Deloitte.

AUDIT REPORT

TO THE MEMBERS OF NEW ZEALAND PUBLIC SERVICE ASSOCIATION

We have audited the financial statements on pages 2 to 18. The financial statements provide information about the past financial performance of the New Zealand Public Service Association ('NZPSA') and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out on page 6 to 10.

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

Executive Board's Responsibilities

The Executive Board is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of NZPSA as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Auditors' Responsibilities

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

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 Executive Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to NZPSA's circumstances, consistently applied and adequately disclosed.

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

Other than in our capacity as auditor, we have no relationship with or interests in New Zealand Public Service Association.

Unqualified Opinion

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

In our opinion the financial statements on pages 2 to 18 fairly reflect the financial position of New Zealand Public Service Association as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 10 August 2010 and our unqualified opinion is expressed as at that date.

Deloitte

CHARTERED ACCOUNTANTS
WELLINGTON, NEW ZEALAND

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi Incorporated

Financial Statements

For the year ended 31 March 2010

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi Incorporated

Financial Statements

For the year ended 31 March 2010

INDEX

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi Incorporated

Statement of Comprehensive Income
For the year ended 31 March 2010

	Note	2010 $	2009 $
Income			
Subscriptions		16,322,019	15,614,682
Other income	2(a)	2,103,845	2,490,409
Employee benefits expense		(10,049,732)	(9,433,186)
Amortisation	11	(132,264)	(30,936)
Depreciation	10	(531,951)	(488,619)
Property revaluation (decrease)/increase	2(b)	(8,549)	(333,090)
Auditor's Remuneration	4	(27,500)	(35,600)
Finance Costs		(133,016)	(163,602)
Rent and rates		(564,728)	(581,543)
Lease of vehicles and equipment		(607,684)	(716,872)
Meetings and travel		(2,087,136)	(2,398,173)
Communications and printing		(656,940)	(711,048)
Other operating expenses		(2,222,828)	(2,241,797)
Net Surplus before income tax expense		**1,403,536**	**970,625**
Income tax expense	3(a)	287,406	357,156
Surplus for the period		**1,116,130**	**613,469**
Other Comprehensive Income			
Revaluation of Properties		(368,060)	(259,234)
Income Tax relating to components of other comprehensive income		159,337	489,032
Other comprehensive income for the year, net of tax		**(208,723)**	**229,798**
Total Comprehensive Income for the year, net of tax		**907,407**	**843,267**

The notes on pages 6 to 18 form part of and are to be read in conjunction with these financial statements.

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi Incorporated

Statement of Changes in Equity
For the year ended 31 March 2010

	Note	2010 $ Members funds	2010 $ Asset revaluation reserve	2010 $ Total equity
Balance at 1 April 2009		18,098,914	6,547,326	24,646,240
Surplus for the year		1,116,130	-	1,116,130
Add reduction in deferred tax liability - property	3(b)	-	159,337	159,337
Less property revaluations to "fair value"		-	(368,060)	(368,060)
Other comprehensive income for the year, net of tax		-	(208,723)	(208,723)
Total comprehensive income			(208,723)	(208,723)
Balance at 31 March 2010		**19,215,044**	**6,338,603**	**25,553,647**

	Note	2009 $ Members funds	2009 $ Asset revaluation reserve	2009 $ Total equity
Balance at 1 April 2008		17,702,130	6,317,528	24,019,658
Surplus for the year		613,469	-	613,469
Add reduction in deferred tax liability - property	3(b)	(216,685)	489,032	272,347
Less property revaluations to "fair value"		-	(259,234)	(259,234)
Other comprehensive income for the year, net of tax		(216,685)	229,798	13,113
Total comprehensive income		(216,685)	229,798	13,113
Balance at 31 March 2009		**18,098,914**	**6,547,326**	**24,646,240**

The notes on pages 6 to 18 form part of and are to be read in conjunction with these financial statements.

