

Workplace Savings NZ

Te māngai penapena ā-mahi

ANNUAL REPORT 2011

Workplace Savings NZ Incorporated

Tel: (04) 472 2260 Fax: (04) 472 2268 PO Box 25-179, Wellington, New Zealand

WORKPLACE SAVINGS NZ INCORPORATED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Workplace Savings NZ - our Mission | 2 |
| Workplace Savings NZ- our Strategic Direction | 2 |
| Report from the Chair | |
| ➤ 2011 Successes | 3 |
| ➤ Looking Forward | 5 |
| ➤ Who makes-up the Workplace Savings NZ Council? | 6 |
| ➤ Appreciations | 6 |
| 2011 – A Year in Review | |
| ➤ Our Submissions and Public Consultations | 8 |
| ➤ Our Industry Activities | 8 |
| ➤ Our People – Industry Participation | 11 |
| ➤ Financial Results | 15 |
| Financial Statements | 16 |
| Audit Statement | 21 |

Workplace Savings NZ – our Mission

The mission of Workplace Savings NZ is to be the Voice of Workplace Savings, advancing the sustainable, effective, and efficient delivery of workplace savings outcomes for all involved.

Workplace Savings NZ – Our Strategic Direction

- Promote Workplace Savings NZ as the “Voice of Workplace Savings”.
- Work with the Government to develop policies that achieve improved workplace savings and KiwiSaver outcomes.
- Identify and promote initiatives and reforms that will provide efficiencies and enhancements to minimise the extent to which regulatory factors impede delivery of effective and efficient workplace savings outcomes, and those that will encourage sustainable participation in workplace savings.
- Support employers, trustees and providers in their delivery of optimal workplace savings outcomes.
- Improve public confidence in workplace savings by consistently reinforcing integrity, accountability, and professionalism within the workplace savings industry.
- Serve Workplace Savings NZ members, and its supporters, by providing a range of services to meet their needs and deliver value for their participation.

Report from the Chair

Workplace Savings NZ continues to be the voice of workplace savings, promoting great workplace savings outcomes for New Zealand.

We do this by:-

- originating submissions and commentary on existing and proposed legislative and public policy measures,
- promoting legislative and public policy initiatives beneficial to optimal workplace retirement savings outcomes, and
- providing education and other related services to members through our conferences, forums, industry functions, and workshops, as well as
- recognising excellence in workplace retirement savings communication through our annual awards.

Our focus is on ensuring we make a real difference for all those with an interest in the delivery of effective long term retirement savings outcomes for workers – including stand-alone Workplace Super, Complying Super Funds and KiwiSaver.

In 2012 we again look forward to the continuing support of our members and financial supporters in making our voice heard where it counts.

2011 Successes

- **KiwiSaver Scheme Provider Forums**

During 2011 we hosted two key Provider Forums, which were the genesis for the creation and publication of a number of Best Practice Papers for use by all industry participants. These were:-

1. KiwiSaver First Home and Deposit Subsidy Guidelines
2. KiwiSaver Transfer Best Practice Guidelines
3. Significant Financial Hardship Processing Guidelines
4. Significant Financial Hardship Best Practice Application Form

We were delighted with the level of engagement volunteered by many Industry participants, whose contribution of their employees' time and expertise assisted in making these tasks possible. We also extend our thanks and appreciation to Graham Evans of Breaker Bay Consulting Group, and a Workplace Savings NZ Councillor, who was responsible for crafting the Best Practice Papers from the input of all of the various participants in the working groups. The extensive effort put in by all involved, and Workplace Savings NZ's facilitation, has resulted in process and practice tools that immeasurably assist quality outcomes across the KiwiSaver industry.

- **"Savings on the Brink"**

Our one-day Forum was held at the Pullman Hotel in Auckland. The Forum was a huge success, with outstanding attendance numbers, and very positive feedback from delegates.

- **Workplace Savings Professional (WSP) designation**

At the 2011 annual general meeting the membership approved rule changes that created a special category of membership, called 'Workplace Savings Professionals', for whom continuing professional development is a core criterion.

This development is in direct response to the new regulatory environment, and where we see regulation heading, with increasing importance being placed on the professionalism and core competence of those responsible for managing funds entrusted to them by others. WSP membership recognises a commitment to core skills development and continuing learning in the increasingly complex world of workplace savings. A structured programme for the continuing professional development of those involved in the savings industry has been developed to guide our seminar and conference programming for the future. Council is delighted to have been able to make this opportunity available to our members.

