

**MEDICAL ASSURANCE SOCIETY**

**KIWISAVER PLAN**

**Financial Statements**

**For the Year Ended 31 March 2017**

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## Independent Auditor's Report to the Members of Medical Assurance Society Kiwisaver Plan Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Medical Assurance Society Kiwisaver Plan (the "Plan") on pages 2 to 16 which comprise the statement of net assets of the Plan at 31 March 2017, and the statement of changes in net assets and statement of cash flows for the year then ended of the Plan, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 2 to 16 present fairly, in all material respects, the financial position of the Plan as at 31 March 2017 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Plan's Members, as a body. Our audit has been undertaken so that we might state to the Plan'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 Plan and the Plan's Members as a body, for our audit work, for this report, or for the opinions we have formed.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Plan in accordance with Professional and Ethical Standard 1 (revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Plan. Partners and employees of our firm may deal with the Plan on normal terms within the ordinary course of trading activities of the business of the Plan.

### Trustees' Responsibilities for the Financial Statements

The Trustees are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing on behalf of the entity the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Plan or cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: [https://www.xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page6.aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx). This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is David Borrie.




Wellington  
28 June 2017

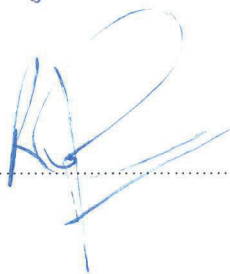
MEDICAL ASSURANCE SOCIETY KIWISAVER PLAN

Statement of Net Assets  
As at 31 March 2017

|  | Notes | 2017<br>NZ\$              | 2016<br>NZ\$              |
|--|-------|---------------------------|---------------------------|
| <b>Assets</b>                                    |       |                           |                           |
| Cash and Cash Equivalents                        | 5, 6  | 48,350,217                | 50,246,580                |
| Investments at Fair Value Through Profit or Loss | 5     | 490,752,503               | 395,144,709               |
| Derivative Financial Instruments                 | 5,10  | 4,918,769                 | 4,268,209                 |
| <b>Total Assets</b>                              |       | <u>544,021,489</u>        | <u>449,659,498</u>        |
| <b>Less: Liabilities</b>                         |       |                           |                           |
| Benefits Payable                                 |       | (80,333)                  | (153,540)                 |
| Prepaid Contributions                            |       | (135,958)                 | (49,992)                  |
| Accounts Payable                                 |       | (1,388,061)               | (1,159,914)               |
| PIE Tax Payable                                  |       | (3,795,949)               | (3,194,575)               |
| Derivative Financial Instruments                 | 5,10  | <u>(379,547)</u>          | <u>(280,494)</u>          |
|  |       | <u>(5,779,848)</u>        | <u>(4,838,515)</u>        |
| <b>Net Assets Available to pay Benefits</b>      |       | <u><u>538,241,641</u></u> | <u><u>444,820,983</u></u> |
| <b>Liability for Promised Benefits</b>           |       |                           |                           |
| <i>Represented by:</i>                           |       |                           |                           |
| Member Accounts                                  | 3     | <u>538,241,641</u>        | <u>444,820,983</u>        |
|  |       | <u><u>538,241,641</u></u> | <u><u>444,820,983</u></u> |

Approved for issue on behalf of the Trustees of Medical Assurance Society KiwiSaver Plan.

 ..... Trustee      28/6/17 .....Date

 ..... Trustee      28/6/17 .....Date

This statement is to be read in conjunction with the notes on pages 5 to 16.

