

# Macquarie Gilt Edge Access Account

Annual report – 30 June 2010

**Macquarie Cash Solutions**



**Annual report for the  
Macquarie Gilt Edge Access Account  
ARSN 090 384 268**

Macquarie Investment Services Limited  
ABN 73 071 745 401

Year ended  
30 June 2010

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This financial report covers Macquarie Gilt Edge Access Account as an individual entity.

The Responsible Entity of Macquarie Gilt Edge Access Account is Macquarie Investment Services Limited (ABN 73 071 745 401). The Responsible Entity's registered office is Mezzanine Level, No.1 Martin Place, Sydney NSW 2000.

# Directors' report

The directors of Macquarie Investment Services Limited (a wholly owned subsidiary of Macquarie Group Limited), the Responsible Entity of Macquarie Gilt Edge Access Account, present their report together with the financial report of Macquarie Gilt Edge Access Account ("the Trust") for the year ended 30 June 2010.

## Principal activities

The Trust invests in New Zealand fixed interest securities in accordance with the provisions of the Trust Constitution.

The Trust did not have any employees during the year.

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

## Directors

The following persons held office as directors of Macquarie Investment Services Limited during the year or since the end of the year and up to the date of this report:

B N Terry  
E Becker  
K J Vincent  
M Lukin

## Review and results of operations

During the year, the Trust continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

## Results

The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended 30 June 2010	Year ended 30 June 2009
Operating profit before finance costs attributable to unitholders (NZD '000)	5,223	13,751
<i>Distributions</i>		
Distribution paid and payable (NZD '000)	5,223	13,751
Distribution (cents per unit)	2.79	6.36

## **Significant changes in state of affairs**

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

## **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

## **Likely developments and expected results of operations**

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

## **Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of Macquarie Investment Services Limited or the auditors of the Trust. So long as the officers of Macquarie Investment Services Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

## **Fees paid to and interests held in the Trust by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in note 9 of the financial statements.

No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 9 of the financial statements.

### **Interests in the Trust**

The movement in units on issue in the Trust during the year is disclosed in note 6 of the financial statements.

The value of the Trust's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 2 of the financial statements.

### **Environmental regulation**

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

### **Rounding of amounts to the nearest thousand dollars**

Amounts in the directors' report have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the directors.



K J VINCENT  
*Director*

Sydney  
23 September 2010

# Macquarie Gilt Edge Access Account

## Statement of comprehensive income

	Notes	30 June 2010 NZD '000	30 June 2009 NZD '000
<i>Investment income</i>			
Interest income		530	1,256
Net gains on financial instruments held at fair value through profit or loss	5	4,719	12,581
<b>Total net investment income</b>		<b>5,249</b>	<b>13,837</b>
<i>Expenses</i>			
Interest expense	11	26	86
<b>Total operating expenses</b>		<b>26</b>	<b>86</b>
<b>Operating profit/(loss)</b>		<b>5,223</b>	<b>13,751</b>
<i>Finance costs attributable to unit holders</i>			
Distributions to unit holders		(5,223)	(13,751)
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

# Macquarie Gilt Edge Access Account

## Statement of financial position

	Notes	30 June 2010 NZD '000	30 June 2009 NZD '000
<i>Assets</i>			
Cash and cash equivalents	7	17,262	19,370
Application clearing account		2,391	2,707
Receivables		2	–
Financial assets held at fair value through profit or loss	8	149,417	182,441
<b>Total assets</b>		<b>169,072</b>	<b>204,518</b>
<i>Liabilities</i>			
Distributions payable		6	8
Redemption clearing account		623	397
Other payables		–	8
Responsible Entity fees payable		586	664
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>1,215</b>	<b>1,077</b>
<b>Net assets attributable to unit holders-liability</b>	6	<b>167,857</b>	<b>203,441</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

## Statement of changes in equity

	30 June 2010 NZD '000	30 June 2009 NZD '000
<b>Total equity at the beginning of the year</b>	–	–
Total comprehensive income for the year	–	–
Transactions with owners in their capacity as owners	–	–
<b>Total equity at the end of the year</b>	–	–