- **The Communications Awards**

We again had strong competition in each category of the 2011 Communications Awards. More details are provided later in this report, but what is really encouraging is the increasing quality of the communications we are seeing contest these awards, which is a real credit to the industry. We are looking forward to the bar being lifted even further in 2012, especially in light of Financial Markets Authority initiatives aimed at more effective disclosure.

- **Legislation, Regulation & Reform.**

Once again in 2011, we have continued to work with Government and its officials to ensure product providers and employers who assist employees with workplace retirement savings solutions are not deluged with an overwhelming burden of compliance requirements. During 2011 we made submissions, amongst others, on:-

1. Periodic Reporting Regulations for Retail KiwiSaver Schemes
2. Fee and levy charges proposed by the Financial Markets Authority
3. Financial Markets Conduct Bill Exposure Draft
4. Foreign Account Tax Compliance Act (FATCA)

The pace of legislative change continued unabated throughout 2011. We also saw comprehensive proposals tabled for a full overhaul of the regime for offering securities (including superannuation scheme and KiwiSaver schemes) and detailed proposals for retail KiwiSaver scheme reporting obligations. Following the KiwiSaver Amendment Act 2011, all non-restricted KiwiSaver schemes will need to have been restructured by the end of the third quarter of 2012. These reforms will generate significant activity over the year ahead, both for Workplace Savings NZ and our members from every part of the retirement savings industry.

Looking Forward

There's plenty on the plate for 2012 and beyond for Workplace Savings NZ.

KiwiSaver provider forums will continue to be facilitated by Workplace Savings NZ, helping to drive best practice processes to enhance the KiwiSaver experience for KiwiSaver members.

Further regulatory changes will come in the form of new retail KiwiSaver scheme periodic disclosure rules being finalised and the Financial Markets Conduct Bill being progressed. We will also see changes to the KiwiSaver Annual reporting requirements, bedding down the separation of roles between KiwiSaver trustee and managers, finalisation of FMA fee and levy charges for the industry, and heightened activity around preparing for the new Anti Money Laundering / Countering Financial Terrorism regime which comes into full effect in 2013.

The 2012 two-day Workplace Savings NZ Conference in August – “How much is enough?”

And inevitably, a whole lot more!

Who makes-up the Workplace Savings NZ Council?

(As at 31 March 2012)

| | |
|--------------------|--|
| Chair | David Ireland, BCA LLB WSP Kensington Swan |
| Vice-Chair | David Wallace AMP Financial Services |
| Treasurer | Murray Sarelius, BBS CA KPMG |
| Councillors | David Biegel Independent Consultant |
| | David Boyle OnePath (NZ) Limited |
| | Graham Evans, BSc AIA AIAA WSP Independent Consultant |
| | Kerry Haycock Airways Superannuation Plan |
| | Ian Miller Tower Asset Management |
| | John Smith ASB Bank |

Appreciations

Workplace Savings NZ could not function without the help of a large number of people and organisations. It is proper and fitting that in this report there is an acknowledgement of the thanks that are due to:

- the Workplace Savings NZ Councillors for their energy and commitment to helping achieve better workplace savings outcomes for New Zealand, including the significant efforts spent on crafting our numerous submissions;
- the Council sub-committee and our Secretariat who organised "Savings on the Brink" - our very successful 2011 one-day Forum held in Auckland;
- the Professional Development Programme presenters for their time and expertise;

- the judges of the annual Workplace Savings NZ Communication Awards for their time and dedication to the task;
- all those who took part in our KiwiSaver Forums, in particular those who contributed to the KiwiSaver issues workshops and provided input into the Best Practice guidelines;
- Barry Dent, Tim McGuinness and Martin Crosby who took the lead in forming our new 'Super Reference Group', providing expert input from the perspective of single and multi-employer superannuation schemes;
- our financial sponsors, without whom Workplace Savings NZ could not have achieved the significant outcomes it did in 2011; and
- our professional advisers, in particular Kensington Swan, Chapman Tripp and Splash Consulting, for the assistance provided on various day-to-day operations of Workplace Savings NZ and specialist input into our initiatives.

In addition, thanks need to be given to all of the Members of Workplace Savings NZ. We thank you for your continuing support and contribution in yet another year of considerable change. Your ongoing participation in Workplace Savings NZ initiatives will continue to be critical to our future success.

