

NZ POST SUPERANNUATION PLAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

**NZ POST SUPERANNUATION PLAN
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FOR THE YEAR ENDED 31 MARCH 2024**

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NZ POST SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 \$	2023 \$
INVESTMENT ACTIVITIES			
Interest income	3	2,799,624	1,997,855
Dividends - New Zealand		489,213	479,078
Dividends - Foreign		1,115,189	965,322
Net gains / (losses) on financial instruments	4	7,235,469	(2,194,669)
Investment income		11,639,495	1,247,586
Investment management fees	22	(232,382)	(354,992)
Investment expenses		(232,382)	(354,992)
Net investment revenue		11,407,113	892,594
OTHER EXPENSES			
Auditor's Remuneration - fees for audit of financial statements		80,903	74,561
Auditor's Remuneration - fees for custody controls report		55,200	50,600
Communications expenses		46,542	47,964
Consultancy fees		63,653	51,904
FMA expenses		33,575	32,110
Legal expenses		35,677	-
Office expenses		35,020	35,796
Personnel expenses		222,782	264,687
Trustee fees		61,250	50,000
Total other expenses		634,602	607,622
Net surplus before membership activities		10,772,511	284,972
MEMBERSHIP ACTIVITIES			
Members' contributions		2,563,906	2,750,155
Employers' contributions		2,904,296	3,196,980
Voluntary members' contributions		239,873	260,010
		5,708,075	6,207,145
Benefits paid or payable	10	(15,644,867)	(12,631,762)
Net benefits paid or payable		(9,936,792)	(6,424,617)
Insurance policy premiums		(199,172)	(181,668)
Insurance policy proceeds		14,000	160,000
PIE tax expense allocated to members	16	(907,855)	(263,565)
Net membership activities		(11,029,819)	(6,709,850)
Decrease in promised retirement benefits		(257,308)	(6,424,878)
Liability for promised retirement benefits - opening balance		126,249,707	132,674,585
Liability for promised retirement benefits - closing balance		125,992,399	126,249,707
Decrease in promised retirement benefits			
Represented by:			
Members' accounts		(205,356)	(6,745,472)
Employers' accounts		(29,366)	(1,575)
Reserve account		(22,586)	322,169
		(257,308)	(6,424,878)

**NZ POST SUPERANNUATION PLAN
STATEMENT OF NET ASSETS
AS AT 31 MARCH 2024**

	Notes	2024 \$	2023 \$
LIABILITY FOR PROMISED RETIREMENT BENEFITS			
Represented by:			
Members' accounts	5 / 13	125,555,952	125,761,308
Employers' accounts	5	-	29,366
Reserve account	5	436,447	459,033
		<u>125,992,399</u>	<u>126,249,707</u>
ASSETS			
<i>Cash and cash equivalents</i>			
Bank accounts - New Zealand	7	15,790,902	14,192,379
- Offshore	7 / 15	432,115	97,331
Short term deposits	7	-	881,467
<i>Trade and other receivables</i>			
Accrued investment income	7	698,581	592,033
Contributions receivable	9	47,975	48,567
Sundry receivables	7	21,644	134,819
<i>Financial assets held at fair value through profit or loss</i>			
Fixed interest securities - New Zealand government stock	7	13,073,297	16,192,166
- New Zealand bonds	7	6,958,357	3,325,223
Equities and Funds - New Zealand	7	14,962,879	15,317,247
- Offshore	7 / 15	47,659,711	42,813,608
FX contracts	7 / 14	18,821	51,857
Prepayments	17	110,000	-
Term deposits	7	27,006,438	33,059,168
Tax refund due	16	377,816	1,118,392
TOTAL ASSETS		<u>127,158,536</u>	<u>127,824,257</u>
LESS LIABILITIES			
<i>Trade and other payables</i>			
Benefits payable	7	571,462	1,177,997
Sundry payables	7	255,782	213,178
Related party payable	7 / 17	338,893	183,375
TOTAL LIABILITIES		<u>1,166,137</u>	<u>1,574,550</u>
NET ASSETS AVAILABLE TO PAY BENEFITS		<u>125,992,399</u>	<u>126,249,707</u>

For and on behalf of the Trustee, New Zealand Post Trustees Limited, who authorised the issue of these financial statements.

Carol Cupdell
[Signature]

Date 26/7/2024

Date 26/7/2024

**NZ POST SUPERANNUATION PLAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Members' contributions		2,563,883	2,746,877
Employers' contributions		2,904,759	3,193,916
Voluntary contributions		240,025	259,728
Insurance policy proceeds		130,000	30,000
Interest		2,890,963	1,773,857
Dividends		1,615,365	1,446,093
		<u>10,344,995</u>	<u>9,450,471</u>
Cash was applied to:			
Benefits paid		16,251,402	12,482,230
Insurance policy premiums		201,997	176,375
Income tax paid		167,279	602,794
Expenses paid		552,231	694,904
		<u>17,172,909</u>	<u>13,956,303</u>
Net cash flows to operating activities	19	<u>(6,827,914)</u>	<u>(4,505,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Maturities and sale of investments		45,497,790	59,908,589
		<u>45,497,790</u>	<u>59,908,589</u>
Cash was applied to:			
Purchase of investments		37,526,706	53,867,968
Direct investment expenses		226,632	354,992
		<u>37,753,338</u>	<u>54,222,960</u>
Net cash flows from investing activities		<u>7,744,452</u>	<u>5,685,629</u>
Net increase in cash held		<u>916,538</u>	<u>1,179,797</u>
Cash and cash equivalents at beginning of year		15,171,177	13,628,177
Exchange losses on offshore bank accounts	4	135,302	363,203
Cash and cash equivalents at end of year		<u>16,223,017</u>	<u>15,171,177</u>
Comprises:			
Bank accounts			
New Zealand		15,790,902	14,192,379
Offshore		432,115	97,331
Short term deposits		-	881,467
Cash and cash equivalents as per Statement of Net Assets		<u>16,223,017</u>	<u>15,171,177</u>

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1 REPORTING ENTITY

The NZ Post Superannuation Plan (the "Plan") is a defined contribution superannuation scheme, domiciled in New Zealand, and is registered as a workplace savings scheme under the Financial Markets Conduct Act 2013. The purpose of the Plan is to provide employees of New Zealand Post Limited (the "Company") and its participating employers with benefits on their retirement or otherwise ceasing service with the Company. The retirement benefits due to members are their contributions and investment earnings thereon.