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi Incorporated

Statement of Financial Position
As At 31 March 2010

	Note	2010 $	2009 $
Current Assets			
Cash and cash equivalents	5	6,393,232	9,479,396
Trade and other receivables	6	371,759	960,680
Other assets	7	9,500,000	4,924,909
Tax paid in advance	3(c)	1,421	55,402
Investments	8	10,613	10,392
Total Current Assets		16,277,025	15,430,779
Non - Current Assets			
Investment property	9	764,444	782,222
Property, plant and equipment	10	13,301,511	13,706,069
Intangible assets	11	131,440	229,721
Total Non - Current Assets		14,197,395	14,718,012
Total Assets		**30,474,420**	**30,148,791**
Current Liabilities			
Trade and other payables	12	1,217,522	1,112,117
Borrowings	13	32,236	51,551
Other financial liabilities	14	60,185	71,940
Provision for employee entitlements	15	1,218,233	1,243,414
Total Current Liabilities		2,528,176	2,479,022
Non - Current Liabilities			
Borrowings	13	953,030	1,535,244
Other financial liabilities	14	12,855	74,518
Provision for employee entitlements	15	533,119	406,251
Deferred tax provision	3(d)	893,593	1,007,516
Total Non - Current Liabilities		2,392,597	3,023,529
Total Liabilities		**4,920,773**	**5,502,551**
Net Assets		**25,553,647**	**24,646,240**
Equity			
Members' Funds		19,215,044	18,098,914
Asset Revaluation Reserve		6,338,603	6,547,326
Total Funds and Reserves		**25,553,647**	**24,646,240**

The Financial Statements were approved for issue by:

President

National Secretary B. Plott

The notes on pages 6 to 18 form part of and are to be read in conjunction with these financial statements.

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi Incorporated

Statement of Cash Flows
For the year ended 31 March 2010

	Note	2010 $	2009 $
Cash Flows from Operating Activities:			
Cash was provided from:			
Subscriptions		16,850,535	15,528,798
Rental income		1,025,031	1,016,442
Interest received		695,859	1,009,033
Dividends received		2,245	2,524
Other income		384,611	384,774
		18,958,281	17,941,571
Cash was applied to:			
Payments to suppliers and employees		(15,939,138)	(15,886,058)
Mortgage Interest		(133,016)	(164,123)
Taxation		(188,011)	(357,961)
		(16,260,165)	(16,408,142)
Net Cash inflow from Operating Activities	21	2,698,116	1,533,429
Cash Flows from Investing Activities:			
Cash was provided from:			
Proceeds of sale of fixed assets		-	-
		-	-
Cash was applied to:			
Purchase of fixed assets		(500,258)	(392,169)
Purchase of intangible assets		(33,983)	(104,539)
Increase deposits maturing after 3 months		(4,575,092)	(3,712,747)
		(5,109,333)	(4,209,454)
Net Cash (outflow) from Investing Activities		(5,109,333)	(4,209,454)
Cash Flows from Financing Activities:			
Cash was provided from:			
Borrowing on mortgage security		-	-
Cash was applied to:			
Repayments under mortgage facilities		(601,529)	(47,394)
Finance lease payments		(73,418)	(65,900)
Net Cash (outflow) from Financing Activities		(674,947)	(113,294)
Net (decrease) in cash and cash equivalents		(3,086,164)	(2,789,319)
Add opening cash and cash equivalents brought forward		9,479,396	12,268,715
Closing cash and cash equivalents carried forward	5	6,393,232	9,479,396

The notes on pages 6 to 18 form part of and are to be read in conjunction with these financial statements.

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi Incorporated

Notes to the Financial Statements
For the year ended 31 March 2010

1. Reporting Entity

The New Zealand Public Service Association Te Pūkenga Here Mahi incorporated (PSA) is a democratic union incorporated under the Incorporated Societies Act 1908.

The New Zealand Public Service Association Te Pūkenga Here Mahi represents the interests of its members working in government departments, local government, the health sector, crown agencies, state-owned enterprises and community and government-funded agencies.

The principal activities of the New Zealand Public Service Association Te Pūkenga Here Mahi is to build a union to influence the industrial, economic, political and social environment in order to advance the interest of its members.

