and Christchurch, attracting a total of 92 participants (covering 33 schemes). Despite concessional pricing, the programme operated on a close to break-even basis.

Several recent sessions have unfortunately been under-subscribed, necessitating postponements. However, the Trustee Training Programme continues to attract good overall support, and successful (and well-subscribed) sessions were held in Wellington and Christchurch this month. Feedback from participants remains uniformly very good to excellent.

The ASFONZ Council has scheduled a day of Trustee Training modules attached to the August 2004 Conference.

For more details concerning the ASFONZ Trustee Training Programme, refer to the *Education* section of the ASFONZ website.

### **Breakfasts and Seminars**

A series of successful breakfast meetings was held in Auckland and Wellington during 2003, including several organised in conjunction with Women in Super. Breakfasts continue to be a useful forum for members to meet and exchange views in an informal environment. At the breakfasts, a range of excellent speakers gave presentations on topical issues, and their support of ASFONZ is appreciated.

A highly successful "Legislative Change Workshop" was presented by Jill Spooner and me in Wellington and Auckland on 3 and 4 March 2004, explaining the practical effects of the tiered SSCWT legislation and the legislative changes comprised in the Business Law Reform Bill 2003. Those sessions attracted close to 100 attendees in total.

### **Journal**

ASFONZ published "Winter" and "Summer" editions of *Super Benefits* during 2003. The quality of the Journals drew much favourable comment. The "Summer" edition was a move away from our traditional industry journal. We blended professional journalism with industry-generated articles to deliver a topical commentary on where ASFONZ and other industry participants currently saw workplace superannuation (and we did it in full colour).

Thank you to all those who provided articles for *Super Benefits* during 2003 and supported ASFONZ through advertising.

### **SuperNews**

During 2003, the Council determined that in view of the growing trend to on-line newsletters and the number and frequency of topical issues currently facing those involved in employment-related superannuation, a more regular newsletter would keep ASFONZ members better informed and more up-to-date than a twice-yearly Journal.

The new *SuperNews* publication is published two-monthly, and the February and April 2004 editions were very well received. *SuperNews* continues the *Super Benefits* tradition of detailed articles on items of interest to ASFONZ members, but those are now prefaced by brief, topical updates and hyperlinks to our website.

### **The ASFONZ Laurel Awards**

The ASFONZ Laurel Awards for 2003 attracted a very good level of entries and the Awards Breakfast on 20 April 2003 was conspicuously well-attended. The Laurel Awards remain highly valued by both recipients and the industry.

The winners were:

#### ***Excellence in Communication Award***

Individual Retirement Plan – Global Retirement Trust

#### ***Gold Laurel Awards***

##### ***Combined Annual Report and Members' Benefit Statement***

- ***Large Scheme***  
Individual Retirement Plan

##### ***Combined Annual Report and Members' Benefit Statement***

- ***Small Scheme***  
W & K Employee Benefits Plan

#### ***Silver Laurel Awards***

##### ***Combined Annual Report and Members' Benefit Statement***

- ***Large Scheme (joint award)***  
Inland Revenue Department Superannuation Scheme  
Carter Holt Harvey Employee Benefits Plan

##### ***Combined Annual Report and Members' Benefit Statement***

- ***Small Scheme***  
Seafarers' Retirement Fund

#### ***Laurel Awards***

##### ***Best New Entry***

- ***Large Scheme***  
ACC Superannuation Scheme

##### ***Most Improved Entry***

- ***Large Scheme***  
The New Zealand Anglican Church Pension Fund

***Most Improved Entry***

**- *Small Scheme***

Sealord Superannuation Plan

The judges who selected the combined Annual Report and Benefit Statement Awards recipients were:

Bruce Edgar	Nigel Gates	Terry Hall
Tony Haas	Philip Macalister	Robyn Cormack

The winner of the Excellence in Communication Award was selected by Andy Allison, The Presence Limited.

I acknowledge the voluntary efforts of all the judges. The Awards would not be possible without their commitment and that of Andy, along with the continued sponsorship of BNZ Investment Management Limited.

Congratulations to all the winners.

**CONCLUSION**

It is very pleasing for me as Chairman to be able to report positive developments for employment-related superannuation during 2003 and early 2004 - notably the prospectus exemption and the introduction (and simplicity!) of the tiered SSCWT rates legislation.