The investment options of the Plan include a Short Term Fund, a Medium Term Fund and a Long Term Fund. The liabilities of the Plan are not ring-fenced by investment option and therefore, reporting in these financial statements is not segmented by investment option.

New Zealand Post Trustees Limited is the Trustee for the Plan.

Morgan Stanley is the Plan's principal custodian for equities, bonds and overseas cash. New Zealand Post Trustees Limited is the custodian for cash assets.

These financial statements were authorised for issue by the Trustee on 26 July 2024.

The registered office of the NZ Post Superannuation Plan is:
7-27 Waterloo Quay
Wellington 6011

Employers (hereafter referred to as the "Employers") of the Plan are:
Datacom Systems Limited
Kiwibank Limited
New Zealand Transport Agency
New Zealand Post Limited

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the requirements of the Financial Markets Conduct Act 2013 ("FMCA") and other relevant legislative requirements as appropriate.

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial assets and financial liabilities at fair values through profit or loss.

These financial statements have been prepared on a non-going concern basis as New Zealand Post Limited, with support of the Trustee, has resolved to wind up the Plan subsequent to balance date. In previous years the financial statements have been prepared on a going concern basis using the measurement base (see reference above).

Under the non-going concern basis, the net assets are valued at the realisable value and liabilities are stated at their estimated settlement amounts. Considering the nature of the Plan's assets and liabilities, the change in the basis of preparation has not significantly impacted the values of the assets and liabilities at 31 March 2024. Subject to consent from the Financial Markets Authority, the Plan's assets will be transferred to the Mercer Super Trust, following the completion of these financial statements.

Statement of compliance

The Plan is a Tier 1 entity and, as such, the financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other applicable Financial Reporting Standards and authoritative notices as appropriate for for-profit entities and also with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(b) Foreign currency translation

(i) Functional and presentation currency

The Plan members are mainly located within New Zealand, with the contributions and withdrawals to and from members denominated in New Zealand Dollars ("NZD"). The performance of the Plan is measured and reported to investors in NZD. The Plan considers the NZD as the currency that most faithfully represents the economic effects of the underlying events and conditions. The financial statements are presented in NZD, which is the Plan's functional and presentation currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Monetary items receivable or payable in a foreign currency are translated at balance date at the closing rate. Exchange differences on foreign currency balances are recognised in the Statement of Changes in Net Assets.

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(c) Financial instruments

(i) Classification

Financial assets and liabilities at fair value through profit or loss

The Plan investments are categorised as financial assets and liabilities held at fair value through profit or loss. They comprise:

Financial instruments held for trading

The Plan uses foreign exchange forward contracts to hedge its exposure to changes in foreign currency exchange rates. Derivative financial instruments are classified as held for trading as the Plan does not designate any derivatives as hedges in a hedging relationship.

Financial instruments designated at fair value through profit or loss

These include investments in exchange traded debt and equity instruments, and fixed interest securities.

Financial assets and financial liabilities designated at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis in accordance with the Plan's documented investment strategy.

Financial assets at fair value through profit or loss can be converted to cash as required where the market is active. The amount received on disposal of these assets may be different to the amount disclosed due to changes in market conditions and transaction costs incurred at the time of sale.

Financial assets at amortised cost

These include non-derivative assets with fixed and determinable payments that are not quoted in an active market. These cover cash and cash equivalents, trade and other receivables and term deposits.

(ii) Recognition/derecognition

The Plan recognises financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

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

(iii) Measurement

(1) 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 in the Statement of Changes in Net Assets 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 Changes in Net Assets. The fair value is determined by taking into account interest and dividends earned on the financial instruments.

Fair value in an active or quoted market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at balance 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. The fair value of forward exchange contracts is determined using forward exchange market rates at balance date.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(2) Financial assets at amortised cost

Financial assets at amortised cost are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less allowances for expected credit losses if any. The amount of the expected credit loss, if any, is updated at each reporting date to reflect changes in credit risk since initial recognition.

Where applicable, the Plan recognises lifetime expected credit losses for trade and other receivables. The expected credit losses on these financial assets are estimated based on historical credit loss experience adjusted for factors that are specific to the debtors and general economic conditions.

Expected credit losses are recognised in the Statement of Changes in Net Assets 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.

(3) Derivatives

In the normal course of business the Plan enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions may include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Plan's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- economic hedging to protect an asset or liability of the Plan against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives may be used for trading purposes from time to time, they are not used to gear (leverage) a portfolio. Gearing a portfolio may occur if the level of exposure to the markets exceeds the underlying value of the Plan. The use of derivatives is governed by the current Statement of Investment Policy and Objectives ("SIPO"). The most current version of the SIPO is available on the schemes register at www.business.govt.nz/disclose.