The financial statements have been prepared for the individual entity of the New Zealand Public Service Association Te Pūkenga Here Mahi and for the purposes of financial reporting the New Zealand Public Service Association Te Pūkenga Here Mahi is a public benefit entity. A public benefit entity is defined as a reporting entity whose primary objective is to provide goods or services for community or social benefit and where the equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

New Zealand Public Service Association Te Pūkenga Here Mahi operates all its activities within New Zealand and its main office is at 11 Aurora Terrace, Wellington. Hub offices are situated in Auckland, Hamilton, Palmerston North, Nelson, Christchurch and Dunedin.

Statement of Compliance and Basis of Preparation

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2010, and in the comparative information presented in these financial statements for the year ended 31 March 2009.

The financial statements were authorised for issue by the Executive Board on 10 August 2010.

Basis of Preparation
The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures 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.

The financial statements are presented in New Zealand dollars.

Critical Accounting Judgements and Estimates
The PSA makes estimates and assumptions that affect the reported amounts of assets and liabilities at year end. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where critical accounting estimates are applied are noted below:
(i) Determination of the useful lives of the buildings.
The PSA has estimated the useful lives of buildings as 40 to 100 years.
(ii) Determination for employee entitlements.
A provision is calculated based on historic claim patterns and current staff service levels. An estimate is made of the likely timing and rate at which these entitlements will be paid and these are discounted to the net present value using the five year government stock rate as the discount rate (2010 5.19%, 2009 4.65%).
(iii) Classification of PSA Holiday Homes
The PSA considers Holiday Homes to be a non profit service to members and therefore has not classified them as investment property.

Adoption of new and revised Standards and Interpretations
The impact of the following Standards and Amendments has been to expand the disclosures provided in these financial statements:

Name	Impact
NZ IAS 1 *Presentation of Financial Statements Statements* (revised 2007)	This has introduced terminology changes (including revised titles) for the financial statements and changes in the format and on the content of financial statements.
Amendments to NZ IFRS 7 - Financial Instruments: *Disclosures*	The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements. The PSA has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards and Interpretations in issue not yet adopted
At the date of authorisation of these financial statements various standards, amendments and interpretations have been issued by the Accounting Standards Review Board but have not been adopted by the PSA as they are not yet effective.

Application of the below standards, amendments and interpretations, are not expected to have a material impact on the PSA's financial position, results or disclosures in the period of initial application:

Standard	Standard Name	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
NZIFRS-9	"Financial Instruments"	1 January 2013	31 March 2014

NZ IFRS-9 *"Financial Instruments"*
The Standard introduces new requirements for the classification and measurement of financial assets and is effective from 1 January 2013 with early adoption permitted. All recognised financial assets that are currently in the scope of IAS 39 will be measured at either amortised cost of fair value. In order for financial assets to be measured at amortised cost certain criteria must be met.

Significant Accounting Policies

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

(a) Borrowings
Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method.

(b) Borrowing Costs
Borrowing costs are interest and other costs incurred by the PSA in connection with the borrowing of funds and are recognised in the Statement of Comprehensive Income.

(c) Comparative Amounts
There have been no reclassifications to prior year comparatives.

(d) Employee Benefits
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the PSA in respect of services provided by employees up to reporting date.

(e) Financial Assets
Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract the terms of which require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into the following specified categories: 'held-to-maturity' investments, 'available-for-sale' financial assets, 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.

Held-to-Maturity Investments
Term Deposits are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Shares held as Available-for-Sale
Shares held by the PSA are stated at fair value.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

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

(g) Impairment of Assets
At each reporting date, the PSA reviews the carrying amounts 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. The fair value of properties are assessed as explained in accounting policies (i) and (m).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at fair value and has an associated revaluation reserve amount, 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 in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Income Tax
The PSA is an incorporated society which transacts with members and non-members. The PSA is not liable for taxation to the extent it generates net income from member transactions such as subscriptions received.

Current tax
Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax 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 Statement of Financial Position liability method in respect of temporary differences arising from differences in the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the PSA expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the PSA intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income.