The State Sector Retirement Savings Scheme will materially lift the level of interest, and participation, in employment-related schemes nationally. We can certainly expect greater recognition of the significant group discounting benefits open to participants in employment-related schemes.

Many challenges remain. In the near future, ASFONZ will continue lobbying to minimise compliance costs and will continue advocating tax neutrality for the treatment of investment income on superannuation savings. We will look to positively influence the Workplace Product Group's review process and resulting recommendations.

For ASFONZ as an organisation, the challenges include:

- as an urgent priority, engaging more meaningfully with master trust participants, who confront many of the same practical issues as stand-alone scheme sponsors;
- re-asserting ASFONZ's advocacy role, and once again becoming the recognised voice for all employers and trustees involved in workplace superannuation;

- continuing to originate quality submissions and commentary on existing and proposed legislative and public policy initiatives;
- expanding our provision of related education and servicing to members; and
- keeping the content and functionality of our excellent new website both fresh and inviting.

ASFONZ Councillors will engage in full and frank discussions during early 2004 on why ASFONZ exists, who its stakeholders are, its role within the industry and its key priorities for the next year and beyond.

I urge all ASFONZ members to support the 2004 Conference in Auckland. This remains the industry's flagship, and the principal education, networking (and entertainment!) opportunity for both members and the wider industry.

Thank you to all members of ASFONZ for your support.

A handwritten signature in black ink, appearing to read 'Woodbury', with a large, sweeping flourish extending to the right.

Mike Woodbury  
Chairman

**THE ASSOCIATION OF SUPERANNUATION FUNDS OF NEW ZEALAND INC**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
31 DECEMBER 2003**

	2003	2002
	\$	\$
<b><u>INCOME</u></b>		
1 - 10 Members	800	871
11-100 Members	5,929	5,040
101-250 Members	8,267	8,311
251-500 Members	9,827	8,676
501-1500 Members	14,960	18,133
Over 1500 Members	15,060	11,342
Associate Members	14,933	15,416
Associate Members Individuals	347	462
Interest Received	5,266	6,487
Less Tax on Interest	(1,408)	(1,811)
Association Breakfasts	4,155	6,871
Conference	-	60,612
Trustee Seminars	-	5,371
<b><u>Total Income</u></b>	<b>78,136</b>	<b>145,781</b>
<b><u>EXPENDITURE</u></b>		
Accountancy Fees	2,740	2,650
A.C.C. Levy	121	85
Audit Fees	2,200	2,000
Bank & Credit Card Charges	183	73
Council Meeting Expenses	1,846	11,205
Depreciation	1,615	2,503
Executive Director	37,042	44,000
Education Programme - Development	9,177	-
Education Programme - Delivery	4,838	-
General Expenses	1,362	5,906
Interest - Bank	-	78
Laurel Awards	3,807	1,118
Light & Power	527	525
Newsletter	-	1,060
Journal Publication	13,085	2,325
Postage General	1,837	2,395
Printing & Stationery	1,431	6,579
Rent & Rates	10,593	10,042
Repairs & Maintenance Computer	431	-
Software Maintenance	4,250	-
Seminar Expenses	4,838	4,860
Survey Expenses	9,001	8,241
Telephone & Tolls	4,305	4,986
Trustee Project	-	21,236
Wages	6,590	33,403
Web-Site	10,689	1,200
<b><u>Total Expenses</u></b>	<b>132,508</b>	<b>166,470</b>
<b>DEFICIT FOR THE YEAR</b>	<b>(\$54,372)</b>	<b>(\$20,689)</b>

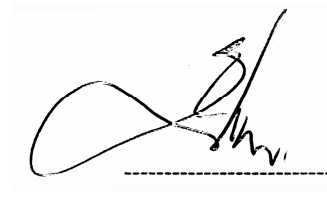
**THE ASSOCIATION OF SUPERANNUATION FUNDS OF NEW ZEALAND INC**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2003**

