



ANNUAL RETURN



FRIENDLY SOCIETY

Friendly Societies and Credit Unions Act 1982

This return is to be completed and sent **within three months of the end of the financial year** to the Registrar of Friendly Societies and Credit Unions, Private Bag 92061, Auckland Mail Centre.

The purpose of the return is to obtain up-to-date information, and to present certain details in a consistent manner for all friendly societies for ease of analysis. It is also used to compile overall friendly society statistics.

Please complete all sections. This return may be typed or neatly handwritten.

Organisation Number: **1802898**

Name of Friendly Society: **Manchester Unity Friendly Society**

Name of Branch (Where applicable):

Registered Office: **142 Lambton Quay, Wellington**

Postal Address: **P O Box 5083, Wellington**

Financial Year Ended (DD/MM/YYYY): **31-May-~~2008~~ 2009**

NAMES AND ADDRESSES OF OFFICERS (as at the date of the Return; continue on separate sheet if necessary).

	Name	Residential Address
Committee of Management	Peter John Courtney	66 Rawhiti Road, One Tree Hill, Auckland
	Paul Leonard Haglund	47 Stackhouse Avenue, Christchurch
	Ingrid Robyn Taylor	7 Taunton Green, Christchurch
	Peter William Schumacher	76 Hawker St, Mt Victoria , Wellington
	John Hayman Lowe	11 Eden Terrace, Waipukurau
Trustees	Peter John Courtney	66 Rawhiti Road, One Tree Hill, Auckland
	Paul Leonard Haglund	47 Stackhouse Avenue, Christchurch
	John Hayman Lowe	11 Eden Terrace, Waipukurau
Secretary	Peter William Schumacher	76 Hawker St, Mt Victoria , Wellington
Treasurer		

MEMBERSHIP

Total number of members at beginning of year

Number who joined during year

Number who died during year

Number who left during year

Total number of members at end of year

	397
	1
	22
	376

STATEMENT OF FINANCIAL PERFORMANCE ("REVENUE ACCOUNT")

(in respect of all business undertaken by the society/branch during the financial year)

		(whole dollars only)
Total Members' Equity at beginning of year		<u><u>26,936,574</u></u>
Income		
Contributions or levies	2,231,922	
Funeral benefits repaid by central body		
Other transfers from a central body or branch		
1 Investment income	5,977,332	
2 Other income (specify significant items)		
Commissions	25,309	
Unrealised revaluation gains		
	Total Income	8,234,563 ✓
Expenditure		
Sickness benefits	15,174	
Annuity benefits		
Funeral benefits	751,788	
3 Assurance benefits	2,134,221	
Medical benefits	637,058	
Management expenses	2,413,898	
Audit fees	61,012	
Expenses incurred on properties	218,412	
Asset revaluations/losses	253,572	
Levies to central body		
4 Other transfers to a central body or branch		
Taxation		
Wages & Honorarium	1,442,123	
Other expenditure (specify significant items)		
Distress and Benevolent	9,175	
Interest paid to D&L	363,390	
Revaluation of member insurance contract obligations	417,000	
	Total Expenditure	8,716,823 ✓
		-482,260
Total Members' Equity at end of year		<u><u>26,454,314</u></u>

1 Include all interest, dividends (including United Friendly Societies Dispensary dividends), rents, etc

2 Include separately any significant items, such as revaluation of assets, profit on sale of assets, commissions, donations, etc.

3 Include all benefits paid from a Life Assurance Fund, whether upon death, maturity or surrender.

4 include separately any significant items, such as depreciation, loss on sale of assets, social expenses, etc.

STATEMENT OF FINANCIAL POSITION ("BALANCE SHEET")

ASSETS

(whole dollars only)


Land and buildings	23,319,655	
Mortgages		
Government securities	4,760,800	
Local Authorities and SOE securities	10,244,600	
Term Deposits	7,972,047	
Bank accounts and cash on hand	51,304	
Furniture, fittings & other fixed assets	262,120	
Sundry Debtors/ Accounts receivable	769,358	
5 Society investment fund		
5 District investment fund (Promo fund)		
Other Assets	40,138	
Shares		
Bank bonds		
Fixed interest		
Other		
UFS		
Investment-Shares/Bonds/Notes	27,358,777	
	Total Assets	74,778,799 ✓
Less credit union investment fund		
6 Less branch investment fund		
Less funds held on behalf of a central body or branch	3,767,110	
	Total Members' Assets	71,011,689 ✓
7 LIABILITIES		
Bank loans /Overdraft		0
Trade and other payables and provisions		672,788
Member benefit fund liabilities		4,691,033
Funeral funds	18,493,031	
Increased assurance benefit	20,325,250	
Medical services fund	250,000	
Education support plan	120,274	
Member insurance contract obligations		39,188,555
		44,552,376
NET ASSETS		26,459,313

EQUITY

Retained Earnings	2,325,596
District & lodge relief fund	968,222
Society Benefit emergency relief fund	722,084
Medical services reserve	1,886,411
Medical services fund	750,000
Member policyholder surplus reserve	10,046,000
General reserve	9,761,000
RESERVES	26,459,313

- 5 applicable only to a branch of a central body
 6 applicable only to a central body
 7 include any funds in deficit as negative liabilities

I hereby certify that this Return is in accordance with the audited financial statements of the society/branch.
 A signed copy of the annual financial statements and auditor's report are enclosed.


 Secretary

Date 28/08/09



FINANCIAL STATEMENTS
for the 12 months ended
31 May 2009

Manchester Unity Friendly Society

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Manchester Unity Friendly Society

Income Statement

for the financial year ended 31 May 2009

	Note	Group		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Member insurance contributions	2a	2,221	2,304	2,221	2,304
Investment income including gains and losses	2a	4,754	5,546	4,754	5,546
Other income	2a	253	113	246	103
Total revenue		7,228	7,963	7,222	7,953
Member insurance withdrawals	2b	(3,668)	(4,411)	(3,668)	(4,411)
Other expenses	2b	(3,624)	(3,402)	(3,617)	(3,396)
Revaluation of member insurance contract obligations	14a	(417)	161	(417)	161
Surplus attributable to members		(480)	311	(480)	307

Manchester Unity Friendly Society


Balance Sheet

as at 31 May 2009

	Note	Group 2009 \$'000	2008 \$'000	Parent 2009 \$'000	2008 \$'000
Assets					
Cash and cash equivalents	4	8,040	16,523	8,023	16,504
Other financial assets designated at fair value through profit or loss	5	42,364	34,247	42,364	34,247
Trade and other receivables	5	770	1,402	770	1,402
Other assets	6	27	28	40	41
Investment property	7	23,320	23,836	23,320	23,836
Property, plant & equipment	8	241	318	241	318
Intangible assets	9	21	28	21	28
Total assets		74,783	76,382	74,779	76,376
Liabilities					
Trade and other payables	10	485	555	485	553
Other liabilities - contributions in advance		147	165	147	165
Other financial liabilities					
-District, Lodge and Credit Union deposits	11	3,767	5,354	3,767	5,354
-Member benefit fund liabilities	12	4,691	4,567	4,691	4,567
Provisions	13	39	23	39	23
Member insurance contract obligations	14	39,190	38,774	39,190	38,774
Total liabilities		48,319	49,438	48,319	49,436
Net assets		26,464	26,944	26,460	26,940
Equity					
Retained earnings	15	2,330	2,442	2,326	2,438
Reserves					
Specific purpose funds					
-District and Lodge Relief Fund		968	968	968	968
-Society Benevolent and Emergency Relief Fund		722	723	722	723
Total Specific Purpose Funds		1,690	1,691	1,690	1,691
Restricted reserve					
-Member policyholder surplus reserve		10,046	9,856	10,046	9,856
Other reserves					
-Medical services reserve		1,886	1,659	1,886	1,659
-Medical services fund		750	750	750	750
-General reserve		9,761	10,546	9,761	10,546
Total Other Reserves		12,397	12,955	12,397	12,955
Total reserves	16	24,133	24,502	24,133	24,502
Total equity		26,464	26,944	26,460	26,940