As part of that participation, we continue to encourage our members to talk with us about the workplace savings issues that matter most to you. Our Secretariat's door – now in new premises at AdviceFirst House in Waring Taylor Street, Wellington - is always open to those with a passion for improving workplace retirement savings outcomes.

We look forward to your continuing support in 2012 and beyond.



David Ireland, BCA LLB WSP

Chair

31 March 2012

2011 – A YEAR IN REVIEW

Our Submissions & Public Consultations

2011 was another busy year for legislative and regulatory reform. In the year to 31 December 2011 Workplace Savings NZ made submissions on the:

- Periodic Reporting Regulations for Retail KiwiSaver Schemes Discussion Paper;
- Proposed fee and levy charges for the Financial Markets Authority, External Reporting Board, New Zealand Companies Office, and Insolvency and Trustee Services Discussion Document;
- Financial Markets Conduct Bill Exposure Draft;
- Financial Account Tax Compliance Act (FATCA); a submission made to the US Internal Revenue Service;
- Revised proposal for fee and levy charges for the Financial Markets Authority, External Reporting Board, New Zealand Companies Office, and Insolvency and Trustee Services.

We were also active in making submissions at various Select Committees on those issues we considered warranted more expansion for committee members and their officials.

The above submissions can be viewed on our website:

www.workplacesavings.org.nz/2011-submissions/

Workplace Savings NZ helped deliver member benefit by supporting extension of the following Securities Act exemption:

- Securities Act (Multiple Participants Superannuation Schemes) Exemption Notice 2011; which now expires 30 November 2016

Our Industry Activities

Workplace Savings NZ 2011 Forum

“Savings on the Brink” was the theme of our 2011 one-day Forum held in August at the Pullman Hotel, Auckland.

As we have done in past years, Workplace Savings NZ once again attracted a very high standard of keynote speakers who covered a range of relevant and interesting topics.

Delegates have told us that our 2011 Forum was thoroughly enjoyed by the almost 130 delegates who attended.

Workplace Savings NZ remains committed to ensuring that our one-day Forums, and two-day Conferences, continue to provide the peak industry event each year for those engaged in the workplace savings industry in New Zealand.

In 2012 we will be hosting a two-day Conference on issues critical to workplace savings in New Zealand, this time with the theme "How much is enough?". This year's Conference will be held at the Pullman Hotel in Auckland on 16 & 17 August 2012.

We will share more of the details on the Forum programme with members over the course of the second quarter of 2012.

2011 Communication Awards

The Workplace Savings NZ Communication Awards remain highly valued by both recipients and the workplace savings industry alike.

We believe our Communication Awards set the benchmark for industry good communication practice. We were once again delighted with the level of interest in the 2011 communication awards, highlighting the ever increasing importance being placed on effective communication.

Workplace Savings NZ would like to thank the competition judges for volunteering their time and expertise to judge the 2011 entries. The judges who selected the Award recipients were:-

- Helen McKenzie, Head of Distribution, Tyndall Investment Management;
- Anna Griffiths, Marketing Communications Manager, Commission for Financial Literacy and Retirement Income (formerly the Retirement Commission); and
- Lynda Harris, Chief Executive, Write Limited.

As was the case in past years, the number of entries together with a compressed judging timeline, presented a challenge for the judging panel. We cannot commend their efforts enough on behalf of all participants.

Congratulations go to all the winners, in particular the winner of the overall Excellence in Communication Award, who was:

AMP Services (NZ) Limited

The winners of the individual categories were:

Annual Reporting of the Year

Seafarer's Retirement Fund

Investment Statement of the Year

Grosvenor Financial Services Group

Best Other Workplace or KiwiSaver Communication

AMP Financial Services (NZ) Limited

Best New Entrant

Gareth Morgan Investments

The winning entries can be seen at:

<http://workplacesavings.org.nz/2011-communication-awards-winners/>

The People's Choice KiwiSaver Communications Award represents excellence in communicating with KiwiSaver members, and is a particular highlight of the Workplace Savings NZ industry Communication Awards.

The People's Choice Award is voted on by people who are members of a KiwiSaver scheme, with those people rating how well they perceived their provider communicated with them throughout the 2011 calendar year.