(i) Investment Property
Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the Statement of Comprehensive Income in the period in which they arise.

(j) Leased Assets
PSA as lessee
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.
Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance lease assets are amortised on a straight line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PSA as lessor
Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(k) Payables
Trade payables and other accounts payable are recognised when the PSA becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Property, Plant & Equipment
Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the PSA, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the Statement of Comprehensive Income, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount and arising on the revaluation of land and buildings is charged as an expense in the Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.
In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

On the subsequent disposal or permanent withdrawal of an item of property, plant and equipment the difference between the disposal proceeds (if any) and the carrying amount is recognised in the statement of comprehensive income.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is charged at the same rate as is allowed by the Income Tax Act 2007. The following estimated useful lives are used in the calculation of depreciation.

Buildings	1% -2.5% straight line
Renovations & Alterations	7.5% - 33% straight line
Furniture and Equipment	9.5% - 50% diminishing value
Computer hardware	20% - 50% diminishing value

(m) Provisions
Provisions are recognised when the PSA 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of of those cash flows.

(n) Revenue Recognition

Subscription Income

Subscription income represents amounts received during the year and in arrears at balance date which has been subsequently received prior to the presentation of these financial statements.

Subscription income is dependent on information supplied by employers pursuant to respective collective agreements. For practical reasons, the PSA is unable to independently confirm the validity of personnel information supplied.

Dividend & Interest Revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payments have been established.

Interest income is accrued using the effective interest rate method.

(o) Intangible assets

Software

Software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life of two years. The estimated useful life and the amortisation method is reviewed at the end of each annual reporting period.

2. Surplus from operations

	Note	2010 $	2009 $
(a) Other income			
Other income from operations consisted of the following items.			
Rental income		1,025,031	1,016,442
Interest received		706,864	1,071,858
Dividends received		2,245	2,524
Journal advertising		7,390	13,809
Legal costs recovered		-	133
Commission		157,838	163,369
Change in market value of investments	8	221	(663)
Gain on sale of assets		-	3,678
Government grants and recoveries		40,000	48,889
Recoveries Public Services International and ICFTU		87,937	150,587
Other		76,319	19,783
		2,103,845	2,490,409
(b) Property revaluation writedowns			
Investment property (decrease) / increase		(33,549)	(62,222)
Whitianga holiday home (decrease) / increase		25,000	(270,868)
		(8,549)	(333,090)

The current year credit for the Whitianga holiday homes resulting from the current year valuation represents a partial reversal of the writedown in 2009. Accordingly the current year valuation increase has been taken to profit or loss, partially offsetting the prior year write down.

3. Taxation

(a) Income tax recognised in surplus or deficit

	2010 $	2009 $
Net Operating Surplus before tax	1,403,536	970,625
Add/(less) permanent differences:		
Non-deductible expenses	15,909,060	16,075,814
Non-assessable income	(16,520,293)	(15,851,068)
Taxation return preparation costs	(9,500)	(4,850)
Taxation return adjustments	23,838	-
Taxable income	806,641	1,190,521
Tax thereon charged for the year @ 30% (2009 30%)	**241,992**	**357,156**

Tax expense comprises:		
Current tax expense	241,992	357,156
Deferred tax expense	45,414	-
Total tax expense	287,406	357,156

(b) Income tax recognised directly in equity

The following current and deferred amounts were charged /(credited) directly to equity during the period:

Property revaluations	(159,337)	(272,347)

(c) Current tax assets and liabilities

Current tax assets:		
Tax refund receivable	1,421	55,402

(d) Deferred tax liabilities - Property:

Opening balance	1,007,516	1,279,863
Charged to Revaluation Reserve in Equity	(159,337)	(272,347)
Charged to Statement of Comprehensive Income	45,414	
Closing balance	893,593	1,007,516

4. Remuneration of auditors

	2010 $	2009 $
Audit of the financial statements	27,500	26,000
Audit of Electoral Finance Act Expense Return	-	8,600
Provision of FBT Software	-	1,000
	27,500	35,600

The auditor is Deloitte.

