



TUVALU NATIONAL PROVIDENT FUND



ANNUAL REPORT 2014

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TNPF STAFF 2014



VISION

‘PROVIDE EXCELLENT SERVICES AND SUSTAINABLE BENEFITS TO MEMBERS’

MISSION

“TO INVEST PRODUCTIVELY THE CONTRIBUTIONS RECEIVED SO MEMBERS AND THEIR DEPENDANTS CAN OBTAIN THE GREATEST BENEFIT OF THEIR LIFETIME DURING AND BEFORE RETIREMENT AND TO ENSURE THE CORPORATE DUTIES OF THE FUND, IN PARTICULAR, THE REGISTRATION OF MEMBERS, COLLECTION OF CONTRIBUTIONS, ENFORCEMENT OF COMPLIANCE, PROVISIONS FOR CUSTOMER SERVICES AND PAYMENT OF BENEFITS ARE DELIVERED EFFICIENTLY AND EFFECTIVELY”

HIGHLIGHTS FOR THE YEAR 2014

- The Fund reported a net profit of \$3,012,294 for the year.
- The Board declared an interest rate of 5.26 per cent to be credited to all member's accounts for the year 2014. The decision resulted in the crediting of \$2,292,875 to the members accounts.
- The Fund Celebrated its 30th Anniversary during the Year.
- For the first time, the Fund's total Member's Fund exceeded \$50 million.
- The Fund reviewed its organization structure, job descriptions and salary administrative policy (framework) during the year.
- 194 new members were registered during the year.
- 6 new employers were registered during the year.
- The Fund received \$5,196,065 as total member contributions during the year compared to \$4,605,732 received in 2013, an increase of 12.82%.
- Total benefit withdrawals paid out during the year amounted to \$4,641,681 compared to \$4,725,026 paid out in 2013.
- Total loans disbursed during the year amounted to \$2,194,155 (2013: \$2,239,255).
- The Fund's loans portfolio increased by 5.85% to \$8,193,274 during the year
- The total member's fund increased by 7.85% to \$51,105,409 during the year.
- The Fund's total investment portfolio increased by 7.58% to \$50,436,769 during the year.
- Total assets of the Fund increased by 7.81% to \$51,189,860 during the year.

BOARD MEMBERS

Names	Representing	Appointment
Ms. Palipa H. Lauti [Chairperson]	Public Service	Appointed 8/7/2013
Mr. Solofa Uota	Employees	Appointed 8/7/2013
Mr. Kakee P Kaitu	Public Service	Appointed 8/7/2013
Mr. Karl Tili	Employers	Appointed 5/11/2013
Ms. Miliama Simeona	Employees	Appointed 1/3/2014
Mr. Petaia Meauma	Employers	Appointed 19/10/2014



CHAIRPERSON'S REPORT

On behalf of the TNPf Board, I am pleased to present the Annual Report of the Fund for the financial year, ending 31 December 2014. The report provides information on the operations of the Fund during the year and also includes highlights of what was achieved during the year. I am also pleased to submit the audited financial statements of the Fund for the financial year ending 31 December 2014, which forms part of this report, submitted in accordance with the requirements of the TNPf Act 1984.

The year was particularly significant for members of the Fund as the organization celebrated its 30th Anniversary during the year.

I am delighted to report another year of positive financial results, as the Fund reported a net profit of \$3,012,294. The Board given its commitment to its members declared a dividend interest rate of 5.26 to be credited to all members accounts for the reported financial year. The total dividend credited to member's individual accounts during the year amounted to \$2,292,875.

The Fund's total investment portfolio (including offshore and local investments) increased by 7.58% to \$50,436,769 while total assets of the Fund increased by 7.81% to \$51,189,860. The total member's fund increased by 7.85% to \$51,105,409 during the year. The Fund's offshore investment portfolio that makes up 80.87% of the Fund's total investment strategy reported a net return of 8.5% during the year, while the member's small loans scheme that makes up 16.25% of the Fund's total investment strategy reported a return of 10.29% for the year.

The Fund reviewed the organization's structure, job descriptions and salary administrative policy (framework) during the year. The objectives of the review was to

develop a structure and salary policy that enables the Fund to adapt to the changing organizational demographics and to respond effectively to member's needs.

The Fund continued to monitor its MEDU benefit scheme during the year. Formal submissions received from various members proposing if school fees for local pre-schools could become a new ground for withdrawal under the MEDU scheme was an issue that was consulted by the Fund's Management and representatives from the department of Education and Pre-School administrators during the year. Members continued to enjoy the benefits they received from the Fund's new MEDU scheme during the year. Total MEDU benefits paid out to members during the year amounted to \$544,205.

I take this opportunity to thank members of the TNPf Board for their commitment and hard work during the year, management and staff for implementing Board decisions to the best of their abilities. I am also thankful for the support that we are getting from Government, employers, employees, the private sector and all stakeholders.



Palipa H. Lauti
Chairperson



CHIEF EXECUTIVE OFFICER'S REPORT

Introduction / Performance

As trustees, the principal activities of the Fund as enshrined in the TNPf Act is to receive and collect contributions, invest monies for the benefit of members and to effectively process members request for withdrawal. The Fund's Management and Staff were challenged throughout the year to effectively and efficiently deliver these activities.

The year was another successful one for the Fund and its members. The Fund reported a net profit of \$3.01 million during the year, which is a net return of 6.34% on member's fund. The Fund's offshore investment strategy reported a gross return of 8.5% during the year. The Fund's membership continued to grow, with 194 new members registered during the year.

In terms of financial performance, the year was another exceptional year for the Fund. The net assets of the Fund have grown significantly over the year. Total assets of the Fund increased by 7.81% to \$51,189,860 during the year.

In 2014, the Fund responded to 333 claims for benefit withdrawals, 5,706 loan applications and 1,285 applications for MEDU withdrawals.

30th Anniversary

The Fund celebrated its 30th Anniversary throughout the week 31st March - 4th April 2014. Special events were organized to commemorate the Fund's Anniversary, which included the setting up of public booths (enabling members to interact directly with TNPf Staff), public awareness programme and Live-Radio talks.

Reviews

The Fund strove to improve its human resource capacity to better suit its members needs during the year. In doing so, the Fund reviewed its organization's structure, job descriptions and salary administrative policy (framework) during the year. The objectives of the review were to streamline / identify new areas of responsibility not covered and establish clear job descriptions for all staff, identify key areas currently under resourced or overloaded, review the salary grading policy for all positions, review the organization's salary scale, re-align all positions according to the Salary Scale, and develop a new Organization Structure. The review satisfies one of the Fund's corporate objectives that is to provide a strong customer service.

Creating an enabling environment that responds and supports the ongoing needs of our members has been given priority consideration throughout the review and the Fund will soon have a newly constructed Customer Service Unit, planned for construction in 2015.

Membership

The Fund welcomed 194 new members who were registered during the year compared to 204 the previous year. As of 31 December 2014, the number of registered members stands at 5,840 (2013 – 5,646). From those registered, around 3,199 members have active accounts.

Employers

A total of 6 new employers were registered during the year, bringing the total number of registered employers to 336 (2013 – 330). Out of this number about 128 employers are considered active and have made at least one contribution towards the Fund during the year.