The Award is aimed at encouraging improved effectiveness of KiwiSaver communications, which in turn we hope will help improve financial literacy standards amongst KiwiSavers.

The winner of the 2011 People's Choice KiwiSaver Communications Award was:

Gareth Morgan Investments

Professional Development Programme

The Workplace Savings NZ Certificate in Trusteeship recognises a commitment to learning industry best practice. We continue to encourage members of Workplace Savings NZ who act in a trustee capacity to make completion of the Workplace Savings NZ Certificate their minimum formal learning benchmark.

The Workplace Savings NZ Certificate comprises four modules;

- Introduction to Trusteeship,
- Introduction to Wholesale Investing,
- Advanced Investing,

- Best Practice Governance.

The Professional Development Sub-Committee is tasked with ensuring that these professional development modules continue to be relevant, of interest, and in demand. Member feedback on course content is always welcomed.

In 2012 the modules will once again be delivered on an 'on demand' basis, with courses scheduled to meet member need. Members should lodge their expressions of interest and preferred timing with the Secretariat to enable this to be co-ordinated.

Industry Breakfasts and Seminars

In partnership with Women in Super, we once again hosted a series of successful breakfast meetings in Wellington and Auckland during 2011.

Breakfast get togethers continue to be a very effective forum for informative discussions, with time for members to meet and exchange views in a relaxed environment. Workplace Savings NZ has a planned programme of industry events on important issues spread over the remainder of 2012.

We welcome contributions of topical ideas for our Industry Breakfast, so if you wish to give us feedback or ideas for future events please contact the Secretariat.

SuperNews

SuperNews, the Association's electronic newsletter for members, continues to be published bimonthly, with the 2011 editions being well received. *SuperNews* contains information of interest to Workplace Savings NZ members, as well as providing brief, topical updates on current issues and upcoming events. Offers of in-depth articles on topical industry issues remain very welcome.

Our People – Industry Participation

Membership

There were 112 members of Workplace Savings NZ as at 31 December 2011 (2010: membership was 121).

From the perspective of assets under management, the membership of Workplace Savings NZ continues to cover about 90% of retirement savings held through workplace retirement savings arrangements, being Corporate Super, Master Trusts and KiwiSaver

schemes, strengthening our position as the “Voice of workplace savings” – on behalf of our members and the workplace savings industry generally.

We believe that the workplace savings landscape will continue to evolve and change in 2012 and beyond. For this reason, we will once again focus on the issues of key importance for our members. These include consistently refreshing the direction of our voice to ensure we remain relevant for our members. We will also continue to encourage greater participation from employers that are Master Trust or KiwiSaver participants, whilst retaining relevance for our core superannuation fund members.

Retention and growth of membership continues to be critical to our ongoing success. Achieving membership growth will be made easier if existing members, and product & service providers to the industry, become active advocates of the good work undertaken by, and membership in, Workplace Savings NZ.

Council Membership during 2011

The affairs of Workplace Savings NZ are managed by an elected Council of between seven and twelve member representatives. During 2011, the appointed officials were:

Chair: David Ireland
Vice-Chair: Dianne Kidd until April 2011; then David Wallace
Treasurer: Murray Sarelius
Association Secretary: Bruce Kerr

The full list of Councillors who served during the 2011 year is as follows:

| Name | Initial Year of Election | Status |
|-----------------|---------------------------------|--|
| Dianne Kidd | 2006 | Re-Elected 2009, Ceased office in 2011 |
| David Ireland | 2007 | Re-Elected 2010, Continuing |
| Murray Sarelius | 2007 | Re-Elected 2010, Continuing |
| Graham Evans | 2008 | Re-Elected in 2011 |
| Ian Miller | 2008 | Re-Elected in 2011 |
| Sasha Mandich | 2010 | Resigned in 2011 |
| David Biegel | 2010 | Continuing |
| David Boyle | 2010 | Continuing |
| David Wallace | 2010 | Continuing |
| Kerry Haycock | 2011 | Co-opted in 2010. Elected in 2011. |
| John Smith | 2011 | Elected in 2011 |

Workplace Savings NZ greatly appreciates and would like to publicly acknowledge the contribution made over his short term as a Councillor by Sasha Mandich..