The Directors of Manchester Unity Friendly Society authorised these financial statements for issue on 30 July 2009
On behalf of the Board


Paul Haglund
CHAIRMAN


Peter Courtney
DIRECTOR

Signed: 30th July 2009

Manchester Unity Friendly Society

Statement of Recognised Income and Expense

for the financial year ended 31 May 2009

	Note	Group 2009 \$'000	2008 \$'000	Parent 2009 \$'000	2008 \$'000
Surplus attributable to members	15	(480)	311	(480)	307
Total recognised income and expense for the period		(480)	311	(480)	307

Manchester Unity Friendly Society

Cash Flow Statement

for the financial year ended 31 May 2009

	Note	Group		Parent	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Member contributions-insurance contracts		2,221	2,285	2,221	2,285
Interest received		4,488	3,984	4,488	3,984
Rental received		1,491	1,302	1,491	1,302
Member benefit fund contributions		2	42	2	42
Other income		273	(23)	273	(31)
Member withdrawals-insurance contracts		(3,668)	(4,411)	(3,668)	(4,411)
Member benefit fund withdrawals		(168)	(268)	(168)	(268)
Payments to suppliers and employees		(2,780)	(2,486)	(2,778)	(2,482)
Interest paid		(363)	(413)	(363)	(413)
Net cash inflow/ (outflow) from operating activities	22	1,496	12	1,498	8
Cash flows from investing activities					
Proceeds from sale of investment properties		-	480	-	480
Proceeds from realisation of financial assets designated at fair value through profit or loss		7,820	1,548	7,820	1,548
Member IAB loan repayments		70	103	70	103
Purchase of property, plant & equipment		(52)	(236)	(52)	(236)
Purchase of intangible assets		(10)	(27)	(10)	(27)
Purchase of investment properties		-	(67)	-	(67)
Purchase of financial assets		(16,196)	(5,916)	(16,196)	(5,916)
Member IAB loan advances		(24)	(15)	(24)	(15)
Deposits received from Districts, Lodges and Credit Unions		4,856	1,775	4,856	1,775
Deposit repayments to Districts, Lodges and Credit Unions		(6,443)	(2,723)	(6,443)	(2,723)
Net cash inflow/ (outflow) from investing activities		(9,979)	(5,078)	(9,979)	(5,078)
Net increase/ (decrease) in cash held		(8,483)	(5,066)	(8,481)	(5,070)
Opening cash and cash equivalents		16,523	21,589	16,504	21,574
Closing cash and cash equivalents	4	8,040	16,523	8,023	16,504

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

1. Summary of accounting policies

Reporting entity

Manchester Unity Friendly Society (Manchester Unity) is a Friendly Society registered pursuant to the Friendly Societies and Credit Unions Act 1982. Its principal purpose is to provide financial products and fraternal services for the benefit of its members. Manchester Unity is an issuer for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. Its registered office is located at 142 Lambton Quay, Wellington, New Zealand.

Manchester Unity (the parent) and Unity Ltd comprise the Manchester Unity Friendly Society Group (the group).

The financial statements do not include the operations of Manchester Unity Friendly Society Districts, Lodges and Credit Unions, which are separately registered and accounted for.

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-orientated entities. The consolidated financial statements comply with the International Financial Reporting Standards (IFRS).

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for investment properties and those financial instruments which are held at fair value. Cost is based on the consideration given in exchange for assets.

The functional and reporting currency used in preparation of the consolidated financial statements is New Zealand dollars, rounded to the nearest thousand.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

Principles of consolidation

The group financial statements are prepared by combining the financial statements of all the entities that comprise the group, being Manchester Unity and its subsidiary. Details of the subsidiary are in note 17.

On acquisition, the assets, and liabilities of a subsidiary are measured at their fair values. Any excess of the cost of acquisition over the fair value is recognised as goodwill. All intercompany balances and transactions are eliminated in full on consolidation.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

Member insurance contracts

An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Those products which expose the group to insurance risk are outlined in note 14(c). While some of these products include an insurance component and a deposit component, the Directors after obtaining advice from the Actuary, have determined that these components cannot be unbundled. Therefore the deposit components (contributions and withdrawals) and the insurance components (premiums and claims) are included in the income statement as contributions and withdrawals.

Contributions revenue

Contributions are recognised in the income statement from the attachment date in accordance with the pattern of incidence of risk expected over the term of the contract. The proportion of contribution received or receivable not earned at the reporting date is recognised in the balance sheet as contributions in advance.

Contributions in advance

Contributions in advance includes the written contribution policies, gross of commission payable to intermediaries, attributable to subsequent periods. The change in the contributions in advance is taken to the income statement in order that revenue is recognised over the period of risk.

Insurance contract obligations

Withdrawals paid during the period and a liability for outstanding withdrawals are recognised as the withdrawals expense.

The insurance contract obligations are measured as the central estimate of the present value of expected future payments against claims incurred but not settled at the balance date, whether reported or not, together with the related handling costs and an additional risk margin to allow for the inherent uncertainty in the central estimate. Handling costs include all direct costs and any general administrative costs directly attributable to the withdrawals function.

Interest and dividends

For financial instruments measured at fair value, interest income is recognised on an accruals basis either daily, or on a yield to maturity basis. All other interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Dividend revenue is recognised when the right to receive payment has been established.

Rental income

Rental income from investment properties is accounted for on a straight line basis over the term of the lease.

Financial assets

Financial assets are recognised and derecognised on settlement date and are initially measured at fair value including any transaction costs.

Financial assets are classified into the following specified categories: 'financial assets at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

Financial assets (cont'd)

Financial assets at fair value through profit or loss

The group's cash, fixed interest securities, and equity instruments are managed as one portfolio and have therefore been determined as being held to back insurance obligations and other activities and are therefore designated as 'at fair value through profit or loss'.

They are stated at fair value, with any resultant gain or loss recognised in profit or loss, except that interest income is shown separately, and accrued interest is separated from the fair value of cash and fixed interest instruments and included in trade and other receivables. Fair value is determined in the manner described in in note 23(i).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

Loans and receivables

Trade and other receivables, loans, mortgages and other receivables are recorded at amortised cost less impairment.

Investment in subsidiary

The parent financial statements recognise the investment in its subsidiary at cost less impairment.

Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is assigned on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Investment property

The group's investment properties have been determined as being held to back insurance obligations and other activities. They are measured at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the income statement in the period in which they arise.

Unrealised gains/losses

Unrealised gains/losses on investment properties and financial assets at fair value through profit or loss are not represented by cash funds. Accordingly the Directors do not consider it appropriate to make such gains and losses available for distribution.

Gains and losses are transferred from retained earnings to the general reserve account and released to retained earnings when the asset is realised.

Other property, plant & equipment

Other property, plant & equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of an item.

Depreciation is provided on items of property, plant & equipment. Depreciation is calculated on a straight line basis so as to write off the net cost over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life whichever is the shorter, using the straight line method.

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Years

Plant & equipment	5
Leasehold improvements	6
Computer hardware	3
Motor vehicles	5

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

Intangibles

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over its estimated useful life of three years.

The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Impairment of assets

At each reporting date, the group reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal is treated as a revaluation increase.

Financial liabilities

Trade and other payables

Trade and other payables are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are recorded at amortised cost.

District, Lodge and Credit Union Deposits

The group manages deposits received from Districts, Lodges and Credit Unions, which are then invested on their behalf.

District, Lodge and Credit Union deposits are recognised as a financial liability upon receipt of the funds. Subsequent to initial recognition, the carrying value of the deposits is their initial cost plus accrued interest. This is equivalent to fair value as the majority of deposits are held on call or on short maturity dates (less than 1 year).

Member benefit fund obligations

Details of the funds held by the group for members are detailed in note 12.

Member benefit fund obligations are recognised as a financial liability upon receipt of the funds. As Manchester Unity does not have an unconditional right to defer payment of these funds, they are recognised at their initial value plus appropriations made. This value represents the amount that may be called.