Growth of the Fund

Year End	Annual contribution (\$)	Total members' credit (\$)	Number of members
1984	145,910	1,677,870	1,136
1985	239,542	1,847,463	1,302
1986	279,472	2,130,788	1,913
1987	284,991	2,520,634	2,349
1988	348,933	2,841,207	2,646
1989	343,294	3,355,975	2,974
1990	378,750	4,076,556	3,164
1991	485,890	4,299,175	3,182
1992	668,961	5,240,336	3,241
1993	795,647	6,048,890	3,268
1994	643,555	6,899,359	3,287
1995	912,003	7,347,583	3,334
1996	785,333	8,094,935	3,376
1997	1,206,821	8,828,682	3,519
1998	1,279,968	10,018,061	3,538
1999	1,596,799	10,727,919	3,573
2000	2,554,855	12,918,586	3,726
2001	2,624,234	14,707,376	3,859
2002	2,994,661	15,313,348	4,267
2003	3,815,165	18,035,826	4,892
2004	3,220,414	21,623,307	5,343
2005	2,867,305	24,322,730	5,626
2006	3,435,203	28,004,214	5,851
2007	3,448,518	31,089,756	6,227
2008	3,936,902	32,406,919	6,585
2009	3,907,439	33,020,594	6,773
2010	4,230,324	36,064,320	5,099
2011	4,806,440	39,104,297	5,250
2012	4,380,528	42,500,702	5,442
2013	4,605,732	45,901,064	5,646
2014	5,196,065	48,903,798	5,840

Contributions

Contributions collected during the 2014 financial year amounted to \$5,196,065 (2013 – \$4,605,732). Monthly contributions therefore averaged at A\$433,005 (2013 – \$383,811).

Interest (Dividend) Declared to Members

The Board declared a dividend of 5.26 per cent (5.26%) to be credited to all members' accounts for the financial year 2014. The total amount credited to members account amounted to \$2,292,875.

Withdrawals

The total benefit withdrawals paid out during the year amounted to \$4,641,681 (2013 – \$4,725,026). Breakdown of withdrawals under each category of withdrawal is summarized below-

Type of Benefit	Amount (\$)
Retirement	2,418,800
Emigration	615,248
Death	144,317
Incapacity	20,178
Housing	198,933
Recovery for bad and doubtful debts	700,923
MEDU benefits	543,282
Total	4,641,681

Descriptions for each ground of withdrawals are briefly outlined below.

Retirement Benefit

Retirement benefit is payable as a lump sum to a member who has attained the age of 45 years and retires from employment.

Emigration

Emigration benefit is payable to a member who leaves Tuvalu with no intention of returning. Members who have gained citizenship or permanent residence in country of migration are entitled to 100% withdrawal of total balance. Members without permanent residence status can access up to 50% of balance, provided members balance is in excess of \$1,000. Members accessing 50% can apply for withdrawal of remaining balance after 12 months of absence from Tuvalu

Death

Death benefit is payable to a person nominated by a deceased member under the Provident Fund (Nominations) Regulations 1984.

Incapacity

Incapacity benefit is payable to a member who is physically or mentally incapable of engaging in further employment or to a person authorized to act on member's behalf.

Housing

Housing benefit is payable to a member who has attained the age of 45 and has an intention to construct or renovate his/her own private house.

Retirement Pension

Retirement pension benefit is payable as a monthly pension to a member who retires from employment and elects to take a retirement pension in lieu of part or all of the retirement benefit. The benefit can also be payable to a member who has attained the age of 65, whether or not retired and elects to take a retirement pension.

Medical and Educational benefit (MEDU)

The MEDU benefit is a benefit that is payable directly from a member's MEDU account for the purpose to finance a member or member's dependants medical and/or educational services in accordance with conditions laid out by way of policy.

Enforcement

Enforcement of compliance is a vital role of the Fund. The Fund's enforcement committee had been instrumental during the year, working closely with the enforcement team in making sure non complying employers (clients) are dealt with accordingly. Routine inspections are carried out on defaulting clients and reminder letters are issued accordingly. Visits to defaulting Employers on the outer islands were also carried out during the year.

Investments

The Fund maintained its objective based asset allocation strategy during the year as the offshore portfolio is equally split between two multi-asset fund managers, namely AMP Capital Extended Multi-Asset Fund and Schrodgers Real Return Fund.

The Fund's loan scheme continued to produce a consistent positive return for the Fund, where the total loan portfolio increased from \$7,741,059 to \$8,193,274 during the year.

The commercial market project collected \$28,035 in total revenues, a dramatic decline if compared to \$43,260 revenues reported in 2013. The decline in number of room rented during the year was the biggest hurdle confronted by the project during the year, knowing four tenants vacated the building during the year. Efforts to re-package the room rentals and to promote the room through direct contacts with potential customers, resulted in the sales of four rooms at the end of the year. The Fund will continue to negotiate with Government on a bail-out subsidy, a strategy to reduce the project cost to sustainable levels.

The Fund's total investment portfolio as at 31 December 2014 amounted to \$50,436,769 (2013 - \$46,886,628). A breakdown of the Fund's overall investment strategy is presented below:-

Fund Manager / Portfolio Type	Amount (\$)	Weighting (%)
Schroder Real Return Fund	20,123,672	39.89
AMP Capital Extended Multi-Asset Fund	20,670,899	40.98
Members Small Loans	8,193,274	16.25
Fixed IBD Term Deposits with NBT	621,530	1.24
Property Investment	827,369	1.64
Shares in TCS	25	0
Total	50,436,769	100

Human Resource Development

With a trained and qualified workforce, the Fund will be able to focus on building high performance teams, improving organizational culture, and fulfilling corporate goals. Therefore, Management is committed to motivate its employees to achieve higher qualifications and to move up the ranks and realize their full potential.

Senior officer, Mr. Kiatoa Ulika pursued postgraduate training during the year under a NZAID scholarship at the University of Waikato, where he pursued a Master of Business & Management programme. The Officer managed to complete the requirements of the programme during the year and will graduate in early 2015.

Senior officer, Ms. Siava Tekafa was awarded an Australian Award Pacific Scholarship during the year to pursue a Postgraduate Diploma in Professional Accounting course. The course leads to the Master of Commerce in Professional Accounting and the course is offered at USP, Suva, Fiji.

Two officers namely Ms. Peau Taasi and Mr Tioti Maatia also continued their trainings during the year. Ms. Taasi pursued a Bachelors of Arts Degree in Management and Law, while Mr. Maatia pursued a Bachelors of Commerce Degree in Professional Accounting. Both officers attended the University of the South Pacific, Suva, Fiji.

Three officers (Ms. Manaima Tauati, Ms. Veronica Lutelu and Mr. Nakala Ioane) were given the opportunity to further their knowledge and skills during the year. The three attended a week long attachment training organized with the Fiji National Provident.

The General Manager (Mr. Penielu P. Teo) attended a two-week training programme titled – *Small Countries Financial Management Programme*. The training was organized and funded by the Small Countries Financial Management Centre. The first week of the training was held from the 7th – 12th July 2014 in the Isle of Man, while the second week was held from 14th – 18th July 2014 at the University of Oxford. The training was funded by the Government of the Isle of Man, the Commonwealth Secretariat and the World Bank. The training is an innovative high-level financial capacity-building programme drawing on a wealth of academic and practical expertise from small countries, larger regulators, international bodies and Oxford and Harvard universities.

Strengthening and upgrading the skills of all Staff in the area of Lending (Loan Processing) was given priority by management during the year. The Fund organized a one-day in-house training on Loans Processing for all Staff of the Fund. Two local resource personnel were hired to help conduct the training. The training covered the areas of loans appraisal, loan supervision and monitoring.

The Australian Superannuation Funds Association (ASFA)

The Fund extended its membership with ASFA during the year. The General Manager (Mr. Penielu Teo) and Manager Corporate Services (Mr. Kiatoa Ulika) attended the ASFA summit and Super Expo held in Melbourne, Australia during the year. The National Conference and Super Expo is ASFA's flagship event and is renowned as the largest superannuation and pension industry event staged in the Asia-Pacific region.

Membership in other Professional Organizations

Management encouraged eligible employees to become members of various professional organizations as their memberships will benefit the Fund. The Fund's General Manager, Mr. Penielu P. Teo is a full Chartered Accountant (CA) member of the Fiji Institute of Accountants (FIA). Through his membership, the Fund receives reading materials, accounting journals and special reports on conferences and short courses conducted by FIA during the year.

