

2010

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010



AIRCREW SCHEME



NATIONAL
PROVIDENT

Deloitte.

This audit report, dated 30 June 2010, relates to the financial statements of the Aircrew Scheme for the year ended 31 March 2010 included on this website. The Board is responsible for the maintenance and integrity of this website. We have not been engaged to report on the integrity of this website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on this website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 June 2010 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Aircrew Superannuation Scheme (the Scheme)
Income Statement
for the year ended 31 March 2010

	Note	2010 (\$000)	2009 (\$000)
Investment income			
Income/(loss) from unit funds	4	14,340	(12,270)
Interest received		30	131
		<u>14,370</u>	<u>(12,139)</u>
Operating expenses			
Actuarial fees		51	42
Audit fees		2	2
Bank fees		-	1
Legal fees		-	9
Management expenses	5	165	156
		<u>218</u>	<u>210</u>
Net income/(loss) before tax and membership activities		<u>14,152</u>	<u>(12,349)</u>
Income tax credit	6	56	24
Net income/(loss) after tax and before membership activities		<u>14,208</u>	<u>(12,325)</u>
Contributions			
	1		
Employer contributions		3,953	1,536
Contributor contributions		2,147	2,077
Total contributions		<u>6,100</u>	<u>3,613</u>
Scheme payments			
Benefits paid		857	-
Transfers paid to other schemes		389	3,952
Total scheme payments		<u>1,246</u>	<u>3,952</u>
Net membership activities		<u>4,854</u>	<u>(339)</u>
Increase/(decrease) in net assets for the year	9	19,062	(12,664)
Net assets available to pay benefits at beginning of year		78,658	91,322
Net assets available to pay benefits at end of year		<u><u>97,720</u></u>	<u><u>78,658</u></u>

The notes to the financial statements on pages 4 to 15 form an integral part of these financial statements.

Aircrew Superannuation Scheme (the Scheme)
Statement of Financial Position
as at 31 March 2010

	Note	2010 (\$000)	2009 (\$000)
Investment assets	3		
Units held in:			
- Fixed Interest Unit Fund		54,669	46,161
- Property Unit Fund		7,616	4,975
- New Zealand Equity Unit Fund		6,374	4,822
- Overseas Equity Unit Fund		25,403	18,274
- Commodities Fund		2,863	1,918
		96,925	76,150
Other assets			
Cash		753	2,462
Receivable from the Global Asset Trust	7	56	24
Other receivables	8	44	29
		853	2,515
Total assets		97,778	78,665
Deduct liabilities			
Accounts payable		58	7
		58	7
Net assets available to pay benefits		97,720	78,658

Authorised for issue on 30 June 2010.

On behalf of the Board of Trustees of the National Provident Fund.



Catherine M Savage
Chairman



Paul G Foley
Chairman
Audit and Risk Review Committee

The notes to the financial statements on pages 4 to 15 form an integral part of these financial statements.

Aircrew Superannuation Scheme (the Scheme)
Statement of Cash Flows
for the year ended 31 March 2010

	Note	2010 (\$000)	2009 (\$000)
Cash flows from operating activities			
Cash was provided from:			
Contributor contributions		2,137	2,081
Employer contributions		3,935	1,540
Interest received		30	131
		<u>6,102</u>	<u>3,752</u>
Cash was applied to:			
Benefits paid		857	-
Transfers paid to other schemes		389	3,952
Operating expenses		130	248
		<u>1,376</u>	<u>4,200</u>
Net cash flows used in operating activities	9	<u>4,726</u>	<u>(448)</u>
Cash flows from investing activities			
Cash was provided from proceeds from sale of units in:			
- Fixed Interest Unit Fund		-	16,368
- Property Unit Fund		-	943
- New Zealand Equity Unit Fund		162	3,456
- Overseas Equity Unit Fund		-	2,417
- Commodities Fund		-	9,039
		<u>162</u>	<u>32,223</u>
Cash was applied to purchase of units in:			
- Fixed Interest Unit Fund		3,903	6,428
- Property Unit Fund		480	2,669
- New Zealand Equity Unit Fund		-	1,526
- Overseas Equity Unit Fund		1,374	9,011
- Commodities Fund		840	11,216
		<u>6,597</u>	<u>30,850</u>
Net cash flows from investing activities		<u>(6,435)</u>	<u>1,373</u>
Net (decrease)/increase in cash held		(1,709)	925
Add opening cash brought forward		2,462	1,537
Closing cash carried forward		<u>753</u>	<u>2,462</u>