All financial liability counterparties rank *pari passu*.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

Leases

Parent as lessee

All operating lease payments, where substantially all the risks and benefits remain with the lessor, are charged as an expense on a straight line basis over the lease term, unless another systematic method of allocation is more appropriate.

Parent as lessor

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease.

Lease incentives

In the event that lease incentives are granted, they will be recognised as an integral part of rental income or expense over the term of the lease.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Inland Revenue Department is classified as an operating cash flow.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. Provisions are recognised as the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation.

Taxation

No taxation has been provided for in the parent financial statements on the basis that Manchester Unity is a Friendly Society and accordingly is exempt from income tax. Taxation relating to the UNITY Ltd is accounted for as follows:

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

No deferred tax has been recognised on behalf of UNITY Ltd. Deferred tax assets arising from deductible temporary differences are only recognised to the extent it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences in the foreseeable future.

Appropriations

Appropriations to insurance contract obligations and member benefit funds are made on a yearly basis by the Directors. The amount of appropriation made is based on the average balance of the funds held over the financial year.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

Reserves

Certain monies are held aside in reserves, as disclosed in note 16. Movements in these reserves are recognised as transfers to and from retained earnings.

Statement of cash flows

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows:

Operating activities: are the principal revenue producing activities of the Society and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long term assets, deposits received from and repaid to Districts and Lodges and other investments not included in cash equivalents.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 7 - valuation of investment properties (estimation)
 - Note 14 - valuation of member insurance obligations (estimation)
 - Note 14 - unbundling of premiums and claims (judgement)
-

Standards or interpretations not yet effective

Various standards, amendments and interpretations have been issued by the Accounting Standards Review Board but have not been adopted by the group as they are not yet effective. Application of these standards, amendments and interpretations, is not expected to have a material impact on the group's financial position and results in the period of initial application.

Comparative amounts

The presentation and classification of items in the financial statements is consistent in the current period with the prior year.

Change in accounting policies

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

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

2. Surplus attributable to members

(a) Revenue

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations consisted of the following items:				
Member insurance contributions:				
Increasing Assurance Benefit	470	500	470	500
Funeral Fund	430	465	430	465
Medical Services Fund	1,259	1,316	1,259	1,316
Education Support Plan	62	23	62	23
Total member insurance contributions	2,221	2,304	2,221	2,304
Investment and other income				
Investment properties - rental income:				
Commercial properties rental income	966	863	966	863
Leasehold properties rental income	290	204	290	204
Holiday accommodation rental income	235	235	235	235
Total rental income	1,491	1,302	1,491	1,302
Interest income:				
Bank deposits	1,058	1,486	1,058	1,486
Income from loans and receivables	25	28	25	28
Fixed interest securities	2,942	2,483	2,942	2,484
Total interest income	4,024	3,998	4,024	3,998
Dividend income	24	22	24	22
Investment gains and losses				
Revaluation of investment property	(532)	709	(532)	709
Realised gain on disposal of investment property	-	222	-	222
Change in fair value of financial assets designated at fair value through profit or loss	(253)	(708)	(253)	(708)
Total investment gains and losses	(785)	223	(785)	223
Total investment income including gains and losses	4,754	5,546	4,754	5,546
Other income:				
Unity Ltd revenue from web hosting	28	31	-	-
Management fees	-	-	21	21
Other income	224	82	224	82
Total other income	253	113	246	103

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

2. Surplus attributable to members (cont'd)

(b) Surplus before tax

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Profit/ (loss) for the period has been arrived at after charging the following expenses from continuing operations:				
Member insurance withdrawals:				
Increasing Assurance benefit	2,134	2,567	2,134	2,567
Funeral Fund	751	815	751	815
Medical Services Fund	783	1,020	783	1,020
Education Support Plan	-	9	-	9
Total insurance withdrawals	3,668	4,411	3,668	4,411
Other expenses				
Directors fees and expenses	174	179	174	179
Operational plan for the future	12	116	12	116
Employee expenses	1,442	1,148	1,442	1,148
Auditors remuneration - audit fees*	61	64	61	64
- accounting advice*	2	11	2	11
Other professional fees	74	72	74	72
Rent and other occupancy expenses	218	166	218	166
Travel expenses	62	43	62	43
Office administration	98	92	98	92
Insurance	64	54	64	54
Communications	78	59	78	59
Marketing expenses	187	183	187	183
Computer expenses	42	47	35	41
Other expenses	99	69	99	69
Interest on District, Lodge and Credit Union deposits	363	413	363	413
Direct property expenses of investment properties:				
- Commercial properties	18	6	18	6
- Leasehold properties	4	9	4	9
- Holiday accommodation properties	133	139	133	139
Depreciation of non-current assets (note 8)	124	94	124	94
Amortisation of software (note 9)	16	11	16	11
Society Benevolent Fund grants	1	27	1	27
Commissions expense	60	62	60	62
Appropriations to Member Benefit Fund Liabilities (note 12)	290	338	290	338
Total other expenses	3,624	3,402	3,617	3,396

*The auditor of Manchester Unity is Deloitte.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

3. Taxation

Current tax

UNITY Ltd has no current tax.

Deferred Tax

UNITY Limited has a deferred tax asset of \$445,000 (2008; \$445,000). No transfer has been made to the income statement of Manchester Unity. As stated in the policy on taxation, a debit balance in the deferred tax account arising from tax differences or income tax losses is only recognised if their realisation is probable.

4. Cash and cash equivalents

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cash on hand	68	133	51	114
Short term bank deposits	7,972	16,390	7,972	16,390
Total cash and cash equivalents	8,040	16,523	8,023	16,504

The maturity profile of these assets is shown in note 23(d).

5. Other financial assets

Trade and other receivables:

Intercompany advances	-	-	-	-
Member contributions in arrears	23	21	23	21
Trade and other sundry receivables	4	129	4	129
Interest receivable	538	1,002	538	1,002
First mortgage securities	31	32	31	32
IAB loans and advances	174	218	174	218
Total trade and other receivables	770	1,402	770	1,402

Other financial assets designated at fair value through profit or loss:

Government stock	4,761	474	4,761	474
Local authority stock	4,812	2,863	4,812	2,863
Corporate stock	32,516	30,643	32,516	30,643
Total NZ fixed interest securities	42,089	33,981	42,089	33,981
NZ Equity	275	266	275	266
Total financial assets designated at fair value through profit or loss	42,364	34,247	42,364	34,247

The maturity of these assets is shown in note 23(d).

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

6. Other assets

	Note	Group		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current:					
Inventory		21	22	21	22
Prepayments		6	6	6	6
Investment in subsidiary	17	-	-	13	13
Total other assets		27	28	40	41

7. Investment property

Commercial properties:

Balance at beginning of financial year	12,650	12,125	12,650	12,125
Additions from subsequent expenditure	-	50	-	50
Other acquisitions and disposals	-	-	-	-
Net gain/(loss) from fair value adjustments	(450)	475	(450)	475
Balance at end of financial year	12,200	12,650	12,200	12,650

Leasehold properties:

Balance at beginning of financial year	4,966	5,071	4,966	5,071
Additions from subsequent expenditure	-	-	-	-
Other acquisitions and disposals	-	(258)	-	(258)
Net gain/(loss) from fair value adjustments	93	153	93	153
Balance at end of financial year	5,059	4,966	5,059	4,966

Holiday accommodation properties:

Balance at beginning of financial year	6,220	6,122	6,220	6,122
Additions from subsequent expenditure	15	17	15	17
Other acquisitions and disposals	-	-	-	-
Net gain/(loss) from fair value adjustments	(174)	81	(174)	81
Balance at end of financial year	6,061	6,220	6,061	6,220

Total investment property

23,320	23,836	23,320	23,836
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The fair value of the group's investment property is determined at 31 May each year by the Directors on the basis of a valuation carried out at that date by Arthur Stewart, (FNZPI) of DTZ New Zealand, independent registered valuers experienced in the New Zealand property market.