## MEDICAL ASSURANCE SOCIETY KIWISAVER PLAN

### Statement of Changes in Net Assets For the Year Ended 31 March 2017

|   | Notes | 2017<br>NZ\$              | 2016<br>NZ\$              |
|---|-------|---------------------------|---------------------------|
| <b>Investment Activities</b>  |       |                           |                           |
| <b>Investment Revenues</b>  |       |                           |                           |
| Dividends Received  |       | 7,096,729                 | 8,069,143                 |
| Interest Received   |       | 7,282,370                 | 7,501,189                 |
| Gain/(Loss) on Investments at Fair Value                                  | 7     | 39,444,444                | (4,471,345)               |
| <b>Total Investment Revenue</b>   |       | <u>53,823,543</u>         | <u>11,098,987</u>         |
| <b>Other Revenues</b>   |       |                           |                           |
| Bank Interest Received  |       | 8,377                     | 12,634                    |
|   |       | <u>8,377</u>              | <u>12,634</u>             |
| <b>Other Expenses</b>   |       |                           |                           |
| Administration Expenses   |       | (5,019,668)               | (4,384,700)               |
| Auditor's - Audit Fee for Current Year                                    |       | (18,170)                  | (15,877)                  |
| Auditor's - Under Accrual of Prior Year Fee                               |       | (52)                      | (63)                      |
| Trustee Fees  |       | (7,500)                   | (6,000)                   |
| <b>Total Other Expenses</b>   |       | <u>(5,045,390)</u>        | <u>(4,406,640)</u>        |
| <b>Change in Net Assets before Taxation<br/>and Membership Activities</b> | 3     | 48,786,530                | 6,704,981                 |
| <b>Membership Activities</b>  |       |                           |                           |
| <b>Contributions</b>  |       |                           |                           |
| Member Contributions  |       | 41,473,349                | 38,368,297                |
| Member Voluntary Contributions  |       | 213,428                   | 107,525                   |
| Employer Contributions  |       | 20,204,918                | 18,937,390                |
| Interest Received from IRD  |       | 138,815                   | 127,928                   |
| Government Kick-Start   |       | -                         | 274,996                   |
| Crown Tax Credit  |       | 5,128,788                 | 4,906,800                 |
| Transfers from Other Plans  |       | 8,652,307                 | 8,940,951                 |
|   |       | <u>75,811,605</u>         | <u>71,663,887</u>         |
| <b>Benefits Paid</b>  |       |                           |                           |
| Transfers to other Plans  |       | (10,823,514)              | (5,076,145)               |
| Deaths  |       | (214,980)                 | (560,204)                 |
| First Home Withdrawals  |       | (9,557,670)               | (7,056,232)               |
| Hardship  |       | (122,204)                 | (112,367)                 |
| Illness   |       | (265,624)                 | (113,810)                 |
| Partial Withdrawals   |       | (1,613,102)               | (1,711,000)               |
| Permanent Emigration  |       | (380,236)                 | (270,601)                 |
| Retirement  |       | (4,082,153)               | (3,362,623)               |
| Court Ordered Payments  |       | (162,816)                 | (266,354)                 |
| IRD Refunds   |       | (8,113)                   | (5,373)                   |
|   |       | <u>(27,230,412)</u>       | <u>(18,534,709)</u>       |
| PIE Tax Paid and Payable  |       | (3,860,260)               | (3,195,416)               |
| KiwiSaver Management Fee  |       | (86,805)                  | (89,544)                  |
| <b>Net Membership Activities</b>  |       | <u>44,634,128</u>         | <u>49,844,218</u>         |
| <b>Net Increase in Net Assets During Year</b>                             |       | 93,420,658                | 56,549,199                |
| Net Assets Available for Benefits at Beginning of Year                    |       | 444,820,983               | 388,271,784               |
| <b>Net Assets Available for Benefits at End of Year</b>                   |       | <u><u>538,241,641</u></u> | <u><u>444,820,983</u></u> |

This statement is to be read in conjunction with the notes on pages 5 to 16.