5. Cash and cash equivalents

		2010 $	2009 $
Cash and cash at bank		166,962	886,143
Deposits made on held to maturity basis.			
Bank	Rating*		
ASB	AA	3,480,970	2,817,684
BNZ	AA	1,700,000	1,744,467
Kiwibank	AA-	-	1,355,173
National	AA	1,045,300	2,675,928
		6,393,232	**9,479,396**

The PSA places its cash and short term investments with high credit rated, quality financial institutions and limits the PSA amount of credit exposure to any one financial institution or corporate thus eliminating the need for the PSA to acquire collateral or other security to support financial instruments. All term deposits mature within twelve months. Interest rates range from 4.50% to 5.25%.

* The ratings shown are those issued by Standard & Poors.
AA signifies " Very strong capacity to meet financial commitments".
Ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating category.

6. Trade and other receivables

	2010	2009
	$	$
Trade debtors	5,318	20,445
Accrued interest	241,266	230,261
Accrued subscriptions	-	528,516
Prepayments	125,175	181,458
	371,759	**960,680**

Receivables are recorded at amounts considered to be recoverable.

7. Other assets

	2010	2009
Deposits made on held to maturity basis.	$	$
Bank deposits maturing more than 3 months from balance date.	9,500,000	4,924,909
	9,500,000	**4,924,909**

8. Investments

Shares in Trustpower	$	$
A holding of 1,474 shares at market value.	10,613	10,392

9. Investment property

	2010	2009
	$	$
Balance at beginning of financial year	782,222	844,444
Additions	15,771	-
Net gain (writedown) from fair value adjustments	(33,549)	(62,222)
Balance at 31 March 2010	764,444	782,222

The investment property was valued on a fair value basis at balance date by an independent registered valuer listed below, who is a member of the Institute of Valuers of New Zealand. The valuer has the appropriate qualifications and experience in the valuation of properties in the relevant location. The fair value of the investment property at balance date was as follows:

Property Location	Valuer	Inspection date	2010	2009
			$	$
66 Hill Street	Darroch Limited	2-Mar-10	764,444	782,222
Fair Value of Investment Poperty at Balance Date			764,444	782,222

The valuer has utilised the capitalisation approach for the valuation of the Hill Street property. This approach involves capitalising the actual contract and/or potential net income at an appropriate market derived rate of return. In situations where the contract rental varies from anticipated market rent the rental surplus or rental shortfall is calculated on a present value basis and adjusted against the capitalised value.

Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. Accordingly, the valuation date is the date of inspection.
The valuer determined that characteristics of the property were such that under stable market conditions the value was unlikely to materially vary from their valuation conclusion between the date of valuation as stated above, and the reporting date of 31 March 2010.

The PSA considers Holiday Homes to be a non profit service to members and therefore has not classified them as investment property.

10. Property, plant and equipment

	Freehold land at fair value	Buildings at fair value	Leased assets	Plant and equipment at cost	Total
Cost or Valuation					
Balance at 1 April 2008	5,070,707	9,266,512	125,480	1,595,463	16,058,16
Additions	-	152,879	147,246	238,772	538,89
Disposals	-	-	(22,309)	(1,523)	(23,83
Revaluation increase (decrease)	(478,485)	(1,132,686)	-	-	(1,611,17
Balance at 1 April 2009	4,592,222	8,286,705	250,417	1,832,712	14,962,05
Additions		181,265	-	303,229	484,49
Disposals	-	(570)	-	(290,804)	(291,37
Revaluation increase (decrease)	27,556	(591,232)	-	-	(563,67
Balance at 31 March 2010	4,619,778	7,876,168	250,417	1,845,137	14,591,50
Accumulated depreciation/amortisation and impairment					
Balance at 1 April 2008	-	869,752	65,997	936,231	1,871,98
Eliminated on Disposals	-	-	(22,309)	(1,235)	(23,54
Depreciation expense	-	230,748	69,661	188,210	488,61
Eliminated on revaluation	-	(1,081,062)	-	-	(1,081,06
Balance at 1 April 2009	-	19,438	113,349	1,123,206	1,255,99
Eliminated on disposals	-	(546)	-	(276,769)	(277,31
Depreciation expense	-	220,645	74,875	236,436	531,95
Eliminated on revaluation	-	(220,645)	-	-	(220,64
Balance at 31 March 2010	-	18,892	188,224	1,082,873	1,289,98
Carrying amount					
As at 31 March 2009	4,592,222	8,267,267	137,068	709,506	13,706,0
As at 31 March 2010	4,619,778	7,857,276	62,193	762,264	13,301,5