The notes to the financial statements on pages 4 to 15 form an integral part of these financial statements.

Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010

Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the requirements of clause 55 of the Scheme trust deed, and section 14 and the Second Schedule of the Superannuation Schemes Act 1989. A description of the Scheme and funding arrangements is outlined in note 1.

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the New Zealand equivalents to International Financial Reporting Standards and its interpretations (NZ IFRS), as appropriate for profit oriented entities.

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

The preparation of financial statements, in conformity with NZ IFRS, requires judgements, estimates and assumptions to be made that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions made are based on historical experience and other factors that are believed to be reasonable under the circumstances. The results of the estimates and associated assumptions form the basis for making the judgements about carrying values of assets and liabilities, which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revisions affect both current and future periods.

Measurement Base

The measurement base adopted is that of historical cost, except for investment assets which are stated at their fair value as discussed below.

Presentational and Functional Currency

The financial statements are presented in New Zealand Dollars, which is the Scheme's functional currency, rounded to the nearest thousand dollars (\$000).

Financial Instruments

The Scheme is authorised to invest only in the Global Asset Trust (GAT) or in bank deposits. The GAT is divided into separate unit funds.

The categories of financial assets and financial liabilities comprise:

- financial instruments designated at fair value through profit or loss upon initial recognition. These assets are managed and their performance evaluated on a fair value basis, consistent with the Scheme's documented investment strategy. The assets are investments in units in the GAT which, in turn, invests in New Zealand equities, overseas equities, property commodities' futures and fixed interest instruments.

**Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010**

Financial Instruments (continued)

- financial assets that are classified as loans and receivables. These include balances due from contributors, receivables from related parties and other receivables.
- financial liabilities measured at amortised cost. These include sundry other accounts payable, and bank overdrafts.

Recognition

The Scheme recognises financial assets and financial liabilities on the date the Scheme becomes a party to the financial instruments.

Measurement

Financial instruments are measured at fair value and any movement reported in the Income Statement.

Financial assets, classified as loans and receivables, and other financial liabilities are carried at amortised cost using the effective interest rate method, less any impairment losses.

The fair value of the units held by the Scheme in the GAT is based on the valuation of the financial instruments held by the GAT. The fair value of financial instruments held by the GAT is based on quoted bid prices for investments at balance date without any deduction for future selling costs. If a quoted market price is not available on a recognised stock exchange, the fair value of the instrument is estimated using valuation techniques.

Impairment

Financial assets, that are stated at amortised cost, are reviewed at each financial statement date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Income Statement as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Derecognition

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Scheme transfers the financial asset and the transfer qualifies for derecognition in accordance with NZ IAS 39 *Financial Instruments: Recognition and Measurement*. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Cash and Cash Equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments.

**Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010**

Contributions

Contributions are recognised in the Income Statement when they become receivable.

Benefits

Benefits are recognised in the Income Statement when they become payable.

Investment Income Recognition

Interest income is recognised using the effective interest rate of the instrument. Realised and unrealised gains or losses on GAT unit funds are recognised in the Income Statement. Interest income on assets designated at fair value through profit or loss, is accrued at balance date.

Expenses

All expenses are recognised in the Income Statement on an accrual basis.

Taxation

Any income tax on net income would be current tax.