Council Sub-Committees

During 2011 the following Council sub-committees took much of the workload in the areas of:

- **Profile and Growth** – which focussed on branding & marketing, membership, website, industry breakfasts, SuperNews, sponsorships, communication awards & internal engagement;
Committee comprised: Ian Miller (Convenor), David Biegel & Graham Evans.
- **Public Policy** – which focussed on building relationships with politicians, submissions on legislative developments, proactive lobbying, promotion of public debate & our website;
Committee comprised: David Wallace (Convenor), Kerry Haycock & Murray Sarelius.
- **Professional Development** – which focussed on specialist industry training courses, Workplace Savings NZ marketing collateral & marketing plan for courses, key industry relationships, Workplace Savings NZ 2011 Forum & our website;
Committee comprised: Dianne Kidd (Convenor until Aug 2011); David Ireland, Sasha Mandich (Ceased office in 2011) & John Smith.
- **KiwiSaver 20/20** – which focuses on all initiatives relating to KiwiSaver & KiwiSaver Providers forums.
Committee comprised: David Boyle (Convenor), David Biegel & David Wallace.

In addition, the Council has established a Sub-Committee to energise the 2012 Conference.

Council Meetings

During 2011 the Workplace Savings NZ Council met six (6) times – 23 February, 27 April (AGM), 22 June, 24 August, 20 October, and 8 December.

For reasons of cost containment, most Council meetings were held by teleconference. Council Sub-Committees also met on numerous occasions during the year, again mostly by teleconference.

Secretariat

Workplace Savings NZ has a small secretariat to manage and implement business initiatives:

| | |
|--------------------------|-----------------------------------|
| Executive Director | Bruce Kerr, Dip. Bus. Studies WSP |
| Administrative Assistant | Shelley Grace |

| | |
|-----------|--|
| Office | Workplace Savings NZ Level 4, AdviceFirst House 120 Featherston Street P O Box 25-179, Panama Street Wellington 6146 |
| Telephone | (04) 472 2260 |
| Facsimile | (04) 472 2268 |
| Email | info@workplacesavings.org.nz |
| Web Site | www.workplacesavings.org.nz |

Financial Supporters in 2011

Again in 2011, Workplace Savings NZ engaged with a number of industry participants who have become our financial sponsors. In return for their financial assistance each supporter receives a range of tangible benefits from Workplace Savings NZ, as well as significant brand exposure. It is appropriate that we formally acknowledge and thank our financial sponsors who are:

Gold Supporters

AMP Financial Services/AMP Capital Investors
ASB Group Investments
AXA New Zealand

Silver Supporters

OnePath (NZ) Limited
Mercer (N.Z.) Limited
TOWER Asset Management Limited

Bronze Supporters

Chapman Tripp
KPMG
Russell Investment Group Limited
Simpson Grierson
Tyndall Investment Management NZ Limited
Westpac New Zealand Limited

Our financial sponsor structure currently sees us with a vacancy in each of the Gold sponsor and Bronze sponsor categories.

If there are any providers to the Workplace Savings industry who would like to explore this opportunity, please contact our Executive Director.

FINANCIAL RESULTS

It is very pleasing to report that the financial results for the year ended 31 December 2011 show an operating surplus of \$6,297 (\$42,869 in 2010), lifting our member funds to \$198,326 at year end.

Major financial performance factors in 2011 compared with previous years were:

- a surplus of \$23,630 from our one-day 2011 Forum held in Auckland (\$42,655 from our two -day National Conference held in Christchurch in 2010, and \$4,346 from our previous one-day Forum in 2009);
- sponsorship income of \$103,978 (\$100,462 in 2010);
- an increase in interest income at \$11,148 (\$8,432 in 2010);
- professional support with media relations reduced to \$5,760 (\$9,300 in 2010);
- a small reduction in membership subscription income of \$64,383 (\$66,667 in 2010); and
- a reduction in the overall level of expenses to \$245,040 (\$285,609 in 2010), despite our hefty investment in hosting KiwiSaver Best Practice workshops and our one-off legal expenses.

Council targeted increased revenue and a reduction in operating costs in 2011 as we continued to deliver value for our members and supporters on a sustainable basis.

The surplus recorded was indeed pleasing, in line with budget, and moved us away from past cycles of producing a profit in years when our National Conference is held and losses in the year that follows.

Once again in 2012 we will continue our financial focus on minimising operating costs; however this will not be done at the expense of continuing to deliver value for our members and supporters.

The Workplace Savings NZ Financial Statements for year ending 31 December 2011 follow.