Staff

The following employees were employed by the Fund during the year: -

Title (position)	Name(s)
General Manager & CEO	Mr. Penielu P. Teo
Manager Finance & Member Services	Ms. Siava Tekafa
Manager Corporate Services	Mr. Kiatoa Ulika
Senior Enforcement Officer	Mr. Siale Paueli
Senior Accountant	Mr. Manaima Tauati
IT Officer	Ms. Lomaloma Pepine
Member Services Officer	Ms. Kiliata Peleti
Data Entry Operator	Ms. Kiuniu Aselu
Secretary	Ms. Peau Taasi
Loans Officer	Mr. Tioti Maatia
Accounts Officer	Mr. Tutokotahi Lopati
Loans Recovery Officer	Ms. Lessa Lui
Customer Services Officer I	Ms. Veronica Lutelu
Customer Service Officer II	Ms. Malofou Kaokoro
Accounts Clerk	Mr. Nakala Ioane

Messenger	Mr. Etimoni T Selu
Cleaner	Mr. Samuelu Hauma
Market Clerk	Mr. Lusama Uoli
Temporary Staff	Ms. Lelepasi Tusaga

Appreciation

Overall, it has been another successful year for the Fund. I take this opportunity to thank all members of the Board for their leadership and guidance that led to the Fund realizing good financial results during the year.

Once again, the Fund would like to record its appreciation for the support and assistance that has been forthcoming from Government, Employers, all stakeholders and all members during the year.

I would also like to thank all my fellow Staff for embracing and enduring the challenges confronted by the Fund during the year and for being able to transform the big decisions made by the Board and Management into outcomes, and I attribute the success of the year to every one of them.

I look forward to a challenging year ahead and would like to wish the Fund a prosperous future.

Fakafetai lasi



Penielu P. Teo
General Manager & CEO

Tables of Statistics (1984 to 2014)

Table 1: Contributions

Presented below is the breakdown of contributions, annual contributions and average contributions from 1984 to 2014.

Year	Number of contributors	Annual contributions (AUD)	Average annual contribution per member (AUD)
1984	1,136	145,910	128
1985	1,302	239,542	184
1986	1,913	279,472	146
1987	2,349	284,991	121
1988	2,646	348,933	132
1989	2,974	343,294	115
1990	3,162	378,750	120
1991	3,182	485,890	153
1992	3,241	668,961	206
1993	3,268	795,647	243
1994	3,287	643,555	196
1995	3,334	912,003	273
1996	3,376	785,333	233
1997	3,519	1,206,821	343
1998	3,538	1,279,968	362
1999	3,573	1,596,799	447
2000	3,726	2,554,855	686
2001	3,859	2,624,234	680
2002	4,267	2,994,661	702
2003	4,892	3,815,165	780
2004	5,343	3,220,414	603
2005	5,626	2,867,305	509
2006	5,851	3,435,203	587
2007	6,227	3,448,518	553
2008	6,585	3,936,902	598
2009	6,773	3,907,439	577
2010	5,099	4,230,324	830
2011	5,250	4,806,440	915
2012	5,442	4,380,528	805
2013	5,646	4,605,732	816
2014	5,840	5,196,065	889

Table 2: Interest rates

Presented below is the breakdown of interest rates declared, bonus, amounts credited, and average amounts credited to members accounts from 1984 to 2014.

Year	Declared Interest rate (%)	Amounts credited (AUD)	Average amount credited per member (AUD)
1984	6.5	109,061	96
1985	7.5	124,540	96
1986	8	157,836	83
1987	10	229,149	98
1988	12	302,128	114
1989	13.5	397,850	134
1990	14	497,574	157
1991	14	595,489	187
1992	14	643,380	199
1993	14	777,946	238
1994	9	605,564	184
1995	8	597,270	179
1996	9.5	728,090	216
1997	10.5	894,214	254
1998	10.5	983,091	278
1999	4	418,220	117
2000	2.45	305,742	82
2001	2.45	364,678	95
2002	0	0	0
2003	1.5	274,979	56
2004	4.5	931,147	174
2005	6.5	1,484,485	263
2006	7	1,832,003	313
2007	5	1,532,451	246
2008	0	0	0
2009	1	331,887	49
2010	5	1,722,287	336
2011	4	1,522,249	290
2012	8	2,955,766	543
2013	8	3,186,668	564
2014	5.26	2,292,875	392

Table 3: Inflows and Outflows

Presented below is the breakdown of expenditure, total contributions, income and percentage of expenditure to total contributions plus income from 1984 to 2014.

Year	Expenditure (AUD)	Total contributions (AUD)	Income (AUD)	Percentage of Expense to contributions plus income (%)
1984	10,914	145,909	125,076	4.03
1985	17,247	239,542	258,141	3.47
1986	24,620	279,472	293,780	4.29
1987	25,122	284,991	423,665	3.55
1988	27,743	348,933	525,598	3.17
1989	33,052	343,394	448,185	4.17
1990	39,754	378,750	551,572	4.27
1991	45,257	485,890	717,711	3.76
1992	62,359	668,961	768,557	4.34
1993	47,085	795,647	112,7001	2.44
1994	553,339	643,555	569,659	45.6
1995	179,327	912,003	744,085	10.83
1996	198,203	785,333	659,253	13.72
1997	308,351	1,206,821	1,560,652	11.14
1998	331,597	1,279,968	1,248,125	13.12
1999	289,020	1,596,799	106,568	16.96
2000	575,464	2,554,855	1,049,399	15.97
2001	1,262,277	2,624,234	1,391,073	31.44
2002	1,794,421	2,994,661	885,147	46.25
2003	483,133	3,815,165	1,066,376	9.90
2004	332,057	3,220,414	2,358,233	5.95
2005	362,028	2,867,305	2,615,651	6.60
2006	507,548	3,435,203	2,908,735	8.0
2007	484,976	3,448,518	1,890,621	9.08
2008	522,483	3,936,902	802,993	11.02
2009	508,005	3,907,439	4,010,786	13.00
2010	595,811	4,230,324	2,939,954	8.30
2011	721,924	4,806,440	2,289,524	10.10
2012	650,378	4,380,528	4,181,919	7.59
2013	687,903	4,605,732	4,278,028	7.74
2014	776,028	5,196,065	3,788,322	8.64

Table 4: Investments

Presented below is the breakdown of net assets, total investment and percentage of investment to net assets from 1984 to 2014.

Year	Net Assets (AUD)	Total Investment Portfolio (AUD)	Percentage of Investments to Net Assets (%)
1984	1,677,869	0	0
1985	2,015,933	1,736,878	86.15
1986	2,411,037	2,166,095	89.84
1987	2,967,739	2,495,312	84.08
1988	3,485,033	2,998,382	86.03
1989	4,021,985	3,398,402	84.49
1990	4,761,380	3,826,426	80.36
1991	5,064,310	4,450,136	84.49
1992	6,084,937	5,174,117	85.03
1993	7,072,620	6,667,883	94.27
1994	7,329,563	6,516,884	88.91
1995	7,808,451	7,191,764	92.10
1996	8,233,421	8,230,736	99.90
1997	9,148,852	8,830,023	96.51
1998	10,599,156	9,867,615	93.10
1999	10,816,077	9,915,161	91.67
2000	12,998,052	11,914,141	91.66
2001	14,801,842	13,391,074	90.47
2002	15,422,814	13,937,458	90.37
2003	18,160,292	16,001,722	88.11
2004	21,966,741	20,370,774	92.73
2005	25,262,106	24,570,258	97.26
2006	29,527,032	28,652,195	97.03
2007	32,465,281	31,793,222	97.92
2008	29,389,177	28,596,218	97.30
2009	33,645,436	32,750,044	97.34
2010	36,259,320	34,886,189	96.00
2011	39,600,601	36,632,056	92.50
2012	43,763,700	43,250,442	98.82
2013	47,387,513	46,886,628	98.94
2014	51,105,409	50,436,769	98.70

Table 5: Member's Fund

Presented below is the growth trend in members fund and number of members from 1984 to 2014.