(i) 2010 Valuation details of property

All properties were valued on a fair value basis at balance date by independent registered valuers, listed below, who are members of the Institute of Valuers of New Zealand. The valuers have the appropriate qualifications and experience in the valuation of properties in the relevant location. The fair value of the properties at balance date were as follows:

Property Location	Valuer	Inspection dates	2010 $	2009 $
Holiday Homes				
Raumati	Darroch Limited	17-Feb-10	2,035,557	2,000,000
Whitianga	Darroch Limited	8-Feb-10	1,060,000	1,050,000
Carters Beach	Darroch Limited	24-Feb-10	296,000	289,778
Te Anau	Trevor Thayer Valuations Ltd	16-Mar-10	227,556	289,777
Otematata	Quotable VNZ	1-Sep-09	133,333	151,111
Rotorua	Darroch Limited	22-Feb-10	782,222	737,778
Nelson	Darroch Limited	11-Mar-10	480,000	480,000
Total Holiday Homes			5,014,667	4,998,444
Wellington Office	Darroch Limited	2-Mar-10	7,250,000	7,800,000
			12,264,667	**12,798,444**
Book value of improvements to leasehold properties			212,412	65,462
			12,477,079	**12,863,906**

The valuers have utilised the capitalisation approach for the valuation of the Wellington Office and Whitianga property. This approach involves capitalising the actual contract and/or potential net income at an appropriate market derived rate of return. In situations where the contract rental varies from anticipated market rent the rental surplus or rental shortfall is calculated on a present value basis and adjusted against the capitalised value.

The remaining properties have been valued by reference to market evidence of transaction prices for similar properties. This conforms to the New Zealand Property Institute Practice Standard 3 - Valuations for Financial Reporting Purposes.

Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. Accordingly, the valuation date is the date of inspection.

The valuers determined that characteristics of the property were such that under stable market conditions the values were unlikely to materially vary from their valuation conclusion between the dates of valuation as stated above, and the reporting date of 31 March 2010.

Quotable Value is used as an approximation for fair value for the holiday home in Otematata.

(ii) Assets pledged as security

In accordance with the security arrangements of liabilities as disclosed in notes 13 to the financial statements land and buildings at the PSA's properties at Raumati and Whitianga have been pledged as security.

	Value of assets pledged	Remaining Term
Raumati	2,035,557	21 years
Whitianga	1,060,000	13 years

In each case the loan is a term loan secured by mortgage security over the relevant property.

11. Intangible assets **Computer software**

	2010 $	2009 $
Gross carrying amount		
Balance 1 April	614,687	510,148
Additions	33,983	104,539
Disposals	(354,031)	-
Balance as at 31 March	294,639	614,687
Accumulated amortisation and impairment		
Balance at 1 April	384,966	354,030
Amortisation expense	132,264	30,936
Disposals	(354,031)	-
Balance at 31 March	163,199	384,966
Net book value	**131,440**	**229,721**

12. Current Trade and other payables

	2010	2009
	$	$
Trade payables	962,226	920,110
Goods and services tax (GST) payable	255,296	192,007
	1,217,522	**1,112,117**

13. Current and Non Current Borrowings

	2010	2009
Secured	$	$
Bank loans (i),(ii)		
(i) Relates to current portion of long term borrowings.	32,236	51,551
(ii) Secured by a mortgage over freehold land and buildings.	953,030	1,535,244

Mortgages	Term
122 Buffalo Beach Road, Whitianga	15 years
311 Rosetta Road, Raumati Beach	25 Years