	2003	2002
	\$	\$
<hr/>		
Members Funds previous year	114,658	135,346
Less-Deficit for Current Year	<u>(54,372)</u>	<u>(20,689)</u>
<b>Members Funds 31 December</b>	<b>\$60,286</b>	<b>\$114,657</b>
<b>Represented By :-</b>		
<b><u>Current Assets</u></b>		
Accounts Receivable	14,167	15,110
Prepaid Expenses	-	3,439
Bank of New Zealand	-	7,085
Bank of New Zealand 02 A/c	303	418
Bank of New Zealand Deposit	17,464	53,179
National Bank Deposit	47,236	44,521
Inland Revenue	-	1,041
GST Refund	<u>5,524</u>	<u>-</u>
	84,694	124,793
<b>Fixed Assets – Note 3</b>	2,250	3,865
<b>TOTAL ASSETS</b>	<hr/> <b>89,944</b>	<hr/> <b>128,658</b>
<b><u>Current Liabilities</u></b>		
Bank of New Zealand	458	-
Provision for Tax	1,408	3,189
Accounts Payable	24,392	10,010
Subscriptions in Advance	400	204
GST Payable	<u>-</u>	<u>598</u>
	26,658	14,001
<b>TOTAL LIABILITIES</b>	<hr/> <b>26,658</b>	<hr/> <b>14,001</b>
<b><u>NET ASSETS</u></b>	<hr/> <b>\$60,286</b>	<hr/> <b>\$114,657</b>



Treasurer



Executive Director

## THE ASSOCIATION OF SUPERANNUATION FUNDS OF NEW ZEALAND INC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

#### **NOTE 1**

##### **STATEMENT OF ACCOUNTING POLICIES**

###### **General Accounting Policies**

The following general accounting policies have been adopted in the preparation of the Financial Statements.

- (i) The measurement based adopted is that of historical cost and reliance is placed on the fact that the Association is a going concern.
- (ii) Accrual accounting is used to match expenses and revenue.

###### **Particular Accounting Policies**

Particular accounting policies which materially affect the measurement of surplus financial position have been applied as follows:

###### Depreciation

Depreciation has been calculated on the straight line method to amortise the cost of the assets over their expected lives of three to five years.

###### Changes in Accounting Policy

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

#### **NOTE 2**

##### **Differential Reporting**

The Association qualifies for certain exemptions under the "Framework for Differential Reporting" issued by the Institute of Chartered Accountants of New Zealand, as it does not have public accountability and is within the prescribed level of assets and revenues.

The Association has taken all available exemptions.

#### **NOTE 3**

##### **Fixed Assets**

	<b>Rate</b>	<b>Cost Price</b>	<b>2003 Depreciation</b>	<b>Accumulated Depreciation</b>	<b>Book Value 2003</b>	<b>Book Value 2002</b>
Photocopier	20.00%	5,000	1,000	2,750	2,250	3,250
Banners	33.30%	<u>3,680</u>	<u>615</u>	<u>3,680</u>	<u>0</u>	<u>615</u>
		<b><u>8,680</u></b>	<b><u>1,615</u></b>	<b><u>6,430</u></b>	<b><u>2,250</u></b>	<b><u>3,865</u></b>

#### **NOTE 4**

##### **Lease Commitments**

The Association has entered into a lease arrangement for three years to 31 March 2004 at a fixed annual rate of \$6,100 plus variable operating costs.

**AUDIT REPORT****TO THE MEMBERS OF THE ASSOCIATION OF SUPERANNUATION FUNDS OF NEW ZEALAND INCORPORATED**

We have audited the attached financial statements. The financial statements provide information about the past financial performance of the Association of Superannuation Funds of New Zealand Incorporated and its financial position as at 31 December 2003. This information is stated in accordance with the accounting policies.

**Council's Responsibilities**

The Council is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of the Association of Superannuation Funds of New Zealand Incorporated as at 31 December 2003 and of the results of its operations for the year ended 31 December 2003.

**Auditors' Responsibilities**

It is our responsibility to express an independent opinion on the financial statements presented by the Council and report our opinion to you.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with or interests in the Association of Superannuation Funds of New Zealand Incorporated.

**Unqualified Opinion**

We have obtained all the information and explanations that we have required.

In our opinion the attached financial statements fairly reflect the financial position of the Association of Superannuation Funds of New Zealand Incorporated as at 31 December 2003 and the results of its operations for the year ended on that date.

Our audit was completed on 5 April 2004 and our unqualified opinion is expressed as at that date.



**Chartered Accountants  
Wellington, New Zealand**