

Local Government Superannuation Scheme

Financial Statements for the Year Ended
31 March 2026

Financial Statements **2026**



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TO THE READERS OF LOCAL GOVERNMENT SUPERANNUATION SCHEME'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2026

The Auditor-General is the auditor of the Local Government Superannuation Scheme (the 'Scheme'). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Scheme on his behalf.

OPINION

We have audited the financial statements of the Scheme on pages 5 to 15, that comprise the statement of net assets as at 31 March 2026, the statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Scheme:

- present fairly, in all material respects:
 - its financial position as at 31 March 2026; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') and IFRS Accounting Standards ('IFRS').

Our audit was completed on 24 June 2026. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Directors of the Trustee and our responsibilities relating to the financial statements, we comment on other information and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

RESPONSIBILITIES OF THE DIRECTORS OF THE TRUSTEE FOR THE FINANCIAL STATEMENTS

The Directors of the Trustee are responsible on behalf of the Scheme for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Directors of the Trustee are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors of the Trustee are responsible on behalf of the Scheme for assessing the Scheme's ability to continue as a going concern. The Directors of the Trustee are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Directors of the Trustee intend to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

The Directors of the Trustee's responsibilities arise from clause the Financial Markets Conduct Act 2013.

RESPONSIBILITIES OF THE AUDITOR 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

TO THE READERS OF LOCAL GOVERNMENT SUPERANNUATION SCHEME'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2026 CONTINUED

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Scheme's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Trustee.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Directors of the Trustee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Directors of the Trustee are 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.

Our opinion on the financial statements does not cover the other information and we do 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. In doing so, we 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. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Scheme in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, and our assurance engagement on the maintenance of the Register of Members, we have no relationship with, or interests in, the Scheme.



**Hamish Anton, Partner
for Deloitte Limited**
on behalf of the Auditor-General
Wellington, New Zealand

	Notes	TOTAL	
		2026 \$	2025 \$
INVESTMENT ACTIVITIES			
Investment Income			
Gain on Financial Assets held at fair value through profit or loss	7a	8,852,587	5,913,119
Interest		9,189	20,808
		8,861,776	5,933,927
Investment Expenses			
Investment Management Fees	13	377,843	366,291
Net Investment Income		8,483,933	5,567,636
OTHER EXPENSES			
Administration Fees	13	39,258	38,904
Total Other Expenses		39,258	38,904
Change in Net Assets before Taxation and Membership Activities		8,444,675	5,528,732
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions	5	4,937,362	4,107,649
Employer Contributions		1,739,135	1,699,199
Total Contributions		6,676,497	5,806,848
Benefits Paid			
Benefits Paid	6	4,622,602	6,977,906
Transfers Out to Other Schemes		300,204	647,539
Total Benefits Paid		4,922,806	7,625,445
Net Membership Activities		1,753,691	(1,818,597)
Change in Net Assets Before Taxation		10,198,366	3,710,135
PIE Tax Expense	9	743,461	1,176,477
Net Increase in Net Assets During Year		9,454,905	2,533,658
Net Assets Available for Benefits at Beginning of Year		107,841,136	105,307,478
Net Assets Available for Benefits at End of Year		117,296,041	107,841,136

This statement is to be read in conjunction with the notes on pages 8 to 15.

	Notes	TOTAL	
		2026 \$	2025 \$
ASSETS			
Cash & Cash Equivalents		242,609	517,374
Financial Assets at Fair Value through Profit or Loss	7b	117,834,488	108,200,058
Total Assets		118,077,097	108,717,432
Less LIABILITIES			
Benefits Payable		860	10,859
PIE Tax Payable	9	717,495	804,632
Other Payables		62,701	60,805
TOTAL LIABILITIES		781,056	876,296
NET ASSETS AVAILABLE FOR BENEFITS		117,296,041	107,841,136
LIABILITY FOR ACCRUED BENEFITS			
<i>Represented By:</i>			
Members' Accounts	3	116,636,961	107,223,884
Reserve Account	3 & 10	659,080	617,252
		117,296,041	107,841,136

Signed on behalf of the Trustee, Local Government Superannuation Trustee Limited, who authorised the issue of these financial statements on 24 June 2026.

Director of Trustee
Chair



BASIL MORRISON

Director of Trustee
Licensed Independent Trustee



GRANT HASSELL

This statement is to be read in conjunction with the notes on pages 8 to 15.