14. Other financial liabilities

	2010	2009
	$	$
Finance leases (current portion)	60,185	71,940
Finance leases (non-current portion)	12,855	74,518

15. Provision for employee entitlements

	2010	2009
	$	$
Current Portion		
Leave and allowances	1,218,233	1,243,414
NonCurrent portion		
Leave and allowances	533,119	406,251
	1,751,352	1,649,665

The PSA Staff collective agreement allows for service based union service leave and an associated allowances. After reaching qualifying periods of service staff are entitled to retirement or resignation leave. The entitlement increases with length of service.
A provision is calculated based on historic claim patterns and current staff levels. An estimate is made of the likely timing and rate at which these entitlements will be paid and these are discounted to the net present value using the five year government stock rate as the discount rate (2010 5.19 %, 2009 4.65%)

16. Related Party Transactions

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Significant influence is defined as the power to participate in the financial and operating policy decisions of an entity, but not control over those policies. Significant influence may be gained by statute or agreement. In a public benefit entity such as New Zealand Public Service Association Te Pukenga Here Mahi no related party transactions exist.

17. Commitments for expenditure

(a) Capital Expenditure Commitments

Capital expenditure contracts authorised by the executive board and contracted for at balance date totalled approximately $27,000 (2009 $339,000).

(b) Lease commitments

Financial lease liabilities and non-cancellable operating lease commitments are disclosed in note 23 to the financial statements.

18. Contingent Liabilities

The New Zealand Public Service Association Te Pūkenga Here Mahi has no contingent liabilities as at 31 March 2010.

19. Leases

Finance leases

(a) Leasing arrangements

Finance leases relate to office equipment with lease terms of 4 years. The leases relate to photocopiers and laptop computers which have an expected life of 3 - 4 years before becoming obsolete.

(b) Finance Lease liabilities

	2010	2009
	$	$
Not later than 1 year	60,185	71,940
Longer than 1 year and not longer than 5 years	12,855	74,518
Total	**73,040**	**146,458**

(c) Non-cancellable operating lease payments (lessee)
Operating leases related to vehicles and property.

	2010 $	2009 $
Not later than 1 year	515,040	539,779
Longer than 1 year and not longer than 5 years	656,457	935,469
Longer than 5 years	-	41,219
Total	**1,171,497**	**1,516,467**

(d) Non cancellable operating lease (lessor)
Operating leases related to properties leased by PSA.

	2010 $	2009 $
Not later than 1 year	331,553	441,237
Longer than 1 year and not longer than 5 years	286,236	296,473
Total	**617,789**	**737,710**

20. Key management remuneration

	2010 $	2009 $
Remuneration of key management personnel and board members.		
Short-term employee benefits	343,375	329,234

21. Reconciliation of net surplus for the period to net cash flows from operating activities

	2010 $	2009 $
Net surplus from operations	1,116,130	613,469
Add non cash items:		
Depreciation	457,076	419,488
Amortisation of leased assets	74,875	69,661
Amortisation of software	132,264	30,936
Loss on disposal of fixed assets	14,035	277
Loss on Investments (unrealised)	(221)	663
Loss (Gain) on revaluation of properties (unrealised)	8,549	333,090
Tax expense - deferred tax portion	45,414	-
	1,848,122	1,467,584
Add/(less) movements in working capital items:		
Accounts receivable (increase)	532,638	(161,902)
Prepayments (increase)	56,283	(13,732)
Tax paid in advance (increase)	53,981	(3,086)
Accounts payable and accruals increase (decrease)	105,405	78,539
Leave provision increase	101,687	166,026
	849,994	65,845
Net cash flow from operating activities	**2,698,116**	**1,533,429**

22. Financial instruments

(a) Capital risk management

The PSA manages its capital to ensure it will be able to continue as a going concern by setting the level of subscription charges to provide a moderate annual surplus to maintain sufficient financial reserves to ensure it is able to act in the interest of members.