WORKPLACE SAVINGS NZ INCORPORATED

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31 DECEMBER 2011**

| | 2011 | 2010 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| <u>INCOME</u> | | |
| Association Breakfasts | 14,973 | 13,658 |
| Communication Awards | 1,000 | 696 |
| Conference Income | 44,932 | 131,002 |
| Education Programme | 14,175 | 5,626 |
| Interest Received | 11,148 | 8,432 |
| Less: Tax on Interest | -3,252 | -2,230 |
| Membership Fees – Note 3 | 64,383 | 66,667 |
| Seminars | - | 4,165 |
| Sponsorship | 103,978 | 100,462 |
| <u>Total Income</u> | 251,337 | 328,478 |
| <u>EXPENDITURE</u> | | |
| A.C.C. Levy | - | 482 |
| Association Breakfast Expenses | 16,322 | 15,586 |
| Audit Fees | 5,050 | 3,860 |
| Bank & Credit Card Charges | 962 | 1,254 |
| Communication Awards | 4,730 | 6,323 |
| Conference Expenses | 21,302 | 88,347 |
| Council Meeting Expenses | 4,970 | 3,019 |
| Depreciation | 159 | 324 |
| Education Programme – Delivery | 6,531 | 2,069 |
| General Expenses | 16,638 | 12,952 |
| Interest Paid | - | - |
| Legal Expenses | 15,261 | - |
| Marketing Expenses | 690 | 2,188 |
| Media Releases | 5,760 | 9,300 |
| Postage General | 586 | 800 |
| Printing & Stationery | 5,757 | 6,926 |
| Rent & Rates | 15,500 | 15,500 |
| Repairs & Maintenance Computer | - | 563 |
| Seminar Expenses | 14,775 | 3,230 |
| Software Purchased | - | 220 |
| Submission Expenses | - | 26 |
| Telephone & Tolls | 1,856 | 1,974 |
| Wages | 103,796 | 104,975 |
| Web-Site | 4,395 | 5,691 |
| <u>Total Expenses</u> | 245,040 | 285,609 |
| <u>SURPLUS FOR THE YEAR</u> | 6,297 | 42,869 |

The accompanying accounting policies and notes form an integral part of these financial statements.

WORKPLACE SAVINGS NZ INCORPORATED

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011**

| | 2011 | 2010 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Members' Funds Previous Year | 192,029 | 149,160 |
| Surplus for Current Year | 6,297 | 42,869 |
| Members' Funds End of Year | 198,326 | 192,029 |

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

| | 2011 | 2010 |
|-----------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| <u>Current Assets</u> | | |
| Accrued Interest | 3,825 | 3,522 |
| Association Debtors | 879 | 7,731 |
| BNZ Current Account | 14,556 | 16,093 |
| GST Refund | - | 2,005 |
| Tax Refundable | - | 1,534 |
| Term Deposits | 216,991 | 243,488 |
| | <u>236,251</u> | <u>274,373</u> |
| Fixed Assets – Note 4 | 368 | 527 |
| TOTAL ASSETS | <u>236,619</u> | <u>274,900</u> |
| <u>Current Liabilities</u> | | |
| Accounts Payable | 11,250 | 8,971 |
| GST Payable | 2,058 | - |
| Holiday Pay Liability | 2,748 | 3,447 |
| Tax Payable | - | - |
| Sponsorship in Advance | 22,237 | 70,275 |
| Subscriptions in Advance | - | 178 |
| TOTAL LIABILITIES | <u>38,293</u> | <u>82,871</u> |
| NET ASSETS | <u>198,326</u> | <u>192,029</u> |

Represented by:

198,326 192,029

Member Funds



Treasurer

Date: 13/4/ 2012



Executive Director

Date: 13/4/ 2012

The accompanying accounting policies and notes form an integral part of these financial statements.

WORKPLACE SAVINGS NZ INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1

STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

Workplace Savings NZ Incorporated (the "Association") is registered as an incorporated society under the Incorporated Societies Act 1908. These financial statements have been prepared under NZ Generally Accepted Accounting Practice (NZ GAAP) and comply with the Financial Reporting Act 1993.

The Association has not implemented the New Zealand Equivalents to the International Financial Reporting Standards (NZ IFRS). The requirement to adopt NZ IFRS was delayed for small entities by the Accounting Standards Review Board (ASRB). The Association is considered a small entity.