The valuation, which conforms to the New Zealand Property Institute Practice Standard 3 - Valuations for Financial Reporting Purposes, was arrived at by reference to market evidence of transaction prices for similar properties.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

8. Property, plant & equipment

	Group				
	Plant & equipment	Leasehold improvements	Computer hardware	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
Balance at 1 June 2007	79	238	684	35	1,036
Additions	-	163	73	-	236
Disposals	-	-	(302)	-	(302)
Balance at 31 May 2008	79	401	455	35	970
Additions	11	-	41	-	52
Disposals	-	(5)	(5)	-	(10)
Balance at 31 May 2009	90	396	491	35	1,012
Accumulated depreciation and impairment:					
Balance at 1 June 2007	(71)	(114)	(638)	(35)	(858)
Depreciation expense	(4)	(55)	(35)	-	(94)
Disposals	-	-	300	-	300
Balance at 31 May 2008	(75)	(169)	(373)	(35)	(652)
Depreciation expense	(8)	(65)	(51)	-	(124)
Disposals	-	-	5	-	5
Balance at 31 May 2009	(83)	(234)	(419)	(35)	(771)
Net book value:					
At 31 May 2008	4	232	82	-	318
At 31 May 2009	7	162	72	-	241

	Parent				
	Plant & equipment	Leasehold improvements	Computer hardware	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
Balance at 1 June 2007	78	238	667	35	1,018
Additions	-	163	73	-	236
Disposals	-	-	(302)	-	(302)
Balance at 31 May 2008	78	401	438	35	952
Additions	11	-	41	-	52
Disposals	-	(5)	(5)	-	(10)
Balance at 31 May 2009	89	396	474	35	994
Accumulated depreciation and impairment:					
Balance at 1 June 2007	(70)	(114)	(621)	(35)	(840)
Depreciation expense	(4)	(55)	(35)	-	(94)
Disposals	-	-	300	-	300
Balance at 31 May 2008	(74)	(169)	(356)	(35)	(634)
Depreciation expense	(8)	(65)	(51)	-	(124)
Disposals	-	-	5	-	5
Balance at 31 May 2009	(82)	(234)	(402)	(35)	(753)
Net book value:					
At 31 May 2008	4	232	82	-	318
At 31 May 2009	7	162	72	-	241

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

9. Intangible assets

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Software				
Cost:				
Opening balance	468	448	468	448
Additions	10	27	10	27
Disposals	(1)	(7)	(1)	(7)
Closing balance	477	468	477	468
Accumulated amortisation and impairment:				
Opening balance	(440)	(436)	(440)	(436)
Amortisation expense	(16)	(11)	(16)	(11)
Disposals	-	7	-	7
Closing balance	(456)	(440)	(456)	(440)
Net book value	21	28	21	28

10. Trade and other payables

Trade creditors and accruals	485	555	485	553
Total trade and other payables - current	485	555	485	553

Payables are paid within the credit timeframe.

11. District, Lodge and Credit Union deposits

Unsecured:				
Deposits - District and Lodges	3,767	5,031	3,767	5,031
Deposits - Credit Unions	-	323	-	323
Total - District, Lodge and Credit Union deposits - current	3,767	5,354	3,767	5,354

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

12. Member benefit fund liabilities

	Member Share Funds	Educational Benefit Fund	Group and Parent Society Sickness Benefit Fund	Hawke's Bay Endowment Fund	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
Opening balance	4,242	37	269	19	4,567
Contributions	-	1	1	-	2
Withdrawals	(148)	(3)	(15)	(2)	(168)
Appropriations (note 2b)	271	1	17	1	290
Closing balance - current	4,365	36	272	18	4,691
2008					
Opening balance	4,139	34	263	19	4,455
Contributions	40	1	1	-	42
Withdrawals	(251)	-	(15)	(2)	(268)
Appropriations (note 2b)	314	2	20	2	338
Closing balance - current	4,242	37	269	19	4,567

At 31 May 2009 the Directors declared an appropriation of 6.50% (2008; 8%) of balances held.

(a) Member Share Funds

A member share fund is created when a District or Lodge votes to consolidate their surplus funds and place them under the administration of Manchester Unity.

	2009 \$'000	Group and Parent 2008 \$'000
Current:		
Auckland District	287	276
Banks Peninsula Branch	657	648
Egmont Lodge	1,485	1,435
Hastings Lodge	356	338
Masterton Lodge	727	714
Napier Lodge	593	579
Rose of Sharon Lodge	151	142
United Westland Lodge	92	93
Woodville Lodge	17	17
Total Member Share Funds	4,365	4,242

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

12. Member benefit fund liabilities (cont'd)

(b) Educational Benefit Fund

This fund was established for members who wished to put aside money for their children's education. The fund is administered by the Board of Directors under Rule 54 of the General Rules.

Interest is credited to the fund annually in the form of an appropriation.

The funds become available to the beneficiary on attainment of their 20th birthday.

(c) Society Sickness Benefit Fund

This fund was previously the Hawkes Bay Sickness fund. It is closed to new members and is now administered by Manchester Unity Friendly Society. It provides sickness and annuity benefits to the level of funds previously contributed plus interest. The fund is administered by the Board of Directors under General Rule 29A.

(d) Hawke's Bay Endowment Fund

An endowment fund held by Society on behalf of the Hawkes Bay Lodges.

13. Provisions

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Provision for employee entitlements	39	23	39	23
Total provisions	39	23	39	23

Employee entitlements includes holiday pay and is expected to be settled within the next financial year.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

14. Member insurance contract obligations

(a) Member insurance contract obligations	Medical Services Fund *	Funeral Fund	Group and Parent		Education Support Plan *	Total
	Increasing Funeral Fund	Increasing Assurance Benefit				
2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening value	250	6,589	12,136	19,745	53	38,773
Revaluation of member insurance contract obligations	-	(453)	223	580	67	417
Closing value	250	6,136	12,359	20,325	120	39,190
Expected maturity						
Current	250	204	905	2,035	-	3,394
Non-current	-	5,932	11,454	18,290	120	35,796
Value at 31 May 2009	250	6,136	12,359	20,325	120	39,190
2008						
Opening value	250	6,362	11,923	20,360	39	38,934
Revaluation of member insurance contract obligations	-	227	213	(615)	14	(161)
Closing value	250	6,589	12,136	19,745	53	38,773
Expected maturity						
Current	250	263	956	1,616	-	3,085
Non-current	-	6,326	11,180	18,129	53	35,688
Value at 31 May 2008	250	6,589	12,136	19,745	53	38,774

(b) Underwriting result

	Medical Services Fund *	Funeral Fund	Group and Parent		Education Support Plan *	Total
	Increasing Funeral Fund	Increasing Assurance Benefit				
2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Premium revenue	1,259	430	-	470	62	2,221
Direct claims expense	(783)	(290)	(461)	(2,134)	-	(3,668)
Acquisition costs	(248)	(6)	-	(69)	-	(323)
Underwriting result	228	134	(461)	(1,733)	62	(1,770)
2008						
Premium revenue	1,316	465	-	500	23	2,304
Direct claims expense	(1,020)	(312)	(503)	(2,567)	(9)	(4,411)
Acquisition costs	(261)	(4)	-	(71)	(2)	(338)
Underwriting result	35	149	(503)	(2,138)	12	(2,445)

Due to the high liquidity of the assets it is anticipated that all insurance contract obligations will be able to be met as they fall due.