Year	Number of Members	Members Fund (AUD)	Members growth rate (%)	Members Fund growth rate (%)
1984	1,136	1,677,870	0	0
1985	1,302	1,847,463	14.61	10.10
1986	1,913	2,130,788	46.92	15.13
1987	2,349	2,520,634	22.79	18.29
1988	2,646	2,841,207	12.64	12.71
1989	2,974	3,355,975	12.39	18.11
1990	3,164	4,076,556	6.39	21.47
1991	3,182	4,299,175	0.57	5.46
1992	3,241	5,240,336	1.85	21.89
1993	3,268	6,048,890	0.83	15.42
1994	3,287	6,899,359	0.58	14.05
1995	3,334	7,347,583	1.42	6.49
1996	3,376	8,094,935	1.25	10.17
1997	3,519	8,828,682	4.24	9.06
1998	3,538	10,018,061	0.54	13.47
1999	3,573	10,727,919	0.99	7.09
2000	3,726	12,918,586	4.28	20.42
2001	3,859	14,707,376	3.57	13.85
2002	4,267	15,313,348	10.57	4.12
2003	4,892	18,035,826	14.64	17.78
2004	5,343	21,623,307	9.22	21.02
2005	5,626	24,322,730	5.29	12.48
2006	5,851	28,003,472	3.99	15.13
2007	6,227	31,089,756	6.42	11.02
2008	6,585	29,070,897	5.74	- 6.49
2009	6,773	33,520,594	2.85	15.30
2010	5,099	36,064,320	-24.7	7.50
2011	5,250	39,190,501	2.96	8.66
2012	5,442	42,587,283	3.65	8.67
2013	5,646	47,387,513	3.75	7.98
2014	5,840	51,105,409	3.44	7.85

Table 6: Income and Benefits Paid

Presented below is the breakdown of total benefits paid out as compared to income earned from 1984 to 2014.

Year	Total Benefits Paid (AUD)	Total Income Earned (AUD)
1984	65,637	125,076
1985	162,540	258,141
1986	152,892	293,780
1987	123,405	423,665
1988	330,656	525,598
1989	225,261	448,185
1990	156,348	551,572
1991	858,762	717,711
1992	386,832	768,557
1993	606,164	1,127,001
1994	398,650	569,659
1995	1,061,049	744,085
1996	766,071	659,253
1997	1,367,288	1,560,652
1998	1,073,680	1,248,125
1999	1,209,149	577,174
2000	833,657	1,049,399
2001	964,240	1,391,073
2002	1,468,581	885,147
2003	1,649,806	1,066,376
2004	1,426,843	2,358,233
2005	1,811,933	2,615,651
2006	1,642,443	2,908,735
2007	1,895,427	1,890,621
2008	2,693,968	802,993
2009	3,148,940	4,010,786
2010	3,455,983	2,939,954
2011	3,076,102	2,289,524
2012	3,834,089	4,181,919
2013	4,725,026	4,278,028
2014	4,641,681	3,788,322

Table 7: Benefits Withdrawals

Presented below is the breakdown of total benefits paid out of each of the following benefit categories from 1984 to 2014.

Year	Retirement (AUD)	Age & Other Claims (AUD)	Emigration (AUD)	Women's Home (AUD)	Incapacity (AUD)	Death (AUD)	Housing (AUD)	Pension (AUD)	Recovery Bad Debts (AUD)	Members Home (AUD)	MEDU Benefit	Total (AUD)
1984	20,431	29,303	4,001	7,933	0	0	0	3,969				65,637
1985	145,508	4,262	4,249	2,412	0	601	0	5,508				162,540
1986	56,081	46,350	28,346	15,239	19	1,442	0	5,415				152,892
1987	33,568	5,205	67,174	2,231	0	9,803	0	5,424				123,405
1988	196,959	46,901	47,004	26,823	0	6,106	0	6,863				330,656
1989	71,257	45,907	49,702	13,629	0	38,431	0	6,336				225,262
1990	45,066	8,446	65,852	20,041	0	2,649	0	8,292				150,346
1991	692,721	24,967	75,925	18,526	0	39,050	0	7,571				858,760
1992	239,099	34,871	53,943	34,126	10,607	6,664	0	7,518				386,828
1993	464,414	29,902	40,772	39,047	0	23,308	0	8,721				606,164
1994	246,811	2,951	76,255	36,120	0	27,788	0	8,725				398,650
1995	630,631	13,442	105,214	243,624	10,235	49,182	0	8,725				1,061,053
1996	325,189	4,401	227,251	178,185	5,960	16,365	0	8,720				766,071
1997	749,755	157,201	223,881	168,143	4,551	61,146	0	2,611				1,367,288
1998	587,151	184,963	145,149	75,420	4,742	73,922	0	2,333				1,073,680
1999	402,951	509,562	152,660	128,059	0	11,177	0	4,740				1,209,149
2000	408,334	81,285	107,086	66,452	4,616	66,330	96,817	2,738				833,658
2001	450,374	0	198,247	51,309	0	165,373	96,199	2,738				964,240
2002	974,078	0	42,976	207,867	23,299	42,510	175,113	2,738				1,468,581
2003	1,169,377	0	53,745	275,168	1,451	40,361	109,704	2,738				1,652,544
2004	828,132	0	68,690	249,617	78,786	83,166	118,452	2,875				1,429,718
2005	1,018,581	0	138,087	298,234	41,569	180,325	135,137	2,875				1,814,808
2006	890,554	4,367	110,955	326,633	17,244	49,411	241,133	2,875				1,643,172
2007	776,831	0	294,043	409,897	5,807	184,449	221,573	2,875				1,895,475
2008	1,278,307	0	388,455	453,841	5,988	88,703	460,000	2,875	18,674			2,696,843

2009	1,625,968	0	254,988	236,182	79,679	53,824	263,200	2,875	150,240	484,859		3,151,815
2010	2,466,619	13,540	227,762	119,137	53,320	96,157	60,806	2,875	330,713	0	87,929	3,455,983
2011	2,071,819	0	296,034	0	39,227	140,309	65,925	2,875	211,882	0	250,906	3,078,977
2012	2,633,418	0	430,861	0	74,499	99,547	51,352	2,875	113,989	0	430,423	3,836,964
2013	2,107,524	0	908,305	0	16,330	184,721	141,428	2,875	872,960	0	493,758	4,727,901
2014	2,418,800	0	615,248	0	20,178	144,317	198,933	2,875	700,923	0	543,282	4,644,556
TOTAL	26,026,308	1,247,826	5,502,860	3,703,895	498,107	1,987,137	2,435,772	141,173	2,399,381	484,859	1,806,298	46,233,616

Notes:

- (1) The Age benefit ceased in year 2001, given changes made to the TNPf Act.
- (2) Effective from the year 2003, pension instalments were no longer paid out as direct withdrawal from the member's fund, however, the payments were treated as general expenses of the Fund.
- (3) The Women's Home Benefit ceased in year 2010, given changes made to the TNPf Act.
- (4) The MEDU benefit was introduced as a new benefit in the year 2010.

Table 8: Special death benefit fund (SDBF)

Presented below is the breakdown of amounts credited into the special death benefit Fund (SDBF) compared to total payments paid out of the SDBF fund from 1984 to 2000.

Year	Income (AUD)	Interest (AUD)	Payment (AUD)	Total fund (AUD)
1984	0	0	0	0
1985	5,958	300	251	6,007
1986	6,400	713	1,352	11,768
1987	8,500	1,317	550	21,035
1988	10,500	3,014	1,850	32,699
1989	12,626	4,083	1,350	48,058
1990	13,025	6,508	2,200	65,392
1991	0	3,944	2,700	66,636
1992	0	3,033	3,100	66,593
1993	0	2,063	3,400	47,476
1994	0	0	1,834	45,642
1995	0	0	4,538	41,104
1996	0	0	1,184	39,920
1997	0	0	3,558	36,362
1998	0	0	4,927	31,435
1999	0	0	3,277	28,158
2000	0	0	28,158	0

Note:

The special death benefit reserve fund (SDBF) was closed at the end of the year 2000 and the balance of the reserve fund was distributed to all members who contributed. From the year 2001, the Fund continued to finance special death benefit payments under the direct expense of the Fund. The arrangement continued until the benefit was discontinued on 1st August 2007.