**MEDICAL ASSURANCE SOCIETY KIWISAVER PLAN**

**Statement of Cash Flows  
For the Year Ended 31 March 2017**

|   | Notes | 2017<br>NZ\$             | 2016<br>NZ\$             |
|---|-------|--------------------------|--------------------------|
| <b>Cash Flows from Operating Activities</b>       |       |                          |                          |
| Cash provided from:                               |       |                          |                          |
| Contributions                                     |       | 75,897,570               | 71,537,945               |
| Sundry Income                                     |       | 8,377                    | 12,634                   |
|   |       | <u>75,905,947</u>        | <u>71,550,579</u>        |
| /ess: Cash applied to:                            |       |                          |                          |
| Benefits Paid                                     |       | (27,303,619)             | (18,531,878)             |
| Expenses  |       | (4,814,818)              | (4,277,045)              |
| KiwiSaver Management Fee                          |       | (89,229)                 | (66,647)                 |
| Tax Paid  |       | (3,258,886)              | (3,617,534)              |
|   |       | <u>(35,466,552)</u>      | <u>(26,493,104)</u>      |
| <b>Net Cash Inflow from Operating Activities</b>  | 8     | 40,439,395               | 45,057,475               |
| <b>Cash Flows from Investing Activities</b>       |       |                          |                          |
| Cash provided from:                               |       |                          |                          |
| Proceeds from Sale of Investment Assets           |       | 26,741,578               | 31,407,700               |
| /ess: Cash applied to:                            |       |                          |                          |
| Purchase of Investment Assets                     |       | (69,077,336)             | (65,272,052)             |
| <b>Net Cash Outflow from Investing Activities</b> |       | <u>(42,335,758)</u>      | <u>(33,864,352)</u>      |
| Net (Decrease)/Increase in Cash Held              |       | (1,896,363)              | 11,193,123               |
| Add Cash at start of Year                         |       | 50,246,580               | 39,053,457               |
| <b>Balance at end of Year</b>                     |       | <u><u>48,350,217</u></u> | <u><u>50,246,580</u></u> |

This statement is to be read in conjunction with the notes on pages 5 to 16.

## MEDICAL ASSURANCE SOCIETY KIWISAVER PLAN

### Notes to the Financial Statements For the Year Ended 31 March 2017

#### 1. Plan Description

Medical Assurance Society Kiwisaver Plan ("the Plan") is a defined contribution Superannuation Scheme for Members of the Medical Assurance Society. Under the Plan, contributions are made by Plan Members and Employers. The Plan is registered under the Financial Market Conduct Act 2013 ("the FMCA").

The Trustees of the Medical Assurance Society Kiwisaver Plan ("MAS") are the manager of the Plan, whose address is 19-21 Broderick Road, Johnsonville, Wellington, New Zealand.

The custodian of the Plan is JBWere (NZ) Nominees Limited ("JBWere"). Its address is Level 38, Vero Centre, 48 Shortland Street, Auckland.

The Administration Manager of the Plan is Aon Hewitt. From 1 November 2016, the Administration Manager functions have been agreed to be carried out by Link Market Services Limited ("Link").

During the year 817 Members received benefits from the Plan (2016: 659 Members).

#### Funding Arrangements

Members can choose to contribute either 3%, 4% or 8% of gross salary or wages. Members may from time to time make additional voluntary contributions to the Plan. In certain circumstances, employers are required to contribute to KiwiSaver schemes in respect of their employees who are members at a rate of 3%. Employer contributions are subject to Employer Superannuation Contribution Tax ("ESCT"). The Government pays 50 cents for every dollar of Member contribution annually up to a maximum of \$521.43.

#### Retirement Benefits

Member benefits will be locked into the Plan until the later of the date for reaching the qualifying age for New Zealand Superannuation or the date on which the Member has been a member of any KiwiSaver Scheme or a member of a complying Superannuation Scheme for a period of five years. Retirement benefits are determined by contributions to the Plan together with investment earnings net of tax on these contributions over the period of membership.

#### Termination Terms

The Trust Deed sets out the basis on which the Plan can be terminated. Clause A21 of the Trust Deed covers the situation where the Plan can be wound-up.

#### Changes to the Plan

During the year, the Plan was transitioned into the FMCA regime. The Trust Deed was amended on 7 September 2016 taking into account the requirements of the FMCA. The Plan has appointed a licenced independent trustee. The Trust Deed was also amended to remove the ability to charge an early withdrawal fee.

#### 2. Summary of Significant Accounting Policies

##### Basis of Preparation and Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"), the requirements of the FMCA and the Trust Deed governing the Plan. 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 financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Plan prepared the financial statements under the FMCA as it has fully transitioned as an FMC reporting entity. The change in legislation has no material impact on the Plan's obligation to prepare general purpose financial statements.