Under New Zealand Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

# Macquarie Gilt Edge Access Account

## Statement of cash flows

	Notes	30 June 2010 NZD '000	30 June 2009 NZD '000
<i>Cash flows from operating activities</i>			
Proceeds from sale of financial instruments held at fair value through profit or loss		640,905	631,616
Purchase of financial instruments held at fair value through profit or loss		(603,162)	(584,871)
Interest received		530	1,435
Payment of other expenses		(25)	(86)
<b>Net cash inflow from operating activities</b>	<b>10(a)</b>	<b>38,248</b>	<b>48,094</b>
<i>Cash flows from financing activities</i>			
Proceeds from applications by unitholders		425,531	684,812
Payments for redemptions by unitholders		(463,199)	(739,498)
Distributions paid		(27)	(128)
Expenses paid on behalf of unitholders		(2,661)	(3,127)
<b>Net cash outflow from financing activities</b>		<b>(40,356)</b>	<b>(57,941)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,108)</b>	<b>(9,847)</b>
Cash and cash equivalents at the beginning of the year		19,370	29,217
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>17,262</b>	<b>19,370</b>
Non-cash financing activities	<i>10(b)</i>	2,667	10,800

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

# Notes to the financial statements for the year ended 30 June 2010

## 1 General information

This financial report covers Macquarie Gilt Edge Access Account (“the Trust”) as an individual entity. The Trust is an Australian registered managed investment scheme, and commenced operations on 17 May 1996.

The Responsible Entity of the Trust is Macquarie Investment Services Limited (the “Responsible Entity”). The Responsible Entity’s registered office is Mezzanine Level, No.1 Martin Place, Sydney, NSW 2000. The Responsible Entity is an issuer for the purpose of the *Financial Reporting Act 1993*. The financial report is presented in New Zealand Dollars.

During the year, the Trust continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

The financial statements were authorised for issue by the directors on 23 September 2010. The directors of the Responsible Entity have the power to amend and reissue the financial report.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### (a) Basis of preparation

This general purpose financial report have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), the Trust Constitution, the Unit Trust Act 1960, the Financial Reporting Act 1993 and sections 21 to 34 of Schedule 3 of Securities Regulations 1983, as appropriate for profit-orientated entities.

#### *Compliance with International Financial Reporting Standards*

New Zealand Accounting Standards include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Compliance with NZ IFRS ensure that the financial report of the Trust, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

### (b) Financial instruments

#### (i) Classification

The Trust’s investments are categorised as at fair value through profit or loss. They comprise financial instruments designated at fair value through profit or loss upon initial recognition.

These include financial assets that are not held for trading purposes and which may be sold, such as investments in fixed interest securities.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Loans and receivables/payables comprise amounts due to or from the Trust.

*(ii) Recognition/derecognition*

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cashflows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

*(iii) Measurement*

*(a) Financial assets and liabilities held at fair value through profit or loss*

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

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

*(b) Loans and receivables*

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below carrying amount.

If any such indication of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying

amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

### **(c) Net assets attributable to unitholders**

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the statement of financial position date if unitholders exercised their right to put the units back to the Trust.

### **(d) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less 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, and bank overdrafts. Bank overdrafts, if any, are shown separately in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

The application/redemption clearing account includes overnight applications and redemptions received on the last day of the financial year, which have not been posted to the Trust's cash accounts.

### **(e) Investment income**

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for

example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

**(f) Expenses**

Responsible Entity's fees are accounted for at the unitholder level, all other expenses are recognised in the statement of comprehensive income on an accruals basis.

**(g) Income tax**

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

**(h) Distributions**

In accordance with the Trust Constitution, the Trust distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

**(i) Increase/decrease in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

**(j) Functional and presentation currency**

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the New Zealand dollar, which reflects the currency of the economy in which the Trust competes for funds and is regulated. The New Zealand dollar is also the Trust's presentation currency.

**(k) Receivables**

Receivables may include amounts for interest. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

**(l) Payables**

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the reporting date.

The distribution amount payable to unitholders as at the reporting date is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Constitution.

### **(m) Applications and redemptions**

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

### **(n) Use of estimates**

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### **(o) Rounding of amounts**

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

## **3 Financial risk management**

### **(a) Strategy in using financial instruments**

The Trust's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

The Trust's overall risk management programme focuses on ensuring compliance with the Trust's governing documents and the law, and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The Trust uses derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the Responsible Entity's investment management department under policies approved by the Responsible Entity's senior managers or the board of directors of the Responsible Entity (the Board).

### **(b) Market risk**

#### *(i) Price risk*

It is the directors's view that price risk for fixed interest securities is a function of interest rate risk, credit risk and liquidity risk.

#### *(ii) Foreign exchange risk*

The Trust is not exposed to foreign exchange risk as all assets are denominated in New Zealand dollars.