Income/(loss) from the movement in the fair value of the unit funds of the GAT is received by the Scheme tax paid. The Scheme's deductible operating expenses are offset against the Scheme's interest received to result in nil assessable income.

Any surplus deductible operating expenses are transferred to the GAT under section DV 2 of the Income Tax Act 2007 (refer notes 6 and 7).

Accrued Benefits (Liabilities)

The liability for accrued benefits is the Scheme's present obligation to pay benefits to contributors and beneficiaries.

Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010

1 Description of the Scheme and Funding Arrangements

The Scheme is a defined benefit scheme, governed by a trust deed.

The Scheme is funded on the principle of "aggregate funding". Under this principle, the value of the employer's future contributions is the balancing item between the actuarial value of the contributors' benefits, and the value of contributors' future contributions and the market value of the Scheme's net assets.

The contributor's rate of contribution is set out in the Scheme trust deed and ranges from 8.75% to 10% of the contributor's salary (as defined in the trust deed), depending on the age at commencement of contributory service.

The Actuary, in her actuarial review, as at 31 March 2008, made several recommendations to the Board including a recommendation that the employer contribution rate increase from 1.1 times contributors' contributions, inclusive of withholding tax, to 2.8 times, effective 1 April 2009. In her actuarial examination, as at 31 March 2009, the Actuary recommended the employer contribution rate be increased to 3.5 times contributors' contributions (inclusive of withholding tax), effective 1 April 2010. The recommendations of the review and examination were accepted and endorsed by the Board.

During the year, employer contributions of approximately \$3,953,000 were made to the Scheme (2009: \$1,536,000).

2 Related Parties

Under the terms of the National Provident Fund Restructuring Act 1990 (the Act), the Board of Trustees of the National Provident Fund (the Board) as trustee of the Scheme. Members of the Board are appointed by Minister of Finance (the Minister) and the Board provides an annual report on the activities of the Scheme to the Minister.

The Board and the Government Superannuation Fund Authority (the Authority) have formed a joint venture company, Annuitas Management Limited (Annuitas). Each organisation has entered into a management services agreement with Annuitas.

The main function of Annuitas is to provide staff who act in management and secretarial roles on behalf of the Board and the Authority. Sue Sheldon and Roy Tiffin, the two Board appointed directors of Annuitas at the beginning of the financial year, resigned following their retirements from the Board on 30 September 2009 and 30 April 2010 respectively, and were replaced by Catherine Savage on 1 October 2009 and Paul Foley on 1 May 2010. The costs of running Annuitas are shared between the Board and the Authority on an equitable basis, as agreed between the organisations.

The Board is also the trustee of the GAT, which holds the assets of all National Provident Fund schemes. The Scheme is authorised to invest only in the GAT or in bank deposits. The GAT is divided into separate unit funds, representing various asset classes, which have issued units to the Board, as trustee of the Scheme, according to prescribed asset allocation benchmarks (refer note 3).

There are no transactions between the Board or management, as individuals, and the Scheme.

**Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010**

3 Asset Allocation

The Board has, since the date of its last report, reviewed the Scheme's asset allocation benchmarks and, based on the advice of its investment adviser, determined they should remain unchanged from the previous year. The asset allocation benchmarks are as shown hereunder:

Asset Allocation Benchmarks

Fixed Interest Unit Fund	58.0%
Property Unit Fund	7.5%
New Zealand Equity Unit Fund	6.5%
Overseas Equity Unit Fund	25.0%
Commodities Fund	3.0%

4 Income/(loss) from Unit Funds

Loss from unit funds was derived from the changes in value of units and reflects both realised and unrealised gains and losses, net of expenses directly related to investment activities, as follows:

	2010	2009
	(\$000)	(\$000)
Fixed Interest Unit Fund	4,605	1,485
Property Unit Fund	2,161	(3,640)
New Zealand Equity Unit Fund	1,714	(1,519)
Overseas Equity Unit Fund	5,755	(8,337)
Commodities Fund	105	(259)
Income/(loss) from unit funds	<u>14,340</u>	<u>(12,270)</u>

The income/(loss) from unit funds is received tax paid.