Financial Statements
For the year ended 31 December 2014

Tuvalu National Provident Fund

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Tuvalu National Provident Fund

Directors' report

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of Tuvalu National Provident Fund ("the Fund") as at 31 December 2014 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The names of directors in office at the date of this report and at any time during the financial year and up until the date the financial statements were authorised for issue are as follows:

Ms Palipa H. Lauti (Chairperson)
Dr Miliama Simeona (appointed 1/3/2014)
Mr Petaia Meauma (appointed 19/10/2014)
Mr Solofa Uota
Mr Kakee P. Kaitu
Mr Karl Tili

In the opinion of the directors, the accompanying statements of financial position give a true and fair view of the state of affairs of the Fund as at 31 December 2014 and the accompanying statement of comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results, changes in equity and cash flows of the Fund for the year then ended.

Operating results

The net gain for the year after income tax amounted to \$3,012,294 (2013: \$3,590,125).

Interest earned by members

An interest rate of 5.26% (2013: 8%) on members' balance was declared by the Board.

Reserves

Undistributed gain of \$719,419 for the financial year 31 December 2014 was transferred to reserves (2013: \$403,457).

Principal activities

The principal activities of the Fund during the course of the financial year were receiving and managing contributions on behalf of its members, providing personal loans to members secured against the members' contribution and investing in interest bearing deposits, bonds and money market and equity through professional fund managers.

There were no significant changes in the nature of the activities during the year.

Current asset

The directors took reasonable steps before the Fund's financial statements were made out to ascertain that the current assets of the Fund were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of operation.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the financial statements to be misleading.

Tuvalu National Provident Fund

Directors' report (continued)

Receivables

The directors took reasonable steps before the Fund's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related party transactions

All related party transactions have been adequately recorded in the financial statements.

Going concern

The financial statements have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of operation.

Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent financial years.

Other circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the accounts to be misleading.

Unusual circumstances

The results of the Fund's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

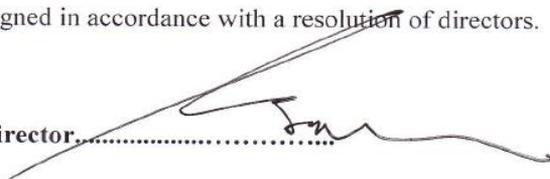
Directors' interests

No director of the Fund has, since the end of the financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors shown in the Fund's financial statements) by reason of a contract made with the Fund or a related corporation with the director or with a firm of which he/she is a member, or in a company in which he/she has a substantial financial interest.

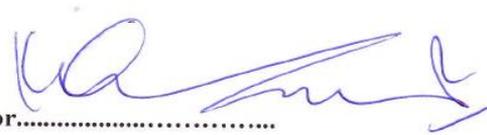
Dated at *Vaiaku* Funafuti this *22nd* day of *April* 2015

Signed in accordance with a resolution of directors.

Director.....



Director.....



Tuvalu National Provident Fund

Statement by directors

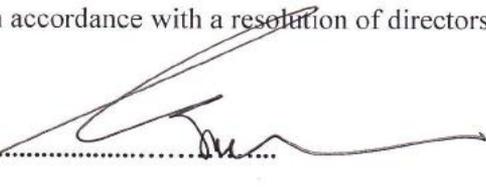
In the opinion of the directors of Tuvalu National Provident Fund:

- (a) the accompanying statement of comprehensive income of the Fund is drawn up so as to give a true and fair view of the results of the Fund for the year ended 31 December 2014;
- (b) the accompanying statement of changes in equity of the Fund is drawn up so as to give a true and fair view of the changes in equity of the Fund for the year ended 31 December 2014;
- (c) the accompanying statement of financial position of the Fund is drawn up so as to give a true and fair view of the state of affairs of the Fund as at 31 December 2014;
- (d) the accompanying statement of cash flows of the Fund is drawn up so as to give a true and fair view of the cash flows of the Fund for the year ended 31 December 2014;
- (e) at the date of this statement there are reasonable grounds to believe the Fund will be able to pay its debts as and when they fall due; and
- (f) all related party transactions have been adequately recorded in the books of the Fund.

Dated at *Saiakn*, Funafuti this *20nd* day of *April* 2015

Signed in accordance with a resolution of directors.

Director.....



Director.....



Tuvalu National Provident Fund
Statement of comprehensive income
For the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Income			
Interest income	5 (a)	560,528	528,924
<i>Movement in net market value of investments</i>			
Unrealised gain on investments	5 (b)	2,360,487	2,380,060
Investment income		533,651	1,141,484
Other operating income	6	<u>333,656</u>	<u>227,560</u>
		3,788,322	4,278,028
Expenses			
Personnel expenses	7	445,197	350,934
Depreciation		47,732	50,173
Other operating expenses	8	<u>283,099</u>	<u>286,796</u>
Gain from operations		3,012,294	3,590,125
Income tax expense	3(m)	<u>-</u>	<u>-</u>
Other comprehensive income		-	-
Net gain for the year attributable to members of the Fund		<u>3,012,294</u>	<u>3,590,125</u>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 33 to 49.

Tuvalu National Provident Fund
Statement of changes in equity
For the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Contributions			
Balance at 1 January		45,901,064	42,500,702
Add: contributions received during the year	17(a)	5,196,065	4,605,732
Add: transfers from statement of comprehensive income	17(a)	3,012,294	3,590,125
Add: advance distribution accounts	17(a)	168,663	144,815
Add: transfer from dividend equalisation reserve	17(a)	-	196,848
Less: administrative service fees	17(a)	(17,445)	(8,675)
Less: member withdrawals	17(a)	(4,641,681)	(4,725,026)
Less: transfer to dividend equalisation reserve	17(a)	(719,419)	(403,457)
Less: transfer from unallocated contributions	17(a)	4,257	-
Balance at 31 December		<u>48,903,798</u>	<u>45,901,064</u>
Unallocated member contributions	17(b)	86,581	86,581
Less: transfer (to) contributions	17(b)	(4,257)	-
		<u>82,324</u>	<u>86,581</u>
		<u>48,986,122</u>	<u>45,987,645</u>
Insurance reserve			
Balance at 1 January		195,000	195,000
Transfer to/(from) statement of comprehensive income		-	-
Balance at 31 December		<u>195,000</u>	<u>195,000</u>
Dividend equalisation reserve			
Balance at 1 January		1,204,868	981,417
Transfer from statement of comprehensive income	17(a)	719,419	403,457
Transfer to contributions	17(a)	-	(196,848)
Transfer from loans and advances		-	16,842
Balance at 31 December		<u>1,924,287</u>	<u>1,204,868</u>
Total reserves		<u>2,119,287</u>	<u>1,399,868</u>
Total member's funds at 31 December		<u>51,105,409</u>	<u>47,387,513</u>

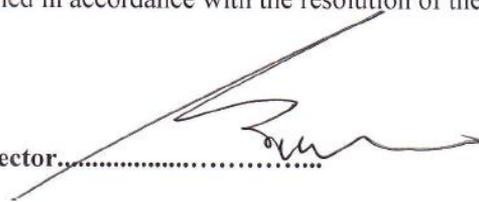
The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 33 to 49.