#### *(iii) Interest rate risk*

The majority of the Trust's financial assets and liabilities are interest bearing. As a result, the Trust is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

In accordance with the Trust's policy, the Responsible Entity's risk management department monitors the Trust's overall interest sensitivity on a daily basis. This is done by:

- managing the weighted average maturity for both aggregate and individual holdings
- specifying permitted instruments to ensure appropriate exposures taken.

The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

**(c) Summarised sensitivity analysis**

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

A reasonable possible movement in interest rates has been determined by management to be 100 basis points (2009: 100bps). If interest rates moved by 100 basis points on statement of financial position date the impact on the Trust for the following year would be as follows:

	Interest rate risk	
	Impact on operating profit/Net assets attributable to unitholders	
	-100 bps NZD '000	+100 bps NZD '000
30 June 2010	(1,494)	1,494
30 June 2009	(1,824)	1,824

**(d) Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

The Trust restricts its exposure to credit losses by:

- dealing with appropriately rated counterparties
- managing exposure to any single issuer to ensure diversification
- monitoring target durations
- ensuring credit score compliance with Standard & Poor's requirements.

In accordance with the Trust's policy, the Responsible Entity's risk management department monitors the Trust's credit position on a daily basis. The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

The Trust invests in debt securities which have an investment grade as rated by Standard & Poor's. An analysis of fixed income securities by rating is set out in the table below.

Compliance with the Trust's policy is reported to the Board on a monthly basis.

	30 June 2010	30 June 2009
	%	%
New Zealand fixed interest securities		
<i>Rating</i>		
A1+	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

#### (e) Liquidity risk

The Trust is exposed to daily cash redemptions of redeemable units. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Trust may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Trust may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer. No such investments were held at the balance sheet date.

In accordance with the Trust's policy, the Responsible Entity's risk management department monitors the Trust's liquidity position on a daily basis. This is managed by:

- restricting exposure to illiquid assets
- ensuring provisions are in place to manage liquidity provisions for all unitholders
- restricting exposure to debt obligations which may compromise solvency
- managing exposure to any single issuer and ensuring diversification.

The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

Redeemable units are redeemed on demand at the unitholder's option. All other liabilities are payable within 30 days.

## (f) Fair value estimation

The carrying amounts of the Trust's assets and liabilities at the reporting date approximate their fair values.

The Trust has adopted the amendments to AASB 7, effective 1 July 2009. This requires the Trust to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The table below sets out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level 1	Level 2	Level 3	Total balance
30 June 2010	NZD '000	NZD '000	NZD '000	NZD '000
<i>Financial assets – Financial assets designated at fair value through profit or loss at inception</i>				
Fixed interest securities	–	149,417	–	149,417
<b>Total</b>	<b>–</b>	<b>149,417</b>	<b>–</b>	<b>149,417</b>

## 4 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

	30 June 2010 NZD '000	30 June 2009 NZD '000
<i>Audit services</i>		
Audit and review of financial reports	12,050	13,264
Other audit work under the <i>Corporations Act 2001 (Cth)</i>	290	1,747
<b>Total remuneration for audit services</b>	<b>12,340</b>	<b>15,011</b>

Audit fees are paid out of the Responsible Entity's own resources.

## 5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	30 June 2010 NZD '000	31 March 2009 NZD '000
Interest income on fixed interest securities	4,705	12,208
Net gain on financial instruments designated as at fair value through profit or loss	14	373
<b>Total net gains on financial instruments held at fair value through profit or loss</b>	<b>4,719</b>	<b>12,581</b>

## 6 Net assets attributable to unit holders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

As stipulated within the Trust Constitution, each unit represents an undivided share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

	30 June 2010 No. '000	30 June 2009 No. '000	30 June 2010 NZD '000	30 June 2009 NZD '000
Opening balance	203,441	248,755	203,441	248,755
Applications	425,531	684,812	425,531	684,812
Redemptions	(463,218)	(739,498)	(463,218)	(739,498)
Units issued upon reinvestment of distributions	2,667	10,800	2,667	10,800
Movement in units to be created	(324)	(3,092)	(324)	(3,092)
Movement in units to be redeemed	(240)	1,664	(240)	1,664
<b>Closing balance</b>	<b>167,857</b>	<b>203,441</b>	<b>167,857</b>	<b>203,441</b>

## Capital risk management

The Trust manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

The Trust monitors the level of daily applications and redemptions relative to the liquid assets in the Trust.