* These funds are not actuarially valued

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

14. Member insurance contract obligations (cont'd)

(c) Details of member insurance contract products

Manchester Unity provides a variety of investment and insurance products and services to its members as follows:

Name of product	Description
Medical Services Fund (MSF)	Provides three tiers of health care insurance to members, primary, comprehensive, and surgical only. Administered by the Board of Directors under General Rule 34.
Funeral Fund and Increasing Funeral Fund (FAB, IFAB)	Provides funeral cover up to a maximum of \$10,000. Members may join this plan up until the age of 65 years. Benefits include funeral cover taken plus bonuses. Members over 65 who wish to purchase a funeral benefit may take out a single contribution policy (prepaid benefit, no bonuses). IFAB represents the bonuses accruing to the members on their FAB. Administered by the Board of Directors under General Rules 27, 28, 29 and 30.
Increasing Assurance Benefit (IAB)	Provides short-term or long-term investment, financial protection and death cover, with a combination of savings commitment and planning flexibility. There is a choice of plans: Endowment - benefits paid after the attainment of a specified age (benefits include original cover taken plus bonuses). Whole of life - benefits paid on death but partial withdrawal of bonuses is available after age 65. Term life - benefits paid on death, no bonuses accrue Administered by the Board of Directors under General Rule 32.
Education Support Plan (save2learn)	The Education Support plan has been in operation since 2005. It is a pooled investment fund that permits subscribers to make provision for their children or grandchildren's education costs at secondary or tertiary level. Tertiary means university, college of education, polytechnic providers or other tertiary course approved by the New Zealand Ministry of Education. Secondary - this policy pays out when your child enters year nine of schooling or their 13th birthday whichever is later. It is designed to help cover the cost of uniforms and extra curricular activities such as music or sports trips and equipment. Tertiary - this policy pays out at the beginning of tertiary study or your child's 18th birthday whichever is the later. It is designed to help cover the cost of fees, text books and some living expenses that are involved when studying at this level. Both types of policy are eligible for bonuses the level of which will depend on the returns allocated to the fund by Manchester Unity and are not guaranteed.

(d) Objectives for managing insurance risk

Manchester Unity has a Medical services reserve and a Member policyholder surplus reserve. These reserves are held for financial soundness in mitigating Manchester Unity's insurance risk. Refer to note 16.

As a result the Directors have determined that re-insurance is not required.

The insurer Manchester Unity, as a friendly society, is not required to have a credit rating.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

14. Member insurance contract obligations (cont'd)

(e) Actuarial valuation of member insurance contract obligations

The most recent actuarial valuation of the Increasing Assurance Benefit Fund, Funeral Fund and Increasing Funeral Fund was carried out as at 31 May 2009.

The actuarial valuation was prepared by the appointed actuary of Manchester Unity Friendly Society, Charles Cahn BSc. FIA. FIAA. FNZSA.

The actuary is satisfied as to the nature, sufficiency and accuracy of the data used to determine the member insurance contracts liability.

	May 2009		
	Increasing Assurance Benefit	Funeral Fund	Increasing Funeral Fund
	\$'000	\$'000	\$'000
Central estimate of liability for insurance contracts	19,763	5,486	11,548
Liability for insurance contracts including risk margin	20,325	6,136	12,359
Percentage risk margin	3%	12%	7%

The risk margin has been derived by valuing the liabilities on a more conservative basis than central estimate. The basis was selected to achieve a high probability of sufficiency. No diversification of risks was allowed for.

The amount of member insurance contract obligations has been determined in accordance with the following methods and assumptions:

(i) Method of calculation

The liability of the contracts was determined by deducting the present value of future contributions less expenses from the present value of the sums assured and, for the Increasing Assurance Benefit Fund, reversionary bonuses attached at the valuation date. A reversionary bonus is a bonus payable at the end of the term of the policy (that is, at maturity) or on prior death of the life assured. Once allocated the value is guaranteed provided premiums are paid up at maturity or death.

(ii) Investment earnings/discount rate

The risk free discount rate used was the 10 year interbank swap rate (2008; New Zealand Government Bonds of 10 years duration). The rate was 6.1%pa. (2008; 6.57%pa).

(iii) Management fees

Management fees are charged in accordance with the General Rules of Manchester Unity.

(iv) Expenses

Expenses were assumed at rates consistent with recent experience.

(v) Mortality

For the IAB the mortality tables used were based on the New Zealand Insured Lives table 1993 - 1997 experience.

For the FAB and IFAB, the mortality table used was that obtained from the New Zealand Life tables 2005-2007 total population tables for males and females (2008; New Zealand Life tables 2000-2002).

(vi) Discontinuance

Rates of discontinuance and lapse assumed were based on the actual experience.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

14. Member insurance contract obligations (cont'd)

(e) Actuarial valuation of member insurance contract obligations (cont'd)

(vii) Unbundling of Insurance premiums and claims

The Directors made the following judgement with respect to the unbundling of insurance premiums and claims.

The IAB and ESP contain both an insurance component and a deposit component. The Directors have determined that these components cannot be unbundled, therefore the deposit components (contributions and withdrawals) and the insurance components (premiums and claims) are included in the income statement as contributions and withdrawals.

(viii) Impact of assumption changes

The table below shows the effect of changes made to the assumptions used the previous year.

Assumption	Impact on insurance contract liabilities \$000	Impact on profit and equity \$000
Mortality	(1,912)	1,912
Discount rate	2,481	(2,481)
Expenses	363	(363)
Discontinuance	(1,399)	1,399

(ix) Sensitivity analysis

The table below shows the sensitivity of member insurance contract liabilities to changes in variables that have a material impact on insurance risk. As there is no reinsurance on any of the products the sensitivities shown are the same both gross and net of reinsurance. It should be noted that sensitivities are often non-linear and larger or smaller impacts may not be easily identified from these results.

Assumption	Assumption change	Impact on insurance contract liabilities \$000	Impact on profit and equity \$000
Mortality	Increase by 10.00%	736	(736)
Mortality	Decrease by 10.00%	(806)	806
Discount rates	Increase by 0.25%	(987)	987
Discount rates	Decrease by 0.25%	1,040	(1,040)
Expenses	Increase by 10.00%	492	(492)
Expenses	Decrease by 10.00%	(480)	480
Discontinuance	Increase by 10.00%	(164)	164
Discontinuance	Decrease by 10.00%	166	(166)

MANCHESTER UNITY FRIENDLY SOCIETY

Notes to the Financial Statements

for the financial year ended 31 May 2009

14. Member insurance contract obligations (cont'd)

(f) Fund transactions

The following table outlines the transactions that flow through the funds as taken into consideration by the actuary in determining the member insurance contract obligation for each product at 31 May 2009.

	Medical Services Fund *	Funeral Fund	Parent and Group		Education Support Plan *	Total
	\$'000	\$'000	Increasing Funeral Fund	Increasing Assurance Benefit	\$'000	\$'000
2009						
Opening member insurance contract obligations at 31 May 2008	250	6,589	12,136	19,745	54	38,774
Opening unallocated member surplus at 31 May 2008	-	855	1,326	7,675	-	9,856
Members funds at 31 May 2008	250	7,444	13,462	27,420	54	48,630
Contributions	1,259	430	-	470	62	2,221
Withdrawals	(783)	(290)	(461)	(2,134)	-	(3,668)
Society management fees	(223)	-	-	(40)	-	(263)
Other acquisition costs	(25)	(6)	-	(29)	-	(60)
Transfers	(228)	(400)	400	-	-	(228)
Appropriations	-	401	739	1,460	4	2,604
Net movement for year	-	135	678	(273)	66	606
Members funds at 31 May 2009	250	7,579	14,140	27,147	120	49,236

This comprises:

Net liabilities before future bonuses	250	6,136	12,359	20,325	120	39,190
Unallocated actuarial surplus (member policyholder surplus reserve - refer note 16)	-	1,443	1,781	6,822	-	10,046
Members funds at 31 May 2009	250	7,579	14,140	27,147	120	49,236

* These funds are not actuarially valued

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

14. Member insurance contract obligations (cont'd)

(f) Fund transactions (cont'd)

The following table outlines the transactions that flow through the funds as taken into consideration by the actuary in determining the member insurance contract obligation for each product at 31 May 2008.