The Plan holds the following derivative instruments:

Forward currency contracts

Forward currency contracts are primarily used by the Plan to economically hedge against foreign currency exchange rate risks on its non New Zealand dollar denominated trading securities. The Plan agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The Plan recognises a gain or loss equal to the change in fair value at the reporting date.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks in New Zealand and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash, and which are subject to insignificant risks of changes in value, and bank overdrafts.

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(d) Cash and cash equivalents (cont'd)

Statement of Cash Flows

Investing activities: Comprise acquisition and disposal of investments and returns on investments including dividends and interest. Investments include securities not falling within the definition of cash.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from investing activities, as movements in the fair value of these securities represent the Plan's main investing activity. Expenses directly incurred in undertaking investing activities such as investment management expenses are included in investing activities.

Operating activities: All activities which are not investing activities.

The Plan does not have any financing activities.

(e) Investment income

Interest income is recognised in the Statement of Changes in Net Assets for all debt instruments using the effective interest method.

Accrued interest income is included in interest income.

Dividend income is recognised on the ex dividend date.

(f) Expenses and membership activities

All expenses and membership activities are recognised in the Statement of Changes in Net Assets on an accruals basis.

(g) Income tax

The Plan elected to be taxed as a Portfolio Investment Entity ("PIE") from 1 October 2007. As a PIE, the Plan allocates income on a monthly basis to each member and deducts tax from that allocated income at the prescribed investor rate for each member. The tax that is deducted and paid to the Inland Revenue is not shown as income tax in the Statement of Changes in Net Assets, rather it is shown as part of the increase / decrease in the liability for promised retirement benefits.

(h) Receivables

Receivables may include amounts for dividends, interest, distributions and contributions. Dividends and distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment.

(i) Payables

Payables include liabilities and accrued expenses owing by the Plan which are unpaid as at balance date. Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables, and sales in receivables.

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

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

(k) Critical accounting estimates and judgements

Management make estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no management estimates or assumptions that would have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year. As the Plan is a defined contribution scheme, no actuarial services were used during the year.

(l) Changes in accounting policies and disclosures

(i) Standards, amendments and interpretations to existing standards which are considered relevant to the Plan are effective for the year ended 31 March 2024 have been applied in preparing these financial statements with no material impacts.

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024 \$	2023 \$
3 INTEREST INCOME		
Cash and cash equivalents and term deposits	2,233,356	1,245,809
Financial assets at fair value through profit or loss	566,268	752,046
	<u>2,799,624</u>	<u>1,997,855</u>
4 NET GAINS / (LOSSES) ON FINANCIAL INSTRUMENTS		
Gains / (losses) on financial assets designated at fair value through profit or loss		
Fixed interest - New Zealand government stock	152,613	(441,537)
- Other New Zealand bonds	6,599	34,293
Equities and Funds - New Zealand	(180,579)	(563,179)
- Offshore	8,182,865	395,435
Foreign exchange contracts	(1,061,331)	(1,982,884)
	<u>7,100,167</u>	<u>(2,557,872)</u>
Other assets held at balance date		
Foreign exchange gains on offshore bank accounts	135,302	363,203
Net gains / (losses) on financial instruments	<u>7,235,469</u>	<u>(2,194,669)</u>
5 NET ASSETS AVAILABLE TO PAY BENEFITS		
(a) Changes in promised retirement benefits allocated to members' accounts:		
<i>Members' accounts</i>		
Opening balance	49,698,045	52,405,029
Contributions	2,563,906	2,750,155
Benefits paid to members	(6,253,719)	(5,476,400)
Interest allocated net of PIE tax expense	3,883,464	(140,739)
Insurance policy proceeds	14,000	160,000
Closing balance	<u>49,905,696</u>	<u>49,698,045</u>
<i>Vested portion of employers' account</i>		
Opening balance	63,102,774	66,492,480
Transfer from non vested benefits	7,737,670	2,906,477
Benefits paid to members	(7,787,415)	(6,296,183)
Closing balance	<u>63,053,029</u>	<u>63,102,774</u>

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024 \$	2023 \$
5 NET ASSETS AVAILABLE TO PAY BENEFITS (cont'd)		
<i>Voluntary accounts</i>		
Opening balance	12,960,489	13,609,271
Contributions	239,873	260,010
Benefits paid to members	(1,605,886)	(861,307)
Interest allocated net of PIE tax expense	1,002,751	(47,485)
Closing balance	<u>12,597,227</u>	<u>12,960,489</u>
Closing balance of Members' accounts:	<u>125,555,952</u>	<u>125,761,308</u>

The deferred accounts have been reclassified to form part of voluntary as they are essentially the same in substance and in accordance with the Trust Deed.

(b) Changes in promised retirement benefits allocated to employers' accounts:

Non vested portion of employers' account

Opening balance	29,366	30,941
Contributions	2,904,296	3,196,980
Insurance policy premiums - Pre 92 members and voluntary	(134,079)	(112,102)
Interest allocated net of PIE tax expense	4,938,087	(179,976)
Transfer to vested benefits	(7,737,670)	(2,906,477)
Closing balance	<u>-</u>	<u>29,366</u>

(c) Changes in promised retirement benefits allocated to the reserve account

Balance at beginning of year	459,033	136,864
Benefits paid	2,153	2,129
Insurance policy premiums - Group life	(65,093)	(69,567)
Adjustment to interest allocated	40,354	389,607
Closing balance	<u>436,447</u>	<u>459,033</u>

6 RESERVE ACCOUNT POLICY

The reserves held in the 'Reserve account' which have not been allocated to members' or employers' accounts may be distributed, at the discretion of the Trustee, in accordance with the Trust Deed principally for:

- Meeting all or part of members' or employers' contributions on an equitable basis;
- Increasing members' accounts on an equitable basis;
- Providing benefits, other than retirement benefits to all members on an equitable basis;
- Providing hardship benefits to members or their dependants; or
- Paying Plan expenses where considered reasonable.