5 Management Expenses

Management expenses comprise administration fees charged by Jacques Martin New Zealand Limited to 30 November 2009 and Datacom Employer Services Limited from 1 December 2009, and a share of the expenses of the Board. The Board's expenses are apportioned to each scheme through a costing system which equitably allocates the expenses based on membership and transaction numbers, and investment asset values.

The Scheme's share of remuneration and expenses paid to members of the Board amounted to \$18,531 (2009: \$15,241) and is included in management expenses.

Investment management and custodial fees are deducted from the earnings of each of the unit funds.

Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010

6 Income Tax

Income specific to the Scheme is subject to tax at 30% after allowing for deductible expenses.

The income tax reconciliation is as follows:

	2010 (\$000)	2009 (\$000)
Scheme specific income	30	131
Deductible expenses	(218)	(210)
Expense election to the GAT under section DV 2	188	79
Taxable income	<u>-</u>	<u>-</u>
Income tax credit on current year income	56	24
Income tax credit	<u>56</u>	<u>24</u>

The tax credit results from the benefit of electing to transfer surplus deductible expenses to the GAT under section DV 2 of the Income Tax Act 2007 (the Tax Act) (refer note 7).

7 Receivable from the GAT

This receivable represents the outstanding tax credits utilised by the GAT, resulting from the transfer of the Scheme's surplus deductible expenses to the GAT under section DV 2 of the Tax Act. The Scheme will realise the receivable by investing in unit funds of the GAT.

8 Other Receivables

Other receivables consist of:

	2010 (\$000)	2009 (\$000)
Amounts due from the Board	16	29
Contributions receivable	28	-
Other receivables	<u>44</u>	<u>29</u>

Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010

9 Reconciliation of Increase/(Decrease) in Net Assets for the Year to Net Cash Flows used in Operating Activities

	2010	2009
	(\$000)	(\$000)
Increase/(decrease) in net assets for the year	19,062	(12,664)
Movements in working capital		
Increase/(decrease) in accounts payable	51	(46)
Decrease/(increase) in accounts receivable	13	(5)
Increase in contributions receivable	(28)	-
	36	(51)
Non cash items		
Increase in receivable from the GAT	(32)	(3)
	(32)	(3)
Items classified as investing activities		
(Income)/loss from unit funds	(14,340)	12,270
	(14,340)	12,270
Net cash flows used in operating activities	4,726	(448)

10 Guaranteed Benefits

Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

11 Actuarial Review, Funding Level and Vested Benefits Ratio – 31 March 2010

Actuarial Review

Every three years, a statutory actuarial examination of the Scheme is prepared in accordance with the Superannuation Schemes Act 1989 (refer note 12). In addition, an actuarial review of the Scheme is undertaken annually.

Provisional figures, as at 31 March 2010, have been completed by the Actuary based on the actuarial assumptions which, at the date of calculation, she anticipated using for the actuarial examination as at 31 March 2010. The funding level and vested benefits ratio shown by these are set out below.

**Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010**

**11 Actuarial Review, Funding Level and Vested Benefits Ratio – 31 March 2010
(continued)**

Funding Level – 31 March 2010

The funding level (solvency ratio) of the Scheme is the ratio of the net assets available to pay benefits to the value of the past service liabilities. The funding level calculated by the Actuary, as at 31 March, is shown below:

Valuation date	2010	2009
	(\$000)	(\$000)
Present value of -		
Past service liabilities	(102,696)	(98,336)
Net assets	97,720	78,658
Past service deficit	(4,976)	(19,678)
Funding level (solvency ratio)	95.2%	80.0%

This table should be read in conjunction with note 10.