	Note	TOTAL	
		2026 \$	2025 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Member Contributions		4,937,362	4,107,649
Employer Contributions		1,739,135	1,699,199
Interest Received		9,189	20,808
		6,685,686	5,827,656
<i>Cash applied to</i>			
Benefits Paid		(4,632,602)	(7,058,143)
Transfers Out to Other Schemes		(300,204)	(647,539)
Other Expenses		(39,259)	(39,168)
Withholding Tax Paid		(2,725)	(6,242)
PIE Tax Paid		(827,868)	(1,137,007)
		(5,802,658)	(8,888,099)
Net Cash Flows From / (Applied to) Operating Activities	8	883,028	(3,060,443)
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash provided from</i>			
Sale of Investments		963,780	66,356,215
<i>Cash applied to</i>			
Investment Purchases (Including Investment Fees)		(2,121,573)	(63,597,301)
Net Cash Flows (Applied to) / From Investing Activities		(1,157,793)	2,758,914
Net (Decrease) in Cash Held		(274,765)	(301,529)
Cash & Cash Equivalents at Beginning of Year		517,374	818,903
Cash & Cash Equivalents at End of Year		242,609	517,374

This statement is to be read in conjunction with the notes on pages 8 to 15.

1. NATURE OF BUSINESS

Scheme description

The Local Government Superannuation Scheme operating as SuperEasy (the 'Scheme') is a superannuation scheme registered in New Zealand under the Financial Markets Conduct Act (FMCA) 2013 (reference SCH10495) to provide retirement benefits to the members of the Scheme. The Scheme was registered on 15 March 2016.

The Scheme is governed by a separate trust deed dated 15 March 2016, as amended from time to time.

The Scheme is open to employees of New Zealand local authorities and any other employer permitted by the Trustee. There is only one class of member. There were no members receiving benefits other than those paid on exit.

The latest Statement of Investment Policy and Objectives (SIPO) for the Scheme is dated 1 July 2024.

Funding arrangements

The Scheme is a defined contribution scheme. Under the Trust Deed each member and, if applicable, each participating employer, shall pay contributions at a rate expressed as a percentage of salary, or at the amount specified in the Adopting Deed of a participating employer.

Retirement benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership. The type and timing of benefits are specified in the Trust Deed.

Termination terms

The Trust Deed sets out the basis on which the Scheme can be terminated.

Investment Policies

The Scheme uses two fund managers. Harbour Asset Management Ltd ("HAM") manage the assets in relation to the Schemes' investment exposure to New Zealand equities, listed property asset, international fixed interest, New Zealand fixed interest and cash asset classes. Mercer (N.Z.) Limited ("Mercer") manage the assets in relation to the Schemes' investment exposure to international equities.

The investment objectives of the **Automatic Fund** are to achieve the optimum long-term outcome by accepting a higher investment risk and return volatility in the early stages of a member's working life as a trade for higher returns. As the Automatic Fund adjusts members' target investments based on age, it is a life cycle investment option for the purposes of the FMCA.

The investment objectives of the **Aggressive Fund** are to achieve a high level of real returns over the medium to long term primarily through substantial investment in equities, accepting that the returns may be subject to significant short-term variations.

The investment objectives of the **Growth Fund** are to achieve positive real returns over the medium to long term through investment in growth assets, while managing volatility through diversification of the Fund's assets.

The investment objectives of the **Balanced Fund** are to reduce the likelihood of negative returns over the short to medium term through higher proportions of investment in defensive assets, such as cash and bonds, while still providing a reasonable opportunity for positive real returns over the longer term by investing a reasonable proportion of the Fund in growth assets such as equities and property.

The investment objectives of the **Conservative Fund** are to reduce the likelihood of negative returns over the short term with higher proportions of investment in defensive assets, such as cash and bonds, while still providing an opportunity for positive real returns over the longer term by investing a smaller proportion of the assets in growth assets such as equities and property.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), Financial Reporting Act 2013 and the requirements of the FMCA. They comply with New Zealand Equivalents to IFRS Accounting Standards ("NZ IFRS"), as appropriate for profit oriented entities. The financial statements also comply with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

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

Measurement base

The measurement base adopted is that of historical cost modified by the revaluation of certain assets which are measured at fair values at balance date

Presentation currency

These financial statements are presented in New Zealand dollars because that is the currency of the economic environment in which the Scheme operates.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Classification of assets and liabilities

The Local Government Superannuation Scheme operates as a superannuation scheme. As such, the assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

Critical accounting estimates and judgements

There are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing material misstatement to the financial statements.

Comparatives

Certain comparative information have been reclassified to align with current year presentation.

Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

(a) Investment Income

Interest, dividends and distributions from unitised investments are taken to income on a due and receivable basis.