## 7 Cash and cash equivalents

	30 June 2010 NZD '000	30 June 2009 NZD '000
Cash at bank	201	200
Deposits at call	17,061	19,170
	<b>17,262</b>	<b>19,370</b>

## 8 Financial assets held at fair value through profit or loss

	30 June 2010 Fair value NZD '000	30 June 2009 Fair value NZD '000
<i>Designated at fair value through profit or loss</i>		
Fixed interest securities	149,417	182,441
Total designated at fair value through profit or loss	149,417	182,441
<b>Total financial assets held at fair value through profit or loss</b>	<b>149,417</b>	<b>182,441</b>
<i>Comprising: Fixed interest securities</i>		
Negotiable certificates of deposit	149,417	182,441
Total fixed interest securities	149,417	182,441
<b>Total financial assets held at fair value through profit or loss</b>	<b>149,417</b>	<b>182,441</b>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 3.

## 9 Related party transactions

### Responsible Entity

The Responsible Entity of Macquarie Gilt Edge Access Account is Macquarie Investment Services Limited (MISL), a wholly owned subsidiary of Macquarie Group Limited.

### Key management personnel

The following persons held office as directors of MISL during the year or since the end of the year and up to the date of this report:

B N Terry      E Becker  
K J Vincent    M Lukin

## Key management personnel unitholdings

At 30 June 2010 no key management personnel held units in the Trust (2009: Nil).

## Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

## Responsible Entity's fees and other transactions

For the year ended 30 June 2010, in accordance with the Constitution, the Responsible Entity received a total fee in accordance with the progressive scaled rates below:

### *Daily Account Balance*

\$250,000 or under	1.30% p.a. (2009: 1.30%)
Over \$250,000	0.95% p.a. (2009: 0.95%)

All expenses in connection with the preparation of accounting records and the maintenance of the unit register have been fully borne by the Responsible Entity.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	30 June 2010 NZD '000	30 June 2009 NZD '000
Management fees (charged at unitholder level) for the year paid by the Trust to the Responsible Entity	2,490,943	3,078,113
Aggregate amounts payable to the Responsible Entity at the reporting date	585,529	663,955

## Related party schemes' unitholdings

Parties related to the Trust (including MISL, its related parties and other schemes managed by MISL), hold no units in the Trust (2009: Nil).

## Investments

The Trust held no investments in any schemes which are also managed by Macquarie Investment Services Limited or its related parties (2009: Nil).

## Other transactions within the Trust

Apart from those details disclosed in this note, no directors of the Responsible Entity have entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving director's interests subsisting at year end.

Bond Street Custodians Limited, a wholly owned subsidiary of Macquarie Group Limited, is the custodian of the Trust.

## 10 Reconciliation of profit/(loss) to net cash inflow from operating activities

	30 June 2010 NZD '000	30 June 2009 NZD '000
<i>(a) Reconciliation of profit/(loss) to net cash inflow from operating activities</i>		
Profit/(loss) for the year	–	–
Net gains on financial instruments held at fair value through profit or loss	(4,705)	(12,581)
Proceeds from sale of financial instruments held at fair value through profit or loss	640,905	631,616
Purchase of financial instruments held at fair value through profit or loss	(603,162)	(584,871)
Distributions to unitholders	5,223	13,751
Net change in receivables and other assets	–	179
Net change in payables and other liabilities	(13)	–
<b>Net cash inflow from operating activities</b>	<b>38,248</b>	<b>48,094</b>

### *(b) Non-cash financing and investing activities*

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

	2,667	10,800
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As described in note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

## 11 Events occurring after year end

No significant events have occurred since the reporting date which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2010 or on the results and cash flows of the Trust for the year ended on that date.

## 12 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2010 and 30 June 2009.

# Independent auditor's report to the unitholders of Macquarie Gilt Edge Access Account

## Report on the Financial Statements

We have audited the financial statements of Macquarie Gilt Edge Access Account on pages 6 to 18, which comprise the statement of financial position of Macquarie Gilt Edge Access Account as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trust's unitholders, as a body, in accordance with applicable legislation. Our audit has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Directors Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors 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 the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant 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 have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate 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, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interest in Macquarie Gilt Edge Access Account.

Partners and employees of our firm may deal with the Trust on normal terms within the ordinary course of trading activities of the business of the Trust.

### Opinion

In our opinion, the financial statements on pages 6 to 18:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Macquarie Gilt Edge Access Account as at 30 June 2010 and the financial performance and cash flows for the year then ended.

Ernst & Young

23 September 2010

Sydney



**If you have any questions about  
your investment, please contact your  
financial adviser or call Macquarie.**



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Macquarie Investment Services Limited ("MISL") is not an authorised deposit taking institution for the purposes of the Banking Act (Cth) 1959, and MISL's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of MISL.

Past performance is not indicative of future performance.

OTH7088 09/10