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

- (i) The measurement base 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 record 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 using the diminishing value method to amortise the cost of the assets over their expected lives.

Goods and Services Tax (GST)

The financial statements are presented on a GST exclusive basis except accounts receivable and accounts payable which include GST.

Revenue

Revenue from membership fees is recorded based on registrations made for the financial year. Revenue from conference fees is recorded based on event attendance for the financial year conferences are held. Revenue from sponsorship income is split into current financial year with advance payments accrued to the following accounting period(s).

Changes in Accounting Policy

There have been no changes in accounting policies and 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 New Zealand Institute of Chartered Accountants as it does not have public accountability and is within the prescribed level of assets and revenues.

The Association has taken all available exemptions.

WORKPLACE SAVINGS NZ INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

NOTE 3

Membership Fees Received

In 2010 Council approved restructuring of the Associations membership.

The 2011 Membership fees received were:-

| <u>Membership Category</u> | <u>2011</u> | <u>2010</u> |
|-----------------------------------|----------------------|----------------------|
| Schemes | \$ | \$ |
| 1-150 Members | 2,265 | 2,133 |
| 151-500 Members | 5,739 | 6,933 |
| 501-1,000 Members | 7,043 | 6,400 |
| 1,000+ Members | <u>19,826</u> | <u>17,067</u> |
| | 34,873 | 32,533 |
| Employers | | |
| 1-25 Employees | 1,826 | 1,600 |
| 26-100 Employees | 2,609 | 2,667 |
| 101-500 Employees | 3,130 | 8,000 |
| 500+ Employees | <u>4,174</u> | <u>4,267</u> |
| | 11,739 | 16,534 |
| Service Providers | | |
| 1-100 Employees | 7,565 | 8,000 |
| 101-500 Employees | 3,913 | 3,200 |
| 500+ Employees | <u>4,174</u> | <u>4,267</u> |
| | 15,652 | 15,467 |
| Individuals | 1,849 | 2,133 |
| WSP Members | <u>270</u> | <u>-</u> |
| Total Membership Fees | <u>64,383</u> | <u>66,667</u> |

NOTE 4

Fixed Assets

| | Rate % | Cost Price | 2011 Depreciation | Accumulated Depreciation | Book Value 2011 | Book Value 2010 |
|------------------|-------------------|-----------------------|------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Computer | 60.0 | 1,298 | 13 | 1,289 | 9 | 22 |
| Printer | 60.0 | 484 | 5 | 481 | 3 | 8 |
| NoteBook | 60.0 | 1,421 | 39 | 1,395 | 26 | 65 |
| Projector | 60.0 | 1,688 | 47 | 1,657 | 31 | 77 |
| Office Furniture | 15.6 | 552 | 55 | 253 | 299 | 355 |
| | | <u>5,443</u> | <u>159</u> | <u>5,075</u> | <u>368</u> | <u>527</u> |

WORKPLACE SAVINGS NZ INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 5

Lease Commitments

The Association has entered into the following lease arrangements:-

1. A premises lease arrangement for 1 year to 31 March 2012 at a fixed annual rate plus variable operating expenses; and
2. A further premises arrangement (120 Featherston Street, Wellington) for 2 years to 31 March 2014 at a fixed annual rate plus variable operating expenses; and
3. An equipment lease arrangement for 3 years to 30 September 2014 at a fixed annual rate plus variable operating expenses.

| Lease Expense | Current Commitment | Non-current Commitment |
|----------------------|---------------------------|-------------------------------|
| Office space | \$15,125 | \$18,750 |
| Document Centre | \$5,397 | \$9,445 |

NOTE 6

Related Party Transactions

During the year, the Association incurred \$10,502.97 in legal services from Kensington Swan, in which David Ireland (Chairman of the Association) is a Partner (2010: Nil).

Council members' membership fees and attendance fees at all Association events are waived provided that the Council members are not an employee of a member firm of the Association, in which case that member firm would pay for the membership and attendance fees.

NOTE 7

Subsequent Events

Subsequent to the balance sheet date 31 December 2011, the Association has moved premises from Level 2, 49 Courtenay Place to Level 4, 120 Featherston St. The lease commitments note (Note 5) has been adjusted to reflect this change. There were no other events that occurred subsequent to 31 December 2011, which would have significant impact on these financial statements (2010: Nil).

AUDIT REPORT