Tuvalu National Provident Fund
Statement of financial position
As at 31 December 2014

	Notes	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	9	1,231,462	817,618
Other receivables and assets	10	57,111	73,393
Total current assets		<u>1,288,573</u>	<u>891,011</u>
Noncurrent assets			
Financial assets	11	48,987,870	45,642,950
Property, plant and equipment	12	86,048	104,083
Intangible assets	13	-	-
Investment properties	14	827,369	845,429
Total noncurrent assets		<u>49,901,287</u>	<u>46,592,462</u>
Total assets		<u>51,189,860</u>	<u>47,483,473</u>
Current liabilities			
Trade creditors and accruals	15	23,951	42,573
	16	5,502	6,672
Total current liabilities		<u>29,453</u>	<u>49,245</u>
Noncurrent liabilities			
Employee entitlements	16	54,998	46,715
Total noncurrent liabilities		<u>54,998</u>	<u>46,715</u>
Total liabilities		<u>84,451</u>	<u>95,960</u>
Net assets		<u>51,105,409</u>	<u>47,387,513</u>
Members' funds			
Contributions	17	48,986,122	45,987,645
Reserves	18	2,119,287	1,399,868
Total members' funds		<u>51,105,409</u>	<u>47,387,513</u>

Signed in accordance with the resolution of the directors:

Director.....



Director.....



The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 33 to 49.

Tuvalu National Provident Fund
Statement of cash flows
For the year ended 31 December 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Contributions received		5,196,065	4,605,732
Interest received		560,528	528,924
Other income received		349,937	315,039
Payment of benefits		(4,490,463)	(4,588,886)
Payment to suppliers and employees		(739,805)	(665,270)
Net cash provided by operating activities		<u>876,262</u>	<u>195,539</u>
Cash flows from investing activities			
Net decrease in investments		1,434	35,523
Net (increase) in small members loan		(452,215)	(424,392)
Payment for property, plant and equipment		(11,637)	(42,550)
Net cash outflow from investing activities		<u>(462,418)</u>	<u>(431,419)</u>
Net increase/(decrease) in cash and cash equivalent		413,844	(235,880)
Cash and cash equivalents at 1 January		<u>817,618</u>	<u>1,053,498</u>
Cash and cash equivalents as at 31 December	23	<u>1,231,462</u>	<u>817,618</u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 33 to 49.

Tuvalu National Provident Fund

Notes to and forming part of the financial statements

For the year ended 31 December 2014

1. Reporting Entity

Tuvalu National Provident Fund (the "Fund") is a national superannuation fund domiciled in Tuvalu. The address of the Fund's registered office is Funafuti, Tuvalu.

The principal activities of the Fund during the course of the financial year were receiving and managing contributions on behalf of its members, providing personal loans to members secured against the members' contribution and investing in interest bearing deposits, bonds and money market and equity through professional fund managers.

There were no significant changes in the nature of the activities during the year.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB) and the provisions of the National Provident Fund Act 1984.

The financial statements were approved by the Board of the Directors on 22/4/2015.

Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Fund.

(b) Basis of measurement

The financial statements have been prepared on the basis of historical cost and do not take into account changing money values or current valuation of non-current assets except for the valuation of investments in pooled managed funds through profit and loss and measured at fair value.

The accounting policies have been consistently applied by the Fund and except where there is a change in accounting policy, are consistent with those of the previous year.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Fund's functional currency, and have been rounded to the nearest dollar.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 estimates are revised and in any future periods affected.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

3. Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Australian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the exchange rate at that date. The foreign currency gains or losses on translation are recognised in profit or loss.

(b) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Other receivables

Other receivables comprise of receivables from employees with respect to surcharges less allowance for doubtful debts and prepayments and are stated at cost.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Fund and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Items of property, plant and equipment are depreciated using the straight line method, at rates which will write off the costs of those assets over their expected useful lives. The method of write off and the rates used are those considered appropriate to each class of asset. The annual depreciation rates are as follows:

Depreciation rates

Plant and equipment	5%, 15%, 20% & 33%
Buildings	3.6%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(e) Intangibles

Computer software

Acquired computer software licences, which have a finite life, are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Fund, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

(f) Financial assets

(i) Non-derivative financial assets

The Fund initially recognises loans and advances on the date they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Fund becomes a party to the contractual provisions of the instrument.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of the ownership of the financial asset are transferred. Any interest in such financial asset that is created or retained by the Fund is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Fund classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Attributable transaction costs are recognised in the profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in the profit or loss.

Financial assets designated as at fair value through profit or loss comprise investment in managed funds that otherwise would have been classified as available-for-sale.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(f) Financial assets (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, other receivables and loans and advances.

Members' small loans include direct finance provided to members through term loans. Interest is charged at 8.75% per annum.

Members' small loans are carried at principal balances outstanding. Interest income is brought to account on an accrual basis. The loans are secured against the members' contributions to the Fund.

(ii) Fair Value Measurement

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 and the measurement date in the principal or, in its absence, the most advantageous market to which the fund has access at that date.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liabilities take place with sufficient frequency and volume to provide pricing information on an on-going basis.

(iii) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in profit or loss. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Offsetting

Financial assets and liabilities are offset and net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis when permitted under IFRSs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

Note 11 provide a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IFRS 9.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(g) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss events(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Fund considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

As the loans and advances of the Fund are secured against the members' contributions there is no impairment recorded in respect of these loans and advances. The loans and advances balance of a member does not exceed 30 percent of the contribution balance at any point in time.

(h) Investment property

Investment property is property held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or service or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Investment property and equipment are depreciated using the straight line method, at rates which will write off the cost of those assets over their expected useful lives. The method of write off and the rates used are those considered appropriate to each class of assets. The annual depreciation rates are as follows:

	<i>Depreciation rates</i>
Furniture and equipment	5%, 15%
Buildings	2%

(i) Trade creditors and accruals

Trade and other payables are stated at cost. A provision is recognised in the statement of financial position when the Fund has legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

3. Significant accounting policies (continued)

(j) Employee benefits

Wages, Salaries and Employee entitlements

Liabilities for wages, salaries and employee entitlements are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to the reporting date.

(k) Revenue

Interest income

Interest income earned from investments such as term deposits and members' small loans are brought to account on an accrual basis.

Income from pooled managed funds

Income from pooled managed funds comprises of unrealised gains relating to investments. Movement in the market value of the investments are brought to account in the profit or loss.

Fees and surcharges

Fees and surcharges comprising of loan application fee and surcharges on member contributions are recognised on an accrual basis, when related services have been provided to the members.

(l) Expense recognition

All expenses recognised in the profit or loss is on an accrual basis.

(m) Income tax

The Provident Fund is exempt from income tax under section 32 of the Tuvalu National Provident Fund Act 1984.

(n) Contributions

Contributions from employers and members are recorded on a cash basis.

(o) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in current year presentation.

Tuvalu National Provident Fund

Notes to and forming part of the financial statements

For the year ended 31 December 2014

4. Financial risk management

Introduction

The Fund is committed to the management of risk to achieve sustainability of service to its members, employment of its staff and net surplus attributable to members and, therefore, takes on controlled amounts of risk when considered appropriate.

The Fund has exposure to the following risk:

- Market risk
- Liquidity risk
- Credit risk
- Operational risk

Implementation of risk management strategy and the day to day management of risk is the responsibility of the General Manager, supported by the management of the Fund. The following sections describe the risk management framework components:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Fund's operations are subject to the risk of interest rate fluctuations to the extent that investments re-price at different times or in differing amounts. Risk management activities are aimed at optimising gain on investment; given market interest rate levels are consistent with the Fund's business strategies.

Market risk is the potential for change in the value of on and off statement of financial positions caused by a change in the value, volatility or relationship between market rates and prices.

Market risk arises from the mismatch between assets and liabilities, both on and off balance sheet, and from controlled trading undertaken in pursuit of returns.

The Fund procures the service of International Fund Managers based in Australia to manage its investment in overseas pool managed funds. The Fund manager reports on quarterly basis to the management of the Fund. The Fund will devise appropriate investment strategies to maximise the returns on these investments. The management of the Fund reports to the Board on a regular basis.

Market risk includes currency, price, interest rate and foreign exchange risk, which are explained as follows:

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has no currency risk exposure on its financial instruments as all financial instruments are dominated in the functional currency (Australian Dollars).

ii. Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments of a specific type traded in the market.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

4. Financial risk management (continued)

Market risk (continued)

ii. Price risk (continued)

A +/- 10% and +/- 20% change in returns each month, as well as a one standard deviation change per month, from a starting value as at 31 May 2012 is shown below. Thus the changes in returns are compounded each month over a thirty one month period.