Where there is a deficit in the reserve account, an adjustment to member interest allocations will be made subsequent to balance date.

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7 FINANCIAL ASSETS AND LIABILITIES

Held at fair value through profit or loss	2024	2023
	\$	\$
Fixed interest securities - New Zealand government stock	13,073,297	16,192,166
- New Zealand bonds	6,958,357	3,325,223
Equities and Funds - New Zealand	14,962,879	15,317,247
- Offshore	47,659,711	42,813,608
FX contracts (Note 14)	18,821	51,857
Total financial assets held at fair value through profit or loss	82,673,065	77,700,101
Financial assets at amortised cost		
Cash and cash equivalents - New Zealand bank accounts	15,790,902	14,192,379
- Offshore bank accounts	432,115	97,331
- Short term deposits	-	881,467
Trade and other receivables - Accrued investment income	698,581	592,033
- Sundry receivables	21,644	134,819
Term deposits	27,006,438	33,059,168
	43,949,680	48,957,197
Financial liabilities at amortised cost		
Trade and other payables - Sundry payables	255,782	213,178
- Related party payable	338,893	183,375
- Benefits payable	571,462	1,177,997
	1,166,137	1,574,550

There is no collateral held over these financial assets at 31 March 2024 (2023: Nil).

There are no past due but not impaired or impaired assets at 31 March 2024 (2023: Nil). Past due assets are assets that have matured but for which cash has not yet been received. Impaired assets are assets for which it is likely that less than the fair value will be received upon maturity.

Cash accounts with a balance exceeding 5% of any class or type of cash held are as follows:

Any balances that exceed 5% in one year but not the other have been left blank in the year that they do not exceed 5%.

	2024	2023
	\$	\$
Bank accounts - New Zealand:		
ANZ - Balanced		800,332
BNZ	1,356,834	1,649,055
Kiwibank (Balanced - 06)		1,834,521
Kiwibank (Balanced - Overnight Call Deposit)	1,284,772	
Kiwibank (Cash - 05)	1,000,000	1,000,000
Kiwibank (Cash - 06)	993,856	
Kiwibank (Cash - Overnight Call Deposit)		806,375
Morgan Stanley (NZD)	7,306,677	5,724,439
Bank accounts - Offshore:		
Morgan Stanley (USD)	427,238	96,465
Short term deposits:		
BNZ - Balanced		250,000
BNZ - Growth		200,000
Westpac - Cash		431,467
	12,369,377	12,792,654

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7 FINANCIAL ASSETS AND LIABILITIES (cont'd)

Investments with a balance exceeding either 5% of net assets or 5% of any class or type of security are as follows:

Any balances that exceed 5% in one year but not the other have been left blank in the year that they do not exceed 5%.

	2024 \$	2023 \$
Fixed Interest Securities:		
New Zealand Government Stock		
New Zealand Government Stock 15/04/2023		7,175,934
New Zealand Government Stock 15/04/2025	1,482,664	1,466,192
New Zealand Government Stock 15/05/2028	4,027,006	
New Zealand Government Stock 20/04/2029	5,046,664	5,011,953
New Zealand Government Stock 15/05/2032	2,516,963	2,538,087
New Zealand Bonds		
NZ Local Government 15/04/2023		922,616
NZ Local Government 15/04/2024	1,009,238	978,492
NZ Local Government 15/05/2030	4,487,701	
Housing NZ 12/06/2025	987,508	973,848
Port of Tauranga 29/09/2025	470,523	446,879
Equities and Funds:		
Offshore		
iShares Barclays 7-10 year Treasury Bond Fund	10,535,010	9,586,938
iShares MSCI ACWI Index Fund	3,476,483	2,701,271
Vanguard Total World Stock Index	33,649,712	30,517,427
New Zealand		
Auckland International Airport Limited	1,284,789	1,338,643
Contact Energy Limited	1,083,240	969,280
EBOS Group Limited		844,068
Fisher & Paykel Healthcare Corporation Limited	2,141,904	2,225,408
Infratil	949,837	
Meridian Energy Limited	1,075,265	955,185
Spark New Zealand Limited	1,264,240	1,342,509

8 CONTRIBUTIONS

Members contribute at 1%, 2%, 3%, 4% or 5%, plus Complying Super Fund contributions, if any, of their annual salary. After commencement of their sixth year of membership the contributions are required to be 5%, unless New Zealand Post Limited agrees that voluntary contributions only are required. For Members who joined the Plan before 1 November 2002, the Employers contribute twice the Member contribution up to a maximum of 10%. For Members who joined the Plan on or after 1 November 2002, the Employers contribute at the same rate as the member, with the exception of members who contribute 5% where the Employer will contribute 7.5%.

**NZ POST SUPERANNUATION PLAN
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	2024	2023
	\$	\$
9 CONTRIBUTIONS RECEIVABLE		
Receivable from Members	21,216	21,193
Receivable from Employers (Note 17)	24,492	24,955
Receivable from voluntary contributions	2,267	2,419
	<u>47,975</u>	<u>48,567</u>
10 BENEFITS PAID		
	2024	2023
	\$	\$
Benefits paid to members leaving the Plan are as follows:		
Death	398,305	241,188
Deferred exit	4,164,473	3,003,921
Retirements	6,300,763	3,554,242
Retrenchments	2,210,293	1,798,258
Resignations	1,879,377	3,445,755
First home benefits	278,038	154,699
Transfer to other fund	-	59,843
Subsequent home benefits	-	61,566
Voluntary withdrawals	188,488	221,087
Significant hardship benefits	225,130	91,203
	<u>15,644,867</u>	<u>12,631,762</u>

No guarantees have been made in respect of any part of the liability for promised retirement benefits (2023: Nil).