Net realised and unrealised gains and losses are recognised in the Statement of Changes in Net Assets in the period in which they occur.

(b) Expenses

All expenses are accounted for on an accruals basis. Investment management fees are charged by the administration manager based on the underlying funds under management. The investment management fees are 0.32% per annum (2025: 0.33% p.a.) expressed as a percentage of the total funds under management in the respective funds plus in fund costs charged by the underlying fund managers which are deducted prior to unit pricing.

(c) Taxation

The PIE tax expense represents the sum of the tax paid and payable.

The Scheme is a Portfolio Investment Entity ('PIE') under the Income Tax Act 2007. Under current legislation regarding the taxation of PIEs, the Scheme pays tax on behalf of members. PIE tax payable to Inland Revenue on behalf of members is recognised as a liability and is measured based on Prescribed Investor Rates ('PIR') applicable to the individual members that have been enacted or substantively enacted during the year and by the balance date.

(d) Financial Instruments

Financial assets and financial liabilities are recognised on the Scheme's Statement of Net Assets when the Scheme becomes a party to the contractual provisions of the instrument. The Scheme shall offset financial assets and financial liabilities if the Scheme has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(e) Financial Assets

Financial assets at fair value through profit or loss

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

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

The fair value hierarchy of financial instruments are categorised into 3 levels:

- **Level 1** fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets and 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); and
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments disclosed in these Financial Statements are categorised as Level 2 for both the 2025 and 2026 financial years.

The Scheme invests in managed funds. The fair value is based upon unit prices calculated by the Manager of the fund.

The fair value of units is based upon a Net Asset Valuation using observable inputs of quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The Net Asset Valuation of the fund may also include securities or derivatives which have inputs such as foreign exchange spot and forward rates and interest rate curves derived from quoted bond prices. The Net Asset Valuation may also have adjustments to reflect fees associated with the fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

(f) Other Payables

Other payables are not interest-bearing and are stated at amortised cost.

(g) Goods and Services Tax (GST)

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Accounting Policies continued

(h) Cash Flow Statement

The cash flows of the Scheme do not include those of the fund managers. The following are definitions of the terms used in the Cash Flow Statement:

Cash & Cash Equivalents - comprises cash balances held with banks in New Zealand.

Investing Activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash. Investing transactions that do not require the use of cash or cash equivalents are excluded from the statement of cash flows and disclosed in the notes to the financial statements.

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

(i) Accrued Benefits

The liability for accrued benefits is the Scheme's present obligation to pay benefits to members and beneficiaries.

It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Accrued benefits include amounts allocated to members' accounts and reserves.

(j) Contributions

Contributions are accounted for on a cash basis when received from the employer or member.

(k) Benefits

Benefits are accounted for on an accruals basis.

	TOTAL	
	2026	2025
	\$	\$

3. LIABILITY FOR ACCRUED BENEFITS

Liability for accrued benefits as at 31 March:

Members' Accounts

Opening Balance 1 April	107,223,884	104,717,294
Contributions	6,676,497	5,806,848
Total Benefits Paid	(4,922,806)	(7,625,445)
Change in Net Assets Before Tax and Membership Activities	8,397,998	5,495,639
PIE Tax Expense	(738,612)	(1,168,134)
Transfers to Reserve	-	(2,318)
Balance 31 March	116,636,961	107,223,884

Reserve Account

Opening Balance 1 April	617,252	590,184
Transfers from Members' Account	-	2,318
Change in Net Assets Before Tax and Membership Activities	46,677	33,093
PIE Tax Expense	(4,849)	(8,343)
Balance 31 March	659,080	617,252

Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for accrued benefits (2025: Nil).

4. VESTED BENEFITS

Vested Benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date. The Vested Benefits for SuperEasy members as at 31 March 2026 were \$116,410,467 (31 March 2025: \$107,026,272).

	TOTAL	
	2026	2025
	\$	\$

5. CONTRIBUTIONS

Contributions from members and employers who were:

Existing members	5,606,757	5,369,677
Members who joined the Scheme during the year	254,248	208,671
Lump sum contributions	815,492	228,500
Total Contributions Received	6,676,497	5,806,848

6. BENEFITS PAID

Redundancy	31,504	181,021
Retirement	633,103	709,265
Withdrawal	3,957,995	6,031,568
Death	-	56,052
Total Benefits Paid	4,622,602	6,977,906

7a. GAIN ON FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Aggressive Fund	1,444,706	804,515
Growth Fund	1,264,470	807,020
Balanced Fund	1,218,989	871,554
Conservative Fund	483,