	Actual Funds Under Management as at 31/12/2014	10% Increase	10% Decrease	20% Increase	20% Decrease	1 Std Dev Increase	1 Std Dev Decrease
	\$	\$	\$	\$	\$	\$	\$
AMP Capital Extended Schroder Australian Equity Fund	20,670,899	21,287,107	20,227,275	21,836,167	19,715,952	20,921,772	20,581,331
Total	40,794,570	41,909,468	39,969,868	42,912,140	39,032,042	41,197,480	40,661,986
% Change		2.73%	(2.02%)	5.19%	(4.32%)	0.99%	(0.33%)

iii. Interest rate risk

Cash flow interest rate risk is the potential for a change in interest rates to change net interest earnings, in the current reporting period and in future years. Fair value interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. Interest rate risk arises from the structure and characteristics of the Fund's assets, liabilities and equity, and in the mismatch in re-pricing dates of its assets and liabilities. The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term.

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	2014	2013
	\$	\$
<i>Fixed rate instruments</i>		
Short term deposit	<u>621,530</u>	<u>398,249</u>

Fair value sensitivity analysis for fixed rate instruments

The Fund does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Liquidity risk

Liquidity risk arises in the general funding of the Fund's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Fund assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Fund strategy.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

4. Financial risk management (continued)

Liquidity risk (continued)

The Fund manages this risk by holding a pool of readily tradable investment assets and term deposits with credit quality counterparties to provide for any unexpected patterns in cash movements and by seeking a diverse and stable funding base.

All the financial liabilities of the Fund are payable within twelve months and hence the exposure to liquidity risk is minimal.

To control liquidity risk in terms of member withdrawals, the Fund has implemented measures in place to restrict withdrawals for certain benefits only. The major portion of the member withdrawals is retirement which is controlled by maintaining adequate cash in the general operating account. The Fund also holds highly liquid term deposits with an original term of one month to use in cases of liquidity issues.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is subject to credit risk through its lending and investing activities.

The Fund's primary exposure to credit risk arises through its loans to members and offshore investments. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statement of financial position. Lending standards and criteria are defined for loans provided to members of the Fund. The Fund relies primarily on the integrity of members and their ability to meet the obligations to the Fund.

Exposure to credit risk on offshore investments is monitored by management on an on-going basis. The Fund has an investment manager (Eriksen & Associates Limited) that provides investment advice.

Collateral for loans to members is held through the members' contribution. However, for offshore investments no collateral is held as security and no other credit enhancements exist. The Fund's financial assets exposed to credit risk amounted to the following:

	2014	2013
	\$	\$
Cash and cash equivalents	1,231,462	817,618
Investments :		
- investments in pooled funds	40,794,596	37,901,891
- loans and advances	8,193,274	7,741,059
	<u>50,219,332</u>	<u>46,460,568</u>

Operational risk

The Fund's operational risk management framework supports the achievement of the Fund's financial and business goals.

Operational risk is defined as the risk of economic gain or loss resulting from:

- inadequate or failed internal processes and methodologies;
- people;
- systems; or
- external events.

There are policies and procedures which staff are required to comply with, which also incorporates controls and systems to minimise operational risk. The General Manager is closely involved in the operational management of the Fund on a daily basis. The Board also meets monthly to discuss and approve process or policies to strengthen the operational environment.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

	2014	2013
	\$	\$
5.(a) Interest income		
Interest on members small loans	709,644	658,387
Interest on member contributions paid during the year	(168,663)	(144,815)
Interest on term deposits	19,547	15,352
	<u>560,528</u>	<u>528,924</u>
5.(b) Movement in net market value of investments		
Unrealised gain on investments	<u>2,360,487</u>	<u>2,380,060</u>
6. Other operating income		
Surcharges	152,332	25,891
Loan approval fees	114,160	112,040
BSP Life – service fee	14,281	24,481
TNPF Market – Rental	28,035	43,261
Withdrawal fees	17,445	8,675
Miscellaneous income	7,403	13,212
	<u>333,656</u>	<u>227,560</u>
7. Personnel expenses		
Salaries and wages	338,605	258,211
Provident fund contributions	33,616	31,466
Allowance and entitlements	32,853	20,928
Rent	26,560	30,890
Staff bonus	13,563	9,439
	<u>445,197</u>	<u>350,934</u>
8. Other operating expenses		
Auditors – remuneration	7,964	7,500
– other disbursement	6,636	7,100
Bank charges	5,376	6,258
Board expenses	6,995	6,176
Doubtful debts-surcharge	101,378	125,939
Electricity	17,807	17,184
Office expenditure	18,910	12,393
Portfolio management charges	15,794	14,717
Repairs and maintenance	10,438	20,331
Sponsorship	6,603	12,370
Training	12,550	11,324
Travelling, meals and accommodation	37,333	33,232
Telecommunications	7,399	7,260
TNPF Market	10,375	14,349
Other	17,541	(9,337)
	<u>283,099</u>	<u>286,796</u>

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

	2014	2013
	\$	\$
9. Cash and cash equivalents		
Cash on hand	441	1,317
Cash in bank	609,491	418,052
Term deposits	621,530	398,249
	<u>1,231,462</u>	<u>817,618</u>
10. Other receivables & assets		
Sundry debtors	306,923	216,501
Less: Allowance for doubtful debts	(269,107)	(167,729)
	<u>37,816</u>	<u>48,772</u>
Stationery stock	19,296	24,621
	<u>57,112</u>	<u>73,393</u>
11. Financial assets		
Fair value through profit or loss		
Investment in pooled funds		
Shares in Tuvalu Co-operative Society Limited	25	25
Schroder Australian Equity Fund	20,123,672	18,842,280
AMP Capital Extended	20,670,899	19,059,586
Total investment in pooled funds	<u>40,794,596</u>	<u>37,901,891</u>
Loans and advances		
Members' small loans	8,193,274	7,741,059
	<u>8,193,274</u>	<u>7,741,059</u>
Total investments	<u>48,987,870</u>	<u>45,642,950</u>

Shares

Two shares of \$10 and \$15 each is held in Tuvalu Co-operative Society Limited, a locally incorporated organisation. Dividend is recorded in the financial statements on an accrual basis.

Fair value through profit or loss

The investments other than shares in Tuvalu Co-operative Society Limited are managed by International Fund Managers based in Australia. The portfolio of investment includes equity, properties, bonds and other fixed interest products. The investments are recorded at the market value as at reporting date.

Loans and advances

Members small loans comprise of loans made to members of the Fund. These loans attract an annual interest rate of 8.75 per cent (2013: 8.75 per cent). The loans are secured against the member's contribution.

Determining fair values

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

11. Financial assets (continued)

Determining fair values (continued)

Level 1: Quoted market price (unadjusted) in active market for an identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cost				
Listed equities	40,794,596	-	-	40,794,596
Balance as at 31 December 2014	40,794,596	-	-	40,794,596

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cost				
Listed equities	37,901,891	-	-	37,901,891
Balance as at 31 December 2013	37,901,891	-	-	37,901,891

12. Property, plant and equipment

	Buildings	Office furniture & equipment	Total
	\$	\$	\$
Cost			
Balance at 1 January 2013	258,894	307,118	566,012
Acquisitions	2,166	40,384	42,550
Disposals	-	(35,758)	(35,758)
Balance at 31 December 2013	261,060	311,744	572,804
Acquisitions	-	11,637	11,637
Disposals	-	-	-
Balance at 31 December 2014	261,060	323,381	584,441

Depreciation			
Balance at 1 January 2013	203,045	269,322	472,367
Depreciation charge for the year	9,417	22,695	32,112
Disposals	-	(35,758)	(35,758)
Balance at 31 December 2013	212,462	256,259	468,721
Depreciation charge for the year	9,417	20,255	29,672
Disposals	-	-	-
Balance at 31 December 2014	221,879	276,514	498,393