11 MEMBERSHIP RECONCILIATION

The below reconciliation represents the movement in the Plan's active members, (contributing and non-contributing):

	2024	2023
	Number	Number
Opening Membership	853	973
<i>Terminations / transferred to deferred:</i>		
Leaving service	(11)	(43)
Redundancy	(17)	(20)
Retrenchment	5	(3)
Retirement	(41)	(22)
Change in benefit class	(12)	(30)
Transfer	(4)	(2)
Closing membership	<u>773</u>	<u>853</u>

In addition to the above active members, there are 191 deferred members (2023: 224).

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
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12 COMPLYING SUPERANNUATION FUND

The market value of assets subject to complying fund rules at 31 March 2024 is \$3,301,206 and there are 57 members to which these assets relate (2023: \$3,303,249 and 70 members).

The value of withdrawals subject to complying fund rules is \$333,623 (2023: \$524,003).

There has been no increase in fees during the year.

13 VESTED BENEFITS

There are no outstanding contingent assets and liabilities or commitments as at 31 March 2024 (2023: Nil).

	2024 \$	2023 \$
Vested benefits	<u>125,555,952</u>	<u>125,761,308</u>

Vested benefits are calculated based on information provided by the Plan, Plan start date and any changes to the members' service (parental leave, leave without pay etc.).

14 DERIVATIVE FINANCIAL INSTRUMENTS

Forward currency contracts

Forward currency contracts are primarily used by the Plan to hedge against foreign currency exchange rate risks on its non New Zealand dollar denominated trading securities. The Plan agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the spot rate at reporting date. The Plan recognises a gain or loss equal to the change in fair value at the reporting date.

	Contract/ Notional \$	2024 Assets \$	Liability \$
Foreign currency forward contracts	22,610,029	18,821	-
	<u>22,610,029</u>	<u>18,821</u>	<u>-</u>

	Contract/ Notional \$	2023 Assets \$	Liability \$
Foreign currency forward contracts	18,961,000	51,857	-
	<u>18,961,000</u>	<u>51,857</u>	<u>-</u>

15 FINANCIAL RISK MANAGEMENT

The Plan is exposed to credit risk, market price risk, foreign exchange risk, interest rate risk and liquidity risk arising from the financial instruments it holds. The Plan's objective is to provide its members with sound investment performance with controlled risk through investing in a diversified portfolio of fixed interest securities, debt and equity instruments in New Zealand and offshore. Investment decisions are made in accordance with the limits set by the Statement of Investment Policy and Objectives ("SIPO"). The risk management policies employed by the Plan to manage these risks are discussed below and include sensitivity analysis in the case of interest rate, foreign exchange and other price risks. The impact of such analysis on the pre tax profit or loss of the Plan is detailed in the notes below. The impact on the liability for promised retirement benefits is equal to the impact on profit or loss as the Plan takes all gains / (losses) of financial assets held at fair value through profit or loss through the Statement of Changes in Net Assets.

**NZ POST SUPERANNUATION PLAN
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15 FINANCIAL RISK MANAGEMENT (cont'd)

a) Credit Risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised primarily by:

- ensuring all custodians are approved by the Trustee,
- ensuring that transactions are undertaken with a number of counterparties,
- ensuring that third parties handle the security of assets, and
- ensuring that the plan has policies in place to manage exchanges when buying or selling securities.

Financial instruments that potentially subject the Plan to credit risk consist principally of cash, short term deposits, receivables, term deposits, fixed interest securities and equities of which overseas are exchange traded funds. While the Plan may be subject to credit losses of up to the carrying values of such instruments in the event of non-performance by counterparties, the Trustee does not expect such losses to occur. The investments do not expose the Plan to significant concentrations of credit risk and the Trustee does not require any collateral or other security to support such investments.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity. The maximum exposure at 31 March 2024 is \$65,395,831 (2023: \$69,898,874). This includes fixed interest securities, short term deposits, accrued investment income, receivables and cash and cash equivalents.

Financial Instruments by Rating	2024	2023
AAA	30%	28%
AA+	0%	0%
AA	0%	0%
AA-	36%	42%
A+	33%	19%
A	0%	10%
A-	1%	1%
BBB+	0%	0%
BBB	0%	0%
	100%	100%

There are no amounts that would otherwise be past due or impaired where terms have been renegotiated. Past due consists of financial assets that matured but the cash has not yet been received. Impairment is where the full face value of the asset is not expected to be recovered. There is no impairment at 31 March 2024 (2023: Nil).

b) Market Risk

Market risk is the risk that the value of the Plan's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The Plan's equity, currency and fixed interest securities including those held in exchange traded funds and trading derivatives are susceptible to market price risk arising from uncertainties about future prices of the instruments. The overall market risk exposure is \$82,673,065 (2023: \$77,700,101).

To manage risk arising from investing in equity and fixed interest securities, the Plan diversifies its portfolio. Diversification is performed in accordance with the limits set by the SIPO.