	Parent and Group					Total
	Medical Services Fund *	Funeral Fund	Increasing Funeral Fund	Increasing Assurance Benefit	Education Support Plan *	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2008						
Opening member insurance contract obligations at 31 May 2007	250	6,362	11,923	20,360	39	38,934
Opening unallocated member surplus at 31 May 2007	-	793	803	7,334	-	8,930
Members funds at 31 May 2007	250	7,155	12,726	27,694	39	47,864
Contributions	1,316	465	-	500	23	2,304
Withdrawals	(1,020)	(312)	(503)	(2,567)	(9)	(4,411)
Society management fees	(233)	-	-	(43)	-	(276)
Other acquisition costs	(28)	(4)	-	(28)	(2)	(62)
Transfers	(35)	(360)	360	-	-	(35)
Appropriation	-	500	879	1,864	3	3,246
Net movement for year	-	289	736	(274)	15	766
Members funds at 31 May 2008	250	7,444	13,462	27,420	54	48,630

This comprises:

Net liabilities before future bonuses	250	6,589	12,136	19,745	54	38,774
Unallocated actuarial surplus (Member policyholder surplus reserve refer - note 16)	-	855	1,326	7,675	-	9,856
Members funds at 31 May 2008	250	7,444	13,462	27,420	54	48,630

* These funds are not actuarially valued

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

15. Retained earnings

	Note	Group		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of financial year		2,442	2,809	2,438	2,809
Surplus attributable to members		(480)	311	(480)	307
Transfer from Society Benevolent Fund	16(b)	1	27	1	27
Transfers to medical services and Member policyholder surplus reserves (notes 16(c),(d)&(e)):					
- Appropriations to insurance contracts	14(f)	(2,604)	(3,246)	(2,604)	(3,246)
- Underwriting loss	14(b)	1,770	2,445	1,770	2,445
- Actuarial revaluation of insurance contracts	14(a)	417	(161)	417	(161)
		(417)	(962)	(417)	(962)
Transfers from the general reserve	16(f)	785	257	785	257
Balance at the end of financial year		2,330	2,442	2,326	2,438

Voting rights

Voting rights are allocated to Districts and Lodges on a pro-rata basis, based on membership, in accordance with the General Rules.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

16. Reserves

	Note	Group		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
District and Lodge Relief Fund	16(a)	968	968	968	968
Society Benevolent and Emergency Relief Fund	16(b)	722	723	722	723
Member policyholder surplus reserve	16(c)	10,046	9,856	10,046	9,856
Medical services reserve	16(d)	1,886	1,659	1,886	1,659
Medical services fund	16(e)	750	750	750	750
General reserve	16(f)	9,761	10,546	9,761	10,546
Total reserves		24,133	24,502	24,133	24,502

(a) District and Lodge Relief Fund

Balance at the beginning of financial year		968	968	968	968
Distributions to members		-	-	-	-
Transfer to retained earnings	15	-	-	-	-
Balance at the end of financial year		968	968	968	968

The District and Lodge Relief Fund is administered by the Board of Directors under General Rule 31.
The fund exists for the purpose of assisting the Districts and Lodges.

(b) Society Benevolent and Emergency Relief Fund

Balance at the beginning of financial year		723	750	723	750
Net payments to members		(1)	(27)	(1)	(27)
Allocation of surplus		-	-	-	-
Transfer from/(to) retained earnings	15	(1)	(27)	(1)	(27)
Balance at the end of financial year		722	723	722	723

The Society Benevolent Fund is administered by the Board of Directors under General Rule 27.
The fund is held for the purpose of making grants to members of the Society and their families for such benevolent charitable, educational, philanthropic or cultural purposes as the Directors see appropriate.

(c) Member policyholder surplus reserve

Balance at the beginning of financial year		9,856	8,930	9,856	8,930
Transfers from/(to) retained earnings	15	190	926	190	926
Balance at the end of financial year	14(f)	10,046	9,856	10,046	9,856

The Member policyholder surplus reserve arises from the actuarial valuation of member insurance contract liabilities.
Surpluses above the actuarial calculation are held in reserve for these specified funds in case of future underwriting losses.

(d) Medical services reserve

Balance at the beginning of financial year		1,659	1,624	1,659	1,624
Transfers from/(to) retained earnings	15	227	35	227	35
Balance at the end of financial year		1,886	1,659	1,886	1,659

The medical services reserve was established from prior year unallocated profits.
Amounts are transferred from the reserve to retained earnings to offset liabilities incurred as and when required.

(e) Medical services fund

Balance at the beginning of financial year		750	750	750	750
Transfers from/(to) retained earnings	15	-	-	-	-
Balance at the end of financial year		750	750	750	750

The Medical services fund was set up under Rule 26 to provide three tiers of health care insurance to members, primary, comprehensive, and surgical only.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

16. Reserves (cont'd)

	Note	Group		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(f) General reserve					
Balance at the beginning of financial year		10,546	10,803	10,546	10,803
Release of realised gain on disposal of financial assets		-	(258)	-	(258)
Revaluation of investment properties		(532)	709	(532)	709
Unrealised loss on change in fair value of financial assets		(253)	(708)	(253)	(708)
Transfer to retained earnings	15	(785)	(257)	(785)	(257)
Balance at the end of financial year		9,761	10,546	9,761	10,546

The general reserve represents unrealised gains/losses made on Manchester Unity's investment properties and fixed interest securities since acquisition of the assets. The unrealised gains/losses are not represented by cash funds. Accordingly the Directors do not consider it appropriate to make the reserve available for distribution to members' funds. When the assets are realised, gains/losses made since acquisition date are transferred from the general reserve to retained earnings.

17. Investment in subsidiary

UNITY Limited commenced trading on 1 June 2000 and is a 100% owned subsidiary of Manchester Unity. Manchester Unity wrote down it's investment in UNITY Limited at 31 May 2002 and 31 May 2003. Apart from website development and hosting UNITY Limited ceased trading at 30 November 2002.

Subsidiary owned at 31 May 2009

	Interest held	
	2009	2008
UNITY Limited	100%	100% Website development and hosting provider.
UNITY Limited is a New Zealand incorporated company.		

	2009 \$'000	2008 \$'000
UNITY Limited:		
Investment in UNITY Limited	500	500
Convertible notes issued 2002	1,127	1,127
Convertible notes issued 2003	296	296
Adjustment to carrying value 2002	(1,566)	(1,566)
Adjustment to carrying value 2003	(344)	(344)
	13	13

UNITY Limited convertible notes were issued on the following terms:

15% interest rate payable annually at the discretion of Manchester Unity, and is convertible into share capital at the option of Manchester Unity. The convertible notes do not confer on the holders any right to vote at any meeting of the company.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

18. Related Parties

Related Party Disclosures

The Directors of Manchester Unity during the financial year were:

- P L Haglund
- P J Courtney
- J H Lowe
- I R Taylor
- P W Schumacher

Manchester Unity Credit Union and other regional Manchester Union credit unions are separate organisations from Manchester Unity Friendly Society.

Manchester Unity Friendly Society has no financial obligations with these credit unions other than funds held on deposit from time to time and interest paid on these funds during the year.

Manchester Unity does not guarantee the credit union member deposits.

Messrs Haglund and Lowe are on the Committee of Management of the Manchester Unity Credit Union.

Transactions with Directors and Director Related Entities

Since the end of the previous financial year no Director has received any benefit (other than set out below) by reason of a contract made by Manchester Unity or its subsidiary with a Director, or a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

Other Transactions

During the financial year Manchester Unity provided accounting and administration services to the Manchester Unity Districts, Lodges and Credit Unions for no consideration.

During the financial year interest was paid to Manchester Unity Districts, Lodges and Credit Unions totalling \$363,000 (2008; \$413,000). The term of investment ranged from call to 4 years. Interest rates are reviewed in line with the official cash rate set by the reserve Bank of New Zealand. At balance date the weighted average of interest being paid was 5.31% (2008; 8.20%).

During the financial year management fees of \$21,000 were charged to subsidiary UNITY Limited (2008; \$21,000).

Outstanding balances with related parties are disclosed in notes 11 and 12.

All outstanding balances are repayable within 4 years.