Vested Benefits Ratio – 31 March 2010

The value of the vested benefits is the value of the benefits contributors would have been entitled to if they left the Scheme on the bases set out below.

The value of the vested benefits of the Scheme is determined by the Actuary as the sum of:

- for contributors, who are entitled to either retire or transfer, the greater of:
 - the lump sum retirement benefit the contributor would have been entitled to, if the contributor had retired (contributors who have attained age 50), and
 - the transfer value the contributor would have been entitled to, if the contributor had transferred out of the Scheme,
- for other contributors, who are entitled to transfer, the transfer value the contributor would have been entitled to if the contributor had transferred out of the Scheme, and
- for all other contributors, the amount held in respect of their entitlements.

The vested benefits ratio of the Scheme is the ratio of the net assets available to pay benefits to the value of vested benefits.

Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010

11 Actuarial Review, Funding Level and Vested Benefits Ratio - 31 March 2009 (continued)

The vested benefits ratio, as at 31 March, is shown below:

Valuation date	2010	2009
	(\$000)	(\$000)
Present value of -		
Vested benefits	(103,427)	(92,421)
Net assets	97,720	78,658
Deficit	(5,707)	(13,763)
Vested benefits ratio	94.5%	85.1%

This table should be read in conjunction with note 10.

12 Statutory Actuarial Examination – 31 March 2009

Under the Superannuation Schemes Act 1989, a statutory examination of the Scheme is required every three years.

The most recent statutory actuarial examination was prepared, as at 31 March 2009, by Christine Ormrod BA, FNZSA, FIA, the Actuary to the Scheme, and is dated 15 October 2009. It covers the three years 31 March 2006 to 31 March 2009.

The report on the examination showed that the value of past service liabilities exceeded the value of net assets, as at 31 March 2009, based on the actuarial assumptions used. The valuation results were:

Valuation date	2009	2006
	(\$000)	(\$000)
Present value of -		
Past service liabilities	(98,336)	(86,887)
Net assets	78,658	86,718
Past service deficit	(19,678)	(168)
Future service liabilities	(25,990)	(37,867)
Contributors' future contributions	13,517	19,545
Net future service liability	(12,473)	(18,321)
Total service deficit	(32,152)	(18,489)
Funding level	80.0%	99.8%

This table should be read in conjunction with note 10.

The above figures are rounded and so may not appear to add exactly.

The Actuary calculated the employer contribution required to meet the net future service liability, under the valuation assumptions, as 1.4 times contributor's contributions (2006: 1.4).

**Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010**

12 Statutory Actuarial Examination – 31 March 2009 (continued)

The ratio of the net assets to the value of past service liabilities is known as the funding level. A funding level of 100% indicates a balance between the net assets and the past service liabilities. The funding level of 80% shows that the Scheme had a significant deficit of assets compared to past service liabilities, as at 31 March 2009, under the valuation assumptions.

The report stated:

- the funding level in three years (31 March 2012) is estimated to be 94.3%, assuming the experience of the Scheme is in line with the valuation assumptions and the employer contributes at the recommended rate.
- the value of net assets was 85.1% of the value of the vested benefits, as at 31 March 2009. This ratio is expected to remain close to 100% over the next three years, if the experience of the Scheme is in line with the valuation assumptions and the employer contributes at the recommended rate.

The Actuary did not express an opinion on the financial condition of the Scheme.

The most significant actuarial assumptions used by the Actuary were:

- the difference (1.3% per annum) between the expected future investment returns (4.8% per annum) and the expected future salary inflation for pilots (3.5% per annum)
- the expected promotional salary increase rates:

Age	Promotion increase assumption for pilots over age band
<43	n/a
43-48	14%
48-53	13%
53-58	11%
58-62	10%

- The promotional salary increase assumption for cabin crew was nil.