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
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15 FINANCIAL RISK MANAGEMENT (cont'd)

As at 31 March 2024 the Plan's concentration of risk, categorised by Geographical regions and Industries, are:

	2024	2023
Investments by Geographical region		
Australia	0.5%	0.5%
New Zealand	62.4%	66.2%
United States	26.6%	23.1%
Other	10.5%	10.2%
	100.0%	100.0%

	2024	2023
Investments by Industry		
Financial Institutions	38.9%	42.2%
Government	23.0%	21.9%
Other	38.1%	35.9%
	100.0%	100.0%

The Plan's market risk is affected by three main components: changes in actual market prices, interest rate and foreign currency movements.

b) i) Change in actual market prices

All of the Plan's equity investments are publicly traded. The Investment Manager assesses their performance and that of the Plan by reference to benchmark indices. These indices and their weighting of the Plan's investments reflect the risk profile of the Plan. Foreign exchange movements on overseas equities are a component of price risk. The fixed interest investments are principally affected by changes in market expectations and interest rates.

The table below summarises the impact of a 10% increase/decrease on the year end market price on the Plan's pre tax surplus for the year. The analysis is based on the assumption that the equity and fixed interest prices have all increased/decreased by 10% with all other variables held constant.

The sensitivity disclosed is considered appropriate given the movement of markets during the year.

	Impact on pre tax surplus for the year ended 31 March 2024		Impact on pre tax surplus for the year ended 31 March 2023	
	+10% change in market price	-10% change in market price	+10% change in market price	-10% change in market price
	\$	\$	\$	\$
Sensitivity	8,265,424	(8,265,424)	7,764,824	(7,764,824)

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15 FINANCIAL RISK MANAGEMENT (cont'd)

b) ii) Foreign exchange risk

The Plan is exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies. The Plan enters into foreign currency contracts as governed by the current SIPO. Offshore equities held through exchange traded funds denominated in US dollars have an exposure to Euro and Japanese Yen, therefore FX contracts are also held for these currencies.

31 March 2024	Australian Dollars NZD\$	US Dollars NZD\$	Euro NZD\$	Japanese Yen NZD\$	Great British Pound NZD\$	Total NZD\$
Assets						
Cash and cash equivalents	4,877	427,238	-	-	-	432,115
Assets held at fair value through profit or loss	-	47,659,711	-	-	-	47,659,711
Total assets	4,877	48,086,949	-	-	-	48,091,826
Nominal Value of FX contracts	-	19,030,029	3,580,000	-	-	22,610,029

31 March 2023	Australian Dollars NZD\$	US Dollars NZD\$	Euro NZD\$	Japanese Yen NZD\$	Great British Pound NZD\$	Total NZD\$
Assets						
Cash and cash equivalents	866	96,465	-	-	-	97,331
Assets held at fair value through profit or loss	-	42,813,608	-	-	-	42,813,608
Total assets	866	42,910,073	-	-	-	42,910,939
Nominal Value of FX contracts	-	15,381,000	3,580,000	-	-	18,961,000

The table below shows the change in the fair value of financial assets / (liabilities) and surplus before taxation for significant currencies from a movement in exchange rates. The sensitivity disclosed is considered appropriate given the movement of FX rates during the year.

Year ended 31 March 2024			
Carrying Amount	+10% change in exchange rate	-10% change in exchange rate	
\$	\$	\$	
Australian Dollars	4,877	(443)	542
US Dollars	48,104,557	(4,373,142)	5,344,951
Other	1,213	(110)	135
	<u>48,110,647</u>	<u>(4,373,695)</u>	<u>5,345,628</u>
Year ended 31 March 2023			
Carrying Amount	+10% change in exchange rate	-10% change in exchange rate	
\$	\$	\$	
Australian Dollars	866	(79)	96
US Dollars	42,952,295	(3,904,754)	4,772,477
Other	9,636	(876)	1,071
	<u>42,962,797</u>	<u>(3,905,709)</u>	<u>4,773,644</u>

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

15 FINANCIAL RISK MANAGEMENT (cont'd)

b) iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Cash, short term deposits, term deposits and fixed interest securities expose the Plan to interest rate risk. Future interest rate movements will affect cash flows and the net market values of fixed interest securities. Interest rate risk management activities are undertaken by the Investment Managers in accordance with the investment strategy.

The table below shows the effect on interest income and net assets on financial assets from a movement in interest rates. The sensitivity disclosed is considered appropriate given the movement of interest rates during the year.

	Year ended 31 March 2024		
	Carrying Amount	+2% change in interest rate	-2% change in interest rate
	\$	\$	\$
Financial Assets			
Cash and cash equivalents	16,223,017	-	-
Trade and other receivables	720,225	-	-
Term deposits	27,006,438	33,206	(33,206)
Fixed interest securities	20,031,654	12,522	(12,522)
	<u>63,981,334</u>	<u>45,728</u>	<u>(45,728)</u>
	Year ended 31 March 2023		
	Carrying Amount	+2% change in interest rate	-2% change in interest rate
	\$	\$	\$
Financial Assets			
Cash and cash equivalents	15,171,177	13,283	(13,283)
Trade and other receivables	726,852	-	-
Term deposits	33,059,168	32,385	(32,385)
Fixed interest securities	19,517,389	14,925	(14,925)
	<u>68,474,586</u>	<u>60,593</u>	<u>(60,593)</u>

The table below summarises the Plan's exposure to interest rate risk. It includes the Plan's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates. All liabilities are current.