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date (2008:Nil)

Key Management Personnel Compensation

The compensation of the Directors and executives, being the key management personnel of the entity, is set out below:

	Group		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Short-term employee benefits	353	357	353	357
Total	353	357	353	357

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

19. Leases

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Leases as lessee				
Non-cancellable operating lease payments				
Not longer than one year	187	187	187	187
Longer than one year and less than five years	46	233	46	233
Longer than five years	-	-	-	-
	233	420	233	420

Operating leases disclosed relate to the lease of the group's Lambton Quay Offices and the Christchurch agency office. The Lambton Quay offices were leased in June 2004 for an initial term of 6 years, with the option to extend for two further terms of 3 years each. The lease agreement contains a clause that market rent reviews are to be carried out every 3 years. The group does not have the option to purchase the space at the expiry of the lease period.

The Christchurch agency premises were leased in February 2008 for an initial term of 3 years with two further terms of 3 years. The lease agreement contains a clause that market rent reviews are to be carried out every 3 years. The group has no right to purchase the space at the expiry of the lease period.

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Leases as lessor				
Non-cancellable operating lease receivables				
Not longer than one year	1,283	905	1,283	905
Longer than one year and less than five years	3,989	3,540	3,989	3,540
Longer than five years	1,694	1,931	1,694	1,931
	6,966	6,376	6,966	6,376

Operating leases relate to commercial investment properties and leasehold land. Commercial properties owned by the group have lease terms of between 2 and 20 years. All leases have rights of renewal, with renewal durations between 2 and 6 years. The lessee's do not have the right to purchase the properties at the end of the lease period.

Leasehold land is leased out on 14 year terms with rights of renewal for the same period into perpetuity. A rent review is conducted at the end of each lease term. The leaseholders do not have the right to purchase the land. From time to time, the Trustees approve the freeholding of the properties at a market value set by a registered independent valuer.

20. Contingent liabilities and contingent assets

At balance date the group has no contingent liabilities or contingent assets (2008: Nil).

21. Commitments for expenditure

Capital expenditure commitments

The group had no capital commitments at balance date (May 2008: Nil).

Lease commitments

Non-cancellable operating lease commitments are disclosed in note 19 to the financial statements.

Other commitments

The parent has a funding commitment to its subsidiary UNITY Limited for \$295,000 in convertible notes (2008: \$295,000).

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

22. Notes to the cash flow statement

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Reconciliation of net cash provided by operating activities to the net surplus for the period is as follows:				
Net surplus	(480)	311	(480)	307
Add/(less) non cash items:				
-unrealised gain on revaluation of investment property	532	(709)	532	(709)
-depreciation and amortisation	139	105	139	105
-appropriations to member benefit funds	290	338	290	338
-net change in member insurance contract obligations	417	(161)	417	(161)
-changes in fair value of financial assets through profit or loss account	253	708	253	708
Add/(less) change in operating assets:				
-increase/(decrease) in contributions in advance	(18)	(17)	(18)	(17)
-(increase)/decrease in interest accrued	464	(36)	464	(36)
-(increase)/decrease in accounts receivable	115	(128)	115	(131)
-(increase)/decrease in contributions in arrears	2	(2)	2	(2)
-(increase)/decrease in other assets	1	6	1	6
-(increase)/decrease in intercompany advance	-	-	-	5
-increase/(decrease) in trade and other payables	(70)	32	(68)	30
-increase/(decrease) in provisions	16	13	16	13
Member benefit fund contributions less withdrawals	(164)	(226)	(164)	(226)
Add/(less) items reclassified as investing activities:				
-gain on sale of investment properties	-	(222)	-	(222)
Net cash inflow/(outflow) from operating activities:	1,496	12	1,498	8

23. Financial Instruments

(a) Capital management objectives

The group manages its activities to ensure that the group is able to continue as a going concern while maximising the return to members through the prudent investment of funds as discussed below.

(b) Financial risk management objectives

Financial risk management activities are undertaken by the group as part of their investment management, in accordance with the investment policy as approved by the Board of Directors. The investment policy is reviewed by the Directors at least annually.

The group does not enter into or trade financial instruments, for speculative purposes. The group's activities expose it primarily to the financial risk of changes in interest rates.

(c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset are disclosed in note 1 to the financial statements.

(d) Interest rate risk

The group is exposed to interest rate risk in that the future interest rate movement will affect the net market value of fixed interest securities, and that rates on short term deposits will drop. Risk management activities are undertaken by Manchester Unity in accordance with the investment policy as disclosed in note 23(b).

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

23. Financial Instruments (cont'd)

(d) Interest rate risk management (cont'd)

Maturity profile of financial instruments

The following tables detail the group's exposure to interest rate risk at 31 May 2009 and 31 May 2008:

	Weighted average interest rate %	Maturity dates			Total \$'000
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000	
2009					
Financial assets:					
Cash and cash equivalents	4.14%	8,191	-	-	8,191
Other financial assets designated at fair value through profit or loss:					
Government stock	6.28%	283	4,084	1,590	5,957
Local authority stock	6.57%	1,200	3,402	860	5,462
Corporate stock	7.73%	8,197	27,567	7,784	43,548
NZ Equity		275	-	-	275
Trade and other receivables:					
First mortgage securities	9.00%	19	17	-	36
IAB Loans and advances	8.82%	68	111	142	321
Other receivables		797	-	-	797
		19,030	35,181	10,376	64,587
Financial liabilities:					
Trade and other payables		485	-	-	485
District, Lodge and Credit Union deposits	5.31%	3,136	818	-	3,954
Member benefit fund liabilities		4,691	-	-	4,691
Provisions		39	-	-	39
		8,351	818	-	9,169
2008					
Financial assets:					
Cash and cash equivalents	8.92%	16,949	-	-	16,949
through profit or loss:					
Government stock	6.00%	30	548	-	578
Local authority stock	7.67%	714	2,621	-	3,335
Corporate stock	7.82%	10,383	24,814	3,512	38,709
NZ Equity		266	-	-	266
Trade and other receivables:					
First mortgage securities	9.00%	18	20	-	38
IAB Loans and advances	9.00%	62	151	124	337
Other receivables		1,152	-	-	1,152
		29,574	28,154	3,636	61,364
Financial liabilities:					
Trade and other payables		555	-	-	555
District, Lodge and Credit Union deposits	8.20%	5,793	-	-	5,793
Member benefit fund liabilities		4,932	-	-	4,932
Provisions		23	-	-	23
		11,303	-	-	11,303

Interest rate repricing is generally consistent to the maturity date for the financial instruments in the table above.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

23. Financial Instruments (cont'd)

(d) Interest rate risk management - Maturity profile of financial instruments (cont'd)

The following table details the parent's exposure to interest rate risk at 31 May 2009 and 31 May 2008:

	Weighted average interest %	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000	Total \$'000
2009					
Financial assets:					
Cash and cash equivalents	4.14%	8,174	-	-	8,174
Other financial assets designated at fair value through profit or loss:					
Government stock	6.28%	283	4,084	1,590	5,957
Local authority stock	6.57%	1,200	3,402	860	5,462
Corporate stock	7.73%	8,197	27,567	7,784	43,548
NZ Equity		275	-	-	275
Investment in subsidiary		13	-	-	13
Trade and other receivables:					
First mortgage securities	9.00%	19	17	-	36
IAB Loans and advances	8.82%	68	111	142	321
Other receivables		797	-	-	797
		19,026	35,181	10,376	64,583
Financial liabilities:					
Trade and other payables		485	-	-	485
District, Lodge and Credit Union deposits	5.31%	3,136	818	-	3,954
Member benefit fund liabilities		4,691	-	-	4,691
Provisions		39	-	-	39
		8,351	818	-	9,169
2008					
Financial assets:					
Cash and cash equivalents	8.92%	16,930	-	-	16,930
through profit or loss:					
Government stock	6.00%	30	548	-	578
Local authority stock	7.67%	714	2,621	-	3,335
Corporate stock	7.82%	10,383	24,814	3,512	38,709
NZ equity		266	-	-	266
Investment in subsidiary		13	-	-	13
Trade and other receivables:					
First mortgage securities	9.00%	18	20	-	38
IAB Loans and advances	9.00%	62	151	124	337
Other receivables		1,152	-	-	1,152
		29,568	28,154	3,636	61,358
Financial liabilities:					
Trade and other payables		553	-	-	553
District, Lodge and Credit Union deposits	8.20%	5,793	-	-	5,793
Member benefit fund liabilities		4,932	-	-	4,932
Provisions		23	-	-	23
		11,301	-	-	11,301

Interest rate repricing is generally consistent to the maturity date for the financial instruments in the table above.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

23. Financial Instruments (cont'd)

(d) Interest rate risk management (cont'd)

Interest rate sensitivity

Manchester Unity invests in fixed interest and bank deposits in the main and it is the intention of the Directors to hold the investments to maturity. As a consequence interest rate sensitivity is limited to changes in interest rates earned on bank deposits.