12 Statutory Actuarial Examination – 31 March 2009 (continued)

Recommendations

In the report on the statutory examination, the Actuary recommended:

- the employer contribution rate is increased to 3.5 times contributors' contributions, with effect from 1 April 2010, until the Scheme attains 100% funding level and then reduces down to the level required to maintain a 100% funding level after that. This rate is inclusive of Employer Superannuation Contribution Tax.
- the Board reviews the asset allocation to apply when the Scheme achieves a 100% or more funding level.
- the Board does not amend the trust deed to increase the benefits payable from the Scheme.
- the next actuarial review of the Scheme is carried out as at 31 March 2010.

The Actuary commented that the contribution rate required from the employer is very sensitive to the investment and salary increases experience of the Scheme differing from the assumptions used. Due to the nature of the Scheme, its asset allocation and the way in which the salary of contributors is determined, large variations between the actual and assumed experience is to be expected on a year by year basis. Consequently, it is highly likely a change in employer contribution will be recommended next year.

13 Financial Instruments and Associated Risks

The Scheme invests in units of the GAT depending upon the asset allocation benchmarks determined for the Scheme (see note 3). The unit funds comprise quoted equity investments and debt investments, and commodities' futures. The Board monitors the actual asset allocations of the Scheme to ensure they remain within agreed tolerances of the asset allocation benchmarks.

The Scheme's major risk in its investment in the GAT is the price risk that the value of its units may fluctuate.

Other risks, such as market risk, (currency risk, investment rate risk and other price risks) credit risk and liquidity risk, are managed by the GAT. For a fuller explanation of these risks, reference should be made to the financial statements of the GAT. A copy of the financial statements of the GAT can be obtained from the Board (see contact details on page 18) and can be viewed on the Board's website www.npf.co.nz.

The Board manages the other risks by determining a diversified asset allocation appropriate for the Scheme's liabilities. In addition, the Board selects the investment managers, sets their mandates and monitors performance against those mandates.

**Aircrew Superannuation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2010**

13 Financial Instruments and Associated Risks (continued)

Based on the Scheme's asset allocation benchmarks and the long term rate of return for each asset class in the benchmarks (after investment management and custody fees, and after tax), and after deducting a provision for the Scheme's operating expenses (after tax), the long run investment return for the Scheme is estimated to be 5.4 % per annum.

If the long term rates of return for all of the asset classes in the benchmarks increased by 10% this would increase the investment return from 5.4% to 5.9% per annum. Similarly, if the long term rates of return for the asset classes decreased by 10%, the investment return would decrease to 4.8% per annum.

14 Subsequent Events

There were no material events subsequent to balance date requiring amendments to these accounts.

On 20 May 2010, the Government announced a decrease in the income tax rate applicable to the income from the unit funds of the GAT from 30% to 28%. This will become effective on 1 October 2010. Income, received by the Scheme as interest, will receive this benefit from 1 April 2011.

**Aircrew Superannuation Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2010**

The Board of Trustees of the National Provident Fund (the Board), as trustee of the Scheme, provides contributors with the following information, as required by the Second Schedule to the Superannuation Schemes Act 1989.

- 1 Changes in the Scheme membership numbers during the year were as follows:

	Contributors	Pensioners	Total
Opening membership as at 1 April 2009	124	1	125
Death	(1)	-	(1)
Transfer to another NPF scheme	(1)	-	(1)
Closing membership as at 31 March 2010	122	1	123

- 2 On the basis of evidence available, the Board believes that all contributions required to be made to the Scheme, in accordance with the terms of the Scheme trust deed, have been made.
- 3 The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme trust deed.
- 4 The Board certifies, based on the advice of the Actuary, that the net market value of the Scheme's assets is less than the total value of the vested benefits of the Scheme, as at 31 March 2010 (refer note 11 to the financial statements).
- 5 The Board confirms that, to the best of its knowledge, not more than 10 percent of the net market value of the Scheme assets were invested with the employer, or associated entities, either directly or indirectly, who are parties to the Scheme.
- 6 The Scheme trust deed has not been amended since 24 June 2009, being the date of the Scheme's last annual report.