The capital structure of the PSA consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents as disclosed in note 5 and equity attributable to members comprising reserves and Members' funds. PSA capital management is strictly governed by the executive board investment policy dated 31 October 2002, and as amended 24 February 2009.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in note 3 to the financial statements.

(c) Categories of financial instruments
As at 31 March 2010

	Held to maturity investments	Loans and receivables	Available for sale financial assets	Financial assets and liabilities at amortised cost	Total
Assets					
Cash and cash equivalents	6,393,232	-	-	-	6,393,2
Trade and other receivables	-	371,759	-	-	371,7
Other assets	9,500,000	-	-	-	9,500,0
Investments	-	-	10,613	-	10,6
Total financial assets	15,893,232	371,759	10,613	-	16,275,6
Liabilities					
Trade and other payables	-	-	-	1,217,522	1,217,5
Borrowings	-	-	-	985,266	985,2
Other financial liabilities	-	-	-	73,040	73,0
	-	-	-	2,275,828	2,275,8

As at 31 March 2009

	Held to maturity investments	Loans and receivables	Available for sale financial assets	Financial assets and liabilities at amortised cost	Total
Cash and cash equivalents	8,593,253	886,143	-	-	9,479,3
Trade and other receivables	-	779,222	-	-	779,2
Other assets	4,924,909	-	-	-	4,924,9
Investments	-	-	10,392	-	10,3
Total financial assets	13,518,162	1,665,365	10,392	-	15,193,9
Liabilities					
Trade and other payables	-	-	-	1,112,117	1,112,1
Borrowings	-	-	-	1,586,795	1,586,7
Other financial liabilities	-	-	-	146,458	146,4
	-	-	-	2,845,370	2,845,3

(d) Financial risk management objectives

The PSA finance department co-ordinates access to the domestic financial market and monitors and manages the financial risk (including interest rate risk and credit risk).

(e) Market risk management

PSA's activities expose it primarily to the financial risks of changes in interest rates as it borrows and invests funds in fixed interest rates. The PSA manages the risk by positioning funds through different interest rate cycles.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates on investments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease in interest rates is used.
At reporting date, if interest rates had been 50 basis points higher or lower and all other variables held constant the surplus would increase/decrease by $nil (2009: increase/decrease by $nil)

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss.
The PSA has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk from defaults.
PSA investments will be in institutions and instruments that have a Standard & Poors credit rating of A- or better.
PSA exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed by the executive board's audit committee annually.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the executive board which has built an appropriate liquidity risk management framework for the management of the PSA's short, medium and long term funding and liquidity management requirements. The PSA manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring actual cash flows and matching the financial profiles of financial assets and liabilities.

There is minimal risk arising from trade receivables as subscriptions are recognised on receipt, which is generally salary deduction from employers, and holiday home and office rents receivable are paid in advance.

Liquidity and interest risk tables
The following tables detail PSA's contractual maturities for its financial liabilities. They are based on the undiscounted cash flows of financial liabilities based on the earliest date on which PSA can be required to pay.
The table includes both interest and principal cash flows.

As at 31 March 2010	Effective Interest rate range	Less than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Trade and other payables		1,217,522	-	-	1,217,522
Fixed rate debt	8.85%-9.07%	119,370	477,480	1,228,558	1,825,408
Financial leases		60,185	12,855	-	73,040
		1,397,077	490,335	1,228,558	3,115,970

As at 31 March 2009		Less than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Trade and other payables		1,112,117	-	-	1,112,117
Fixed rate debt	8.85%-9.07%	189,970	759,880	1,926,372	2,876,222
Financial leases		71,940	74,518	-	146,458
		1,374,027	834,398	1,926,372	4,134,797

(h) Fair value of financial instruments
The 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 is determined with reference to quoted market prices;
The carrying amount of financial assets and liabilities measured at amortised cost in the financial statements are considered to approximate their fair value.

23. Subsequent events
Subsequent to balance date the Minister of Finance announced a reduction in the Corporate Tax rate from 30% to 28% effective from 1 April 2011. The impact on this will be an increase of the 31 March 2010 deferred tax provision of $59,573 with a corresponding increase in the taxation charge.