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties.

The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually by the Board of Directors.

The group obtains collateral to cover credit risk exposures on IAB loans and advances and mortgages and such collateral includes properties and life insurance policies. Mortgages over properties are advanced at approximately 70% of market valuation. Loans against life insurance policies are advanced at up to 90% of their surrender value. There are no financial assets that are past due or impaired, and no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

The group has credit risk exposure to a group of counterparties having similar characteristics being New Zealand registered banks. The credit risk on liquid funds and term deposits is considered to be limited as the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Manchester Unity invests in rated and unrated corporate bonds. The bonds rated by Standard and Poors bonds range from AAA to BBB.

The maximum exposure to credit risk on the financial assets of the group is represented by the carrying amount as recorded in the financial statements.

(f) Sensitivity and price risk

Cash and cash equivalents consist substantially of short term interest bearing bank deposits. Each 1% movement in interest rates up or down will equate to a variation in the surplus attributable to members of \$80,000. Share investments are immaterial and no price risk or sensitivity analysis has been performed on these.

(g) Foreign exchange risk

There is no foreign exchange risk as all investments are denominated in New Zealand dollars.

(h) Liquidity risk management

Liquidity risk is the risk that the group will encounter difficulty in raising funds at short notice to meet its commitments. The group maintains sufficient funds to meet its commitments based on historical and forecasted cash flow requirements. Liquidity risk and exposure is reviewed on an ongoing basis.

(i) Fair value of financial assets and liabilities within the scope of NZ IAS-39

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Where no market price is available, a yield to maturity valuation is done based on securities of a similar type or duration.

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

23. Financial Instruments (cont'd)

(j) Financial assets and financial liabilities by measurement basis

The following table details the group's financial assets and liabilities within the scope of NZ IAS-39 by measurement basis:

Designated as FVTPL:	Financial instruments backing insurance obligations are designated as at fair value through profit or loss in accordance with NZ IFRS-4: <i>Insurance Contracts</i>
Classified as FVTPL	Fair value through profit or loss
L&R:	Loans and receivables
AC:	Amortised cost

	Designated as FVTPL \$'000	Classified as FVTPL \$'000	L&R at AC \$'000	AC \$'000	Total \$'000
2009					
Financial assets:					
Cash and cash equivalents	8,040	-	-	-	8,040
Other financial assets designated at fair value through profit or loss	42,364	-	-	-	42,364
Trade and other receivables	-	-	770	-	770
Total financial assets	50,404	-	770		51,174
Financial liabilities:					
Trade and other payables	-	-	-	485	485
District, Lodge and Credit Union deposits	-	-	-	3,767	3,767
Member benefit fund liabilities	-	-	-	4,691	4,691
Provisions	-	-	-	39	39
Total financial liabilities	-	-	-	8,982	8,982

2008					
Financial assets:					
Cash and cash equivalents	16,523				16,523
Other financial assets designated at fair value through profit or loss	34,247	-	-	-	34,247
Trade and other receivables	-	-	1,402	-	1,402
Total financial assets	50,770	-	1,402		52,172
Financial liabilities:					
Trade and other payables	-	-	-	555	555
District, Lodge and Credit Union deposits	-	-	-	5,354	5,354
Member benefit fund liabilities	-	-	-	4,567	4,567
Provisions	-	-	-	23	23
Total financial liabilities	-	-	-	10,499	10,499

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

23. Financial Instruments (cont'd)

(j) Financial assets and financial liabilities by measurement basis (cont'd)

The following table details the parent's financial assets and liabilities within the scope of NZ IAS-39 by measurement basis:

Designated as FVTPL:	Financial instruments backing insurance obligations are designated as at fair value through profit or loss in accordance with NZ IFRS-4: <i>Insurance Contracts</i>
Classified as FVTPL	Fair value through profit or loss
L&R:	Loans and receivables
AC:	Amortised cost

	Designated as FVTPL \$'000	Classified as FVTPL \$'000	L&R at AC \$'000	AC \$'000	Total \$'000
2009					
Financial assets:					
Cash and cash equivalents	8,023	-	-	-	8,023
Other financial assets designated at fair value through profit or loss	42,364	-	-	-	42,364
Trade and other receivables	-	-	770	-	770
Total financial assets	50,387	-	770	-	51,157
Financial liabilities:					
Trade and other payables	-	-	-	485	485
District, Lodge and Credit Union deposits	-	-	-	3,767	3,767
Member benefit fund liabilities	-	-	-	4,691	4,691
Provisions	-	-	-	39	39
Total financial liabilities	-	-	-	8,982	8,982
2008					
Financial assets:					
Cash and cash equivalents	16,504	-	-	-	16,504
Other financial assets designated at fair value through profit or loss	34,247	-	-	-	34,247
Trade and other receivables	-	-	1,402	-	1,402
Total financial assets	50,751	-	1,402	-	52,153
Financial liabilities:					
Trade and other payables	-	-	-	553	553
District, Lodge and Credit Union deposits	-	-	-	5,354	5,354
Member benefit fund liabilities	-	-	-	4,567	4,567
Provisions	-	-	-	23	23
Total financial liabilities	-	-	-	10,497	10,497

Manchester Unity Friendly Society

Notes to the Financial Statements

for the financial year ended 31 May 2009

24. Segmental Reporting

Manchester Unity operates in one geographic region being New Zealand and is organised into one operating segment being insurance and other activities for which discreet financial information is available that is monitored by the Directors. The Directors assess the underwriting results of the insurance products and monitor them to ensure that surplus reserves are held to fund underwriting losses as may be necessary. Disclosures of revenues, expenses and liabilities, as disclosed in note 14(f), are the level of detail reviewed by the Directors in regards to segmental analysis.

Assets are identified as being held to back the insurance contract obligations and other activities, and are not managed separately to other investments. Investment activity is undertaken to provide a return to the members of Manchester Unity who have purchased a financial product.

Investment returns are achieved through the investment in property, term deposits, fixed interest securities and equity.

25. Subsequent events

There have been no material events subsequent to balance date.

AUDIT REPORT

Deloitte.

TO THE MEMBERS OF MANCHESTER UNITY FRIENDLY SOCIETY

We have audited the financial statements on pages 3 to 38. The financial statements provide information about the past financial performance and financial position of Manchester Unity Friendly Society (the "Society") and Group as at 31 May 2009. This information is stated in accordance with the accounting policies set out on pages 7 to 12.

This report is made solely to the Society's members in accordance with Section 68 of the Friendly Societies and Credit Unions Act 1982. Our audit has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society's members for our audit work, for this report, or for the opinions we have formed.

Board of Director's Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Society and Group as at 31 May 2009 and of the results of their operations and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

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 Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Society and Group 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 and the provision of accounting advice, we have no relationship with or interests in the Society or its subsidiary.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the Society as far as appears from our examination of those records; and
- the financial statements on pages 3 to 38:
 - comply with generally accepted accounting practice in New Zealand,
 - comply with International Financial Reporting Standards, and
 - give a true and fair view of the financial position of the Society and Group as at 31 May 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 30 July 2009 and our unqualified opinion is expressed as at that date.



**CHARTERED ACCOUNTANTS
WELLINGTON, NEW ZEALAND**