**Aircrew Superannuation Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2010**

7 Directory

Trustee

Board of Trustees of the National Provident Fund

Members of the Board are:

Catherine M Savage (*Chairman from 1 October 2009*)

Susan J Sheldon (*Chairman to the date of her retirement 30 September 2009*)

Paul G Foley

Roger J Kerr

Noeline C Munro

Roy R Tiffin (*retired 30 April 2010*)

Mary K Watson

Administration managers

Datacom Employer Services Limited (*appointed 1 December 2009*)

Jacques Martin New Zealand Limited (*terminated 30 November 2009*)

Investment managers

Fixed interest managers

Pacific Investment Management Company, LLC
Wellington Management Company, LLP

New Zealand equity managers

AllianceBernstein New Zealand Limited (*terminated 20 January 2010*)

Harbour Asset Management Limited (*appointed 20 January 2010*)

ING (NZ) Limited

Overseas equity managers

AMP Capital Investors Limited

AQR Capital Management LLC (*appointed 1 December 2009*)

BlackRock Asset Management Australia Limited (*previously Barclays Global Investors, N.A.*)

Mercer Investment Nominees Limited

Property managers

AMP Capital Investors (New Zealand) Limited

Cohen & Steers Capital Management, Inc. (*terminated 18 December 2009*)

LaSalle Investment Management (Securities) L.P. (*terminated 3 December 2009*)

**Aircrew Superannuation Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2010**

7 **Directory (continued)**

Commodities manager

Gresham Investment Management LLC (*appointed 30 July 2009*)

Foreign exchange hedging managers

ANZ National Bank Limited
Bank of New Zealand

Actuary

Christine D Ormrod
PricewaterhouseCoopers

Auditor

I C Marshall
Deloitte
(*on behalf of the Auditor-General*)

Solicitors

Chapman Tripp

Bank

Bank of New Zealand

Custodian

JP Morgan Chase Bank

8 All correspondence relating to the Scheme should be addressed to:

The Manager
National Provident Fund Administration
Datacom Employer Services Limited
PO Box 606
WELLINGTON 6140

OR

The Secretary
Board of Trustees of the National Provident Fund
P O Box 3390
WELLINGTON 6140

For and on behalf of the Board of Trustees
of the National Provident Fund



Catherine M Savage
Chairman
30 June 2010

REPORT OF THE AUDITOR-GENERAL TO THE READERS OF THE AIRCREW SUPERANNUATION SCHEME

The Auditor-General is the auditor of the Aircrew Superannuation Scheme (the Scheme). The Auditor-General has appointed me, I C Marshall, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Scheme for the year ended 31 March 2010.

Unqualified Opinion

In our opinion:

- The financial statements of the Scheme on pages 1 to 15:
 - comply with generally accepted accounting practice in New Zealand,
 - comply with International Financial Reporting Standards, and
 - give a true and fair view of:
 - the Scheme's net assets as at 31 March 2010, and
 - the results of its operations and cash flows for the year ended on that date.
- Based on our examination the Scheme kept proper accounting records.

The audit was completed on 30 June 2010 and is the date at which our opinion is expressed.

The basis of the opinion is expressed below. In addition, we outline the responsibilities of the Board of Trustees and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data,
- verifying samples of transactions and account balances,
- performing analyses to identify anomalies in the reported data,
- reviewing significant estimates and judgements made by the Board of Trustees,
- confirming year-end balances,
- determining whether accounting policies are appropriate and consistently applied, and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Board of Trustees and Auditor

The Board of Trustees is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the net assets of the Scheme as at 31 March 2010. They must also give a true and fair view of the results of its operations and cash flows for the year ended on that date. The Board of Trustees' responsibilities arise from section 14 of and the Second Schedule to the Superannuation Schemes Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Scheme.



I C Marshall
Deloitte
On behalf of the Auditor-General
Wellington, New Zealand