31 March 2024	Within 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$
Bank accounts	16,223,017	-	-	-	16,223,017
Short term deposits	-	-	-	-	-
New Zealand government stock	-	-	5,509,670	7,563,627	13,073,297
New Zealand bonds	1,009,239	-	1,458,031	4,491,088	6,958,357
Term deposits	5,161,356	21,845,082	-	-	27,006,439
31 March 2023	Within 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$
Bank accounts	14,289,710	-	-	-	14,289,710
Short term deposits	881,467	-	-	-	881,467
New Zealand government stock	7,175,934	-	1,466,192	7,550,040	16,192,166
New Zealand bonds	926,004	-	2,399,219	-	3,325,223
Term deposits	7,674,902	25,070,777	313,488	-	33,059,168

**NZ POST SUPERANNUATION PLAN
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15 FINANCIAL RISK MANAGEMENT (cont'd)

c) Liquidity and cash flow risk

Liquidity risk is the risk that the Plan will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- Applying limits to ensure there is no concentration of liquidity risk to a particular asset or entity; and
- Ensuring that there is no significant exposure to illiquid or thinly traded securities.

The Plan is exposed to daily cash redemptions by members partially or fully withdrawing their funds. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Plan manages day-to-day cash flow by maintaining a cash balance sufficient to cover weekly cash outflows. This is assessed daily in periods of unusually high redemptions by the Investment Manager, reconciled weekly and forecasted for the next week.

The Plan only has financial liabilities due within one month.

The extent of the Plan's concentration of liquidity and cash flow risk will in general terms be determined by reference to a number of factors including the extent to which, relative to its overall investment, the Plan has invested in a particular asset class or entity. The Plan's liquidity and cash flow risk will also be subject to general economic and market events impacting on the asset classes and entities invested in as well as applicable asset class and entity specific risks which may affect the liquidity of the Plan's investments and the maturity profile of these investments.

Concentration of liquidity and cash flow risk is determined by investment in common asset classes, entities or markets or underlying exposure to particular economic and/or market events. Other shared characteristics that may determine the Plan's concentration of liquidity and cash flow risk across asset classes and entities are common exposure to a particular form of financial instrument and the maturity profile of particular investments.

The Plan actively monitors and controls the extent of the concentration of liquidity and cash flow risk in order to ensure that the level of this risk is minimised and is maintained within any limits specified by the SIPO. The Plan holds a diversified portfolio in accordance with the SIPO and this further mitigates against exposure to an inappropriate level of liquidity and cash flow risk.

d) Fair value measurements recognised in the Statement of Net Assets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example foreign exchange contracts are valued using independent forward foreign exchange rates and New Zealand bonds are valued using market yields; and
- Level 3 fair value measurements are not held by the Plan.

	Fair value measurement at end of the reporting period using:		
	31 March 2024 \$	Level 1 \$	Level 2 \$
Financial assets at fair value through profit or loss			
Fixed Interest			
- New Zealand government stock	13,073,297	13,073,297	-
- Other New Zealand bonds	6,958,357	-	6,958,357
Equities and Funds			
- New Zealand	14,962,879	14,962,879	-
- Offshore	47,659,711	47,659,711	-
Foreign exchange contracts	18,821	-	18,821
Total	82,673,065	75,695,887	6,977,178

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15 FINANCIAL RISK MANAGEMENT (cont'd)

	Fair value measurement at end of the reporting period using:		
	31 March 2023	Level 1	Level 2
	\$	\$	\$
Financial assets at fair value through profit or loss			
Fixed Interest			
- New Zealand government stock	16,192,166	13,654,079	2,538,087
- Other New Zealand bonds	3,325,223	-	3,325,223
Equities and Funds			
- New Zealand	15,317,247	15,317,247	-
- Offshore	42,813,608	42,813,608	-
Foreign exchange contracts	51,857	-	51,857
Total	<u>77,700,101</u>	<u>71,784,934</u>	<u>5,915,167</u>

Capital risk management

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

The Plan achieves this through obtaining contributions from Members and Employers and investing in financial assets.

16 TAXATION

	2024	2023
	\$	\$
i Taxation expense		
Net surplus before membership activities	<u>10,772,511</u>	<u>284,972</u>
	10,772,511	284,972
Tax expense thereon at 28% default rate	(3,016,303)	(79,792)
Adjusted for the tax effects of permanent differences:		
Tax effect of non-taxable income	2,583,938	323,216
Tax effect of lower PIRs elected by some members	76,093	27,330
Tax effect of FDR income	(645,864)	(630,178)
Tax effect of Imputation Credits	94,774	95,859
Prior period adjustment	(493)	-
PIE tax expense allocated to members	<u>(907,855)</u>	<u>(263,565)</u>

As the Plan is a PIE, tax payable is determined with reference to an individual member's prescribed investor rate ("PIR") and payable by the Plan on behalf of investors. For this reason, the 2024 tax expense for the Plan is nil (2023: Nil). The PIE tax payable for the year to 31 March 2024 of \$907,855 (2023: \$263,565) has been recorded against the member funds rather than as tax expense.

	2024	2023
	\$	\$
ii Tax refundable		
Opening balance	1,118,392	779,163
Net tax paid	167,279	602,794
Less: PIE tax payable on behalf of members	<u>(907,855)</u>	<u>(263,565)</u>
	<u>377,816</u>	<u>1,118,392</u>

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
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17 RELATED PARTY TRANSACTIONS

The Plan holds short term deposits, fixed interest securities and New Zealand dollar and foreign currency call accounts with Kiwibank Limited. Kiwibank Limited was a jointly controlled entity of New Zealand Post Limited until August 2022 when it was sold.

The Plan holds no investments in New Zealand Post Limited (2023: Nil).

The Plan receives employer's contributions from New Zealand Post Limited and participating employers. The value of the contributions received are presented on the face of the financial statements. The value of contributions outstanding at balance date is presented in note 9.

During the year ended 31 March 2024 the Plan paid \$959,199 to New Zealand Post Limited in cost reimbursements (2023: \$1,142,608). This includes payments for investment and administration fees for the cost of employees involved in administering the Plan along with other administrative and property related outgoings. At 31 March 2024 the Plan owed New Zealand Post Limited \$338,893 relating to expenses already incurred on its behalf (2023: \$183,375). This amount includes insurance prepayments of \$110,000 (2023: Nil).