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

12. Property, plant and equipment

	Buildings	Office furniture & equipment	Total
	\$	\$	\$
Carrying amount			
As at 1 January 2013	55,849	37,796	93,645
As at 31 December 2013	<u>48,598</u>	<u>55,485</u>	<u>104,083</u>
As at 31 December 2014	<u>39,181</u>	<u>46,867</u>	<u>86,048</u>

13. Intangible assets

	2014	2013
	\$	\$
Software		
Cost		
Cost at 1 January	90,479	90,479
Acquisitions	-	-
Balance at 31 December	<u>90,479</u>	<u>90,479</u>
Amortisation		
Accumulated balance at 1 January	90,479	90,479
Amortisation charge during the year	-	-
Balance at 31 December	<u>90,479</u>	<u>90,479</u>
Total written down value at 31 December	<u>-</u>	<u>-</u>

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

14. Investment property

	Buildings	Office furniture & equipment	Total
	\$	\$	\$
Cost			
Balance at 1 January 2014	874,199	4,341	878,540
Acquisitions	-	-	-
Transfers from property, plant and equipment	-	-	-
Balance at 31 December 2014	<u>874,199</u>	<u>4,341</u>	<u>878,540</u>
Depreciation			
Balance at 1 January 2014	32,054	1,057	33,111
Depreciation charge for the year	17,483	577	18,060
Balance at 31 December 2014	<u>49,537</u>	<u>1,634</u>	<u>51,171</u>
Carrying amount			
At 1 January 2013	<u>842,145</u>	<u>3,284</u>	<u>845,429</u>
At 31 December 2013	<u>824,662</u>	<u>2,707</u>	<u>827,369</u>

	2014	2013
	\$	\$
15. Trade creditors and accruals		
Trade creditors	2,052	3,409
Accruals	21,599	38,924
Other current liabilities	300	240
	<u>23,951</u>	<u>42,573</u>
16. Employee entitlements – annual and long service leave		
Balance as at 1 January	53,387	50,426
(Income)/expense recognised in the profit or loss	7,113	2,961
Balance as at 31 December	<u>60,500</u>	<u>53,387</u>
Represented by:		
Current		
Annual leave	<u>5,502</u>	<u>6,672</u>
Noncurrent		
Long service leave	<u>54,998</u>	<u>46,715</u>

Tuvalu National Provident Fund

Notes to and forming part of the financial statements

For the year ended 31 December 2014

	Notes	2014 \$	2013 \$
17. Contributions			
Allocated members contribution	17(a)	48,903,798	45,901,064
Unallocated members contribution	17(b)	82,324	86,581
		<u>48,986,122</u>	<u>45,987,645</u>
(a) Allocated contributions			
Balance as at 1 January		45,901,064	42,500,702
Add: Contributions received from members		5,196,065	4,605,732
Transfer from dividend equalisation reserve		-	196,848
Operating surplus attributable to members	19	3,012,294	3,590,125
Advance distribution accounts		168,663	144,815
		<u>54,278,086</u>	<u>51,038,222</u>
Less: Withdrawals	20	(4,641,681)	(4,725,026)
Administrative service fees		(17,445)	(8,675)
Transfer to dividend equalisation reserve		(719,419)	(403,457)
Transfer from unallocated contributions	17(b)	4,257	-
		<u>48,903,798</u>	<u>45,901,064</u>
(b) Unallocated members contributions			
Balance as at 1 January		86,581	86,581
Transfer (to) allocated contributions	17(a)	(4,257)	-
Balance as at 31 December		<u>82,324</u>	<u>86,581</u>

(c) Interest credited on members' account

Interest is credited on members' account at the rate of 5.26% for the year ended 31 December 2014 (2013: 8%).

- (a) The advance distribution accounts are accounts which were withdrawn before establishment of 2014 interest rate. The interest paid is based on the previous year's rate.
- (b) Interest credited on members' account is calculated on the member's balance prior to crediting of the current year's interest.

(d) Distribution of investment income

The total surplus from the change in market value of investments in pooled managed funds totalled - \$2,360,487 for the year ended 31 December 2014 (2013: \$2,380,060) and realised loss from investments in managed funds for the year ended 31 December 2014 totalled nil, (2013: \$nil).

17. Reserves

Insurance reserve represents amounts set aside as self insurance cover for the Tuvalu National Provident Fund building.

Dividend equalisation reserve represents undistributed gain to members.

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

18. Operating surplus

	2014	2013
	\$	\$
Balance as at 1 January		-
Net surplus for the year attributable to the members of the Fund	3,012,294	3,590,125
Transfer to dividend equalisation reserve	(719,419)	(403,457)
Transfer (to) members contribution accounts	<u>(2,292,875)</u>	<u>(3,186,668)</u>
Balance as at 31 December	<u>-</u>	<u>-</u>

19. Withdrawal of contributions

The following contributions by category were withdrawn during the year.

Retirement	2,418,800	2,107,524
Emigration	615,248	908,305
Death	144,317	184,721
Incapacity	20,178	16,330
Housing	198,933	141,428
Recovery for bad and doubtful debts	700,923	872,960
MEDU	<u>543,282</u>	<u>493,758</u>
	<u>4,641,681</u>	<u>4,725,026</u>

20. Commitment and contingent liabilities

Contingent liabilities and capital expenditure commitments not otherwise provided in the financial statements amounted to \$nil (2013: \$nil).

21. Related parties

Identity of related parties

The Fund is directly controlled entity by the Government of Tuvalu which wholly owns the Fund through the National Provident Fund Act 1984. The Fund also has related party relationship with its directors and executive officers.

Transactions with related parties

There were no significant transactions with Government of Tuvalu for 2014 (2013: \$nil).

The following were directors of the Fund during the year:

Ms Palipa H. Lauti (Chairperson)
 Mr Solofa Uota
 Mr Kakee P Kaitu
 Mr Karl Tili
 Mr Petaia Meauma (appointed: 19/10/2014)
 Dr Miliama Simeona (appointed: 1/03/2014)

Tuvalu National Provident Fund
Notes to and forming part of the financial statements
For the year ended 31 December 2014

22. Related parties (continued)

The terms and conditions of transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

	2014	2013
	\$	\$
Loans to director	64,252	56,439
Board expenses	6,995	6,176
Contributions	300,061	411,480

During the year the following persons were the key management personnel identified as personnel with the greatest authority and responsibility for planning, directing and controlling the activities of the Fund:

General Manager (Mr. Penielu Teo)
 Manager Finance (Ms. Siava Tekafa)
 Manager Corporate Services (Mr Kiatoa Ulika)

The aggregate compensation of the key management personnel comprises of loans and advances, contributions and short term benefits and is set out below:

	2014	2013
	\$	\$
Loans	89,448	83,102
Contribution	323,286	276,752
Short term benefits	85,182	75,642
Long term benefits	25,385	28,433

22. Notes to the statement of cash flows

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and short term deposits. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2014	2013
	\$	\$
Cash and cash equivalents	1,231,462	817,618

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TUVALU NATIONAL PROVIDENT FUND**

We have audited the accompanying financial statements of Tuvalu National Provident Fund, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 26.

Directors' and Management's Responsibility for the Financial Statements

Directors and Management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Section 9 (5) of the Tuvalu National Provident Fund Act 1984, and the International Standards of Supreme Audit Institutions. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

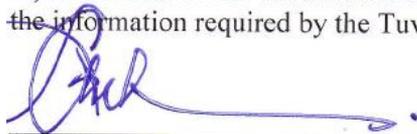
In our opinion, the financial statements give a true and fair view of the financial position of Tuvalu National Provident Fund as at 31 December 2014 and of its financial performance, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

In our opinion,

- i) proper books of account have been kept by the Fund, so far as it appears from our examination of those books;
- ii) the financial statements are in agreement with the books of account; and
- iii) to the best of our information and according to the explanations given to us the financial statements give the information required by the Tuvalu National Provident Fund Act in the manner so required.



Eli Lopati
Auditor-General
Government of Tuvalu

22/04/2015