The Plan comprises seven investment portfolios: Cash, Defensive, Conservative, Balanced, Growth, Aggressive and Global Equities. The financial statements have been prepared at the Plan level as the liabilities of the individual investment choices are not limited to the assets of each investment choice. Therefore assets of one investment choice could be used to meet liabilities of another.

The Plan is classified as an investment entity under NZ IFRS 10. It obtains funds from multiple investors and invests these for returns from capital appreciation and investment income. No investments are controlled, and there has been no consolidation of investments.

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

##### Measurement Base

The measurement base adopted is that of historical cost except for financial instruments which are measured at fair value through profit or loss at the end of the reporting period.

##### Presentation and Functional Currency

These financial statements are rounded to the nearest dollar and presented in New Zealand dollars because that is the currency of the primary economic environment in which the Plan operates.

## MEDICAL ASSURANCE SOCIETY KIWISAVER PLAN

### Notes to the Financial Statements For the Year Ended 31 March 2017

#### 2. Summary of Significant Accounting Policies (Continued)

##### Classification of Assets and Liabilities

Assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

##### New Standards and Interpretations not yet adopted

###### *NZ IFRS 9 - Financial Instruments*

On 24 July 2014, the NZ IASB issued the complete NZ IFRS 9 (NZ IFRS 9 (2014)). The mandatory effective date of NZ IFRS 9 (2014) is for annual periods beginning on or after 1 January 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

NZ IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under NZ IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

NZ IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognise ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The Plan intends to adopt NZ IFRS 9 (2014) in the financial statements for the annual period beginning on 1 April 2018. The Plan does not expect the standard to have a material impact on the financial statements.

##### Investment Income

Interest, dividends and distributions from unithold investments are taken to income on a due and receivable basis. Net realised and unrealised gains and losses are recognised in the Statement of Changes in Net Assets in the year in which they occur.

##### Foreign Currencies

Transactions in currencies other than NZ dollars are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance date, assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance date. Gains and losses arising on retranslation are included in changes in net assets for the year.

##### Income and Expenses

All income and expenses are accounted for on an accrual basis.

##### Investments

Investments are recognised and derecognised on the trade date and are initially measured at fair value. Investment fund values are supplied by the Fund Manager JBWere (NZ) Pty Ltd ("JBWere"). Investments are classified at fair value through profit or loss. As the Plan's business is investing in financial assets with a view to profiting from their total return in the form of interest, distributions or increases in fair value, cash deposits are designated at fair value through profit or loss on initial recognition. Financial assets designated as fair value through profit or loss, are measured at subsequent reporting dates at fair value. The valuation techniques used are detailed in the note 10 Fair Value. Purchases and sales of investments are accounted for at trade date.

##### Financial Instruments

###### (i) Classification

The Plan classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by the Plan at fair value through profit or loss at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Plan's documented investment strategy. The Plan's policy is for the Trustees to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Trustees have determined that all financial assets of the Plan are designated at fair value through profit and loss with the exception of cash, cash equivalents, receivables and payables which are measured at amortised cost.

## MEDICAL ASSURANCE SOCIETY KIWISAVER PLAN

### Notes to the Financial Statements

For the Year Ended 31 March 2017

#### 2. Summary of Significant Accounting Policies (Continued)

##### (ii) Recognition/derecognition

The Plan recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date. Investments are derecognised when the right to receive cash flows from the investments has expired or the Plan has transferred substantially all risks and rewards of ownership. All realised gains and losses on financial assets at fair value through profit or loss are recognised in the Statement of Changes in Net Assets.

##### (iii) Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Changes in Net Assets.

The fair value of unitised funds is determined using the price as calculated by the fund manager at balance date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer a liability takes place either:

- In the principal market of the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability; or
- The principal or most advantageous market accessible by the Plan.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset assuming market participants act in their economic best interest.