18 EMPLOYEE REMUNERATION

The Plan does not have any employees. The Plan is administered by employees of New Zealand Post Limited. The investment and administration charge paid to New Zealand Post Limited reimburses the Company for these employee services. The cost of employee services paid to the Company is included as personnel expenses in the Statement of Changes in Net Assets.

19 RECONCILIATION OF DECREASE IN PROMISED RETIREMENT BENEFITS TO OPERATING CASH FLOWS

	2024	2023
	\$	\$
Decrease in promised retirement benefits	(257,308)	(6,424,878)
Non cash items:		
(Gains) / losses on financial assets held at fair value through profit or loss	(7,235,469)	2,194,669
	(7,235,469)	2,194,669
Movements in other working capital items:		
Accrued investment income	(106,547)	(235,192)
Contributions receivable	592	(6,624)
Prepayments	(110,000)	-
Sundry receivables	113,175	(124,707)
Accrued interest on bonds	208,848	12,886
Benefits payable	(606,535)	149,532
Sundry payables	42,604	69,273
Related party payables	155,518	(156,554)
Taxation refundable	740,576	(339,229)
	438,231	(630,615)
Items classified as investing activities:		
Investment expenses	226,632	354,992
	226,632	354,992
Net cash flows to operating activities	(6,827,914)	(4,505,832)

**NZ POST SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
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20 EVENTS OCCURRING AFTER THE BALANCE DATE

As explained in Note 2, New Zealand Post Limited, with support of the Trustee, has resolved to wind up the Plan subsequent to balance date. Subject to consent from the Financial Markets Authority, the Plan's assets will be transferred to the Mercer Super Trust, following the completion of these financial statements. This transition is intended to take place on 1 November 2024.

No other significant events have occurred since balance date which would impact on the net assets of the Plan as disclosed in the Statement of Net Assets as at 31 March 2024 or on the results and cash flow of the Plan for the year ended on that date.

21 CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets and liabilities or commitments as at 31 March 2024 (2023: Nil).

22 BREAKDOWN OF INVESTMENT MANAGEMENT FEES

A breakdown of the investment management fees is as follows:

	2024	2023
	\$	\$
Bank fees	222	333
Financial services	90,721	151,329
Investment advisory services	120,000	120,000
Custodian brokerage and other fees	21,439	83,330
	<u>232,382</u>	<u>354,992</u>



Independent auditor's report

To the members of New Zealand Post Superannuation Plan (the Plan)

Our opinion

In our opinion, the accompanying financial statements of the Plan present fairly, in all material respects, the financial position of the Plan as at 31 March 2024, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Plan's financial statements comprise:

- the statement of net assets as at 31 March 2024;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

We have provided the following services to the Trustee of the Plan (the Trustee): controls assurance reporting. These services have not impaired our independence as auditor of the Plan.

Emphasis of matter - basis of preparation

We draw attention to Note 2 of the financial statements, which refers to the intention of the Trustee to transfer operations into a Master Trust. These financial statements have therefore been prepared on a basis of non-going concern. Our report is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments held at fair value through profit or loss and term deposits at amortised cost</p> <p>Refer to note 7 to the financial statements for the report values of financial assets at fair value through profit or loss and term deposits at amortised cost.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets of the Plan.</p> <p>Valuation</p> <p>The fair value of financial assets traded in active markets are based on quoted market prices at the reporting date and are categorised as level 1 in the fair value hierarchy.</p> <p>The valuation technique depends on the underlying financial asset and includes assumptions that are based on market conditions existing at the reporting date.</p> <p>Such financial assets with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy.</p> <p>For financial assets quoted in foreign currencies, these are translated to New Zealand dollars using the exchange rate at the reporting date.</p> <p>Existence</p> <p>Holdings of certain financial assets at fair value through profit or loss are held by Morgan Stanley on behalf of the Plan and the financial assets held at amortised cost (term deposits) held by New Zealand Post Trustees Limited (the Custodians).</p>	<p>We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the relevant controls operated by the Custodians.</p> <p>For financial assets where quoted market prices in an active market were available, we compared the market price at the reporting date to independent third party pricing sources.</p> <p>We utilised an independent valuation expert to test the fair value of all investments categorised at level 2 and a sample at level 1 in the fair value hierarchy.</p> <p>We have assessed the reasonableness of the exchange rates used to translate financial assets quoted in foreign currencies.</p> <p>We confirmed the financial assets recognised at fair value through profit or loss as at 31 March 2024 recorded in the financial statements of the Plan with Morgan Stanley.</p> <p>We confirmed the term deposits held at amortised cost as at 31 March 2024 recorded in the financial statements of the Plan with the relevant bank.</p>

Our audit approach

Overview

Materiality	<p>Our materiality for the Plan is calculated based on approximately 1% of net assets of the Plan.</p> <p>We chose net assets as the benchmark because, in our view, the objective of the Plan is to provide members with a total return on the Plan's net assets, taking into account both capital and income returns.</p>
Key audit matters	<p>As reported above, we have one key audit matter, being Valuation and existence of investments held at fair value through profit or loss and term deposits held at amortised cost.</p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of the Plan as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of the Plan as a whole.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of the Plan as a whole, taking into account the structure of the Plan, the Plan's investments and the accounting and registry processes and controls.

The Trustee is responsible for the governance and control activities of the Plan. The Plan's investments are held by the Custodians

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon which the annual report will refer to. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustee and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Trustee for the financial statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
26 July 2024

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