##### Taxation

The Plan is a Portfolio Investment Entity ("PIE") under the Income Tax Act 2007. Under the PIE regime, income earned by the Plan is attributed to all Members in accordance with the proportion of their interest in the overall Plan. The income attributed to each Member is taxed at the Member's prescribed investor rate ("PIR") which is similar to an individual's marginal tax rate, however it is capped at a maximum rate of 28%. The Plan deducts tax from each Member's allocation and pays the tax to Inland Revenue on behalf of the Member.

PIE tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to Inland Revenue on behalf of the Members based on the members' current period's taxable income and their PIR.

##### Receivables

Receivables do not carry any interest and are short-term in nature and are accordingly stated at their amortised cost.

##### Payables

Payables include liabilities and accrued expenses owing by the Plan which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These amounts are initially recognised at fair value, and subsequently measured at amortised cost.

##### Derivative Financial Instruments

During the year the Plan invested in a range of pooled investment vehicles by way of pooled units that were managed by JBWere. During the normal course of business the Plan enters into foreign exchange contracts, financial futures, swaps and options. These instruments are for economic hedging purposes only and accounted for at fair value. The Plan does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Plan's policies approved by the Trustees.

Changes in the fair value of derivative financial instruments are recognised in the Statement of Changes in Net Assets as they arise.

##### Goods and Services Tax ("GST")

The Plan is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

##### Promised Benefits

The liability for promised benefits is the Plan's present obligation to pay benefits to Members. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date. Promised benefits include amounts allocated to Members' accounts and reserves.



## MEDICAL ASSURANCE SOCIETY KIWISAVER PLAN

### Notes to the Financial Statements

For the Year Ended 31 March 2017

#### 2. Summary of Significant Accounting Policies (Continued)

##### Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities - include all transactions and other events that are not investing activities.

Investing activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

##### Contributions and Benefits

Contributions and benefits are accounted for on an accrual basis. Contributions are recognised in the Statement of Changes in Net Assets when they become receivable.

Benefits are recognised in Statement of Changes in Net Assets when they become payable.

##### Transfers In and Transfers Out

Transfers in and out are accounted for on an accruals basis.

##### Capital Risk Management

The Plan's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Plan, as defined by the liability for promised benefits.

The Plan achieves this through obtaining contributions from Members and their Employers and investing them into financial assets.

##### Critical Accounting Estimates and Judgements

The Trustees have applied their judgement in selecting the accounting policy to designate financial assets and financial liabilities at fair value through profit or loss. The policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as unit, bond and derivative prices are readily available from fund managers. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying value of assets and liabilities at year end. However, as with all investments their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustees have to apply their judgement as to what constitutes "observable prices". For further details refer to note 10 (Fair Value).

#### 3. Liability for Promised Benefits

|   | 2017<br>NZ\$              | 2016<br>NZ\$              |
|---|---------------------------|---------------------------|
| <b>Movements in Members' Accounts</b>                                 |                           |                           |
| Balance at beginning of year  | 445,120,602               | 388,266,835               |
| Contributions received  | 75,811,605                | 71,663,887                |
| Investment earnings transferred from reserve                          | 48,043,852                | 6,836,123                 |
| KiwiSaver management fee  | (86,805)                  | (89,544)                  |
| PIE tax payable   | (3,860,260)               | (3,195,416)               |
| Interest earnings on partial exits and switches                       | 532,590                   | 173,426                   |
| Benefits paid   | <u>(27,230,412)</u>       | <u>(18,534,709)</u>       |
| Balance at end of year  | 538,331,172               | 445,120,602               |
| <b>Movements in Reserve Fund</b>                                      |                           |                           |
| Balance at beginning of year  | (299,619)                 | 4,949                     |
| Investment earnings for year  | 48,786,530                | 6,704,981                 |
| Investment earnings allocated to members                              | (48,043,852)              | (6,836,123)               |
| Interest earnings on partial exits and switches                       | (532,590)                 | (173,426)                 |
| Balance at end of year - to be allocated to Member's accounts in 2018 | <u>(89,531)</u>           | <u>(299,619)</u>          |
| Total balance at end of year  | <u><u>538,241,641</u></u> | <u><u>444,820,983</u></u> |

##### Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for promised benefits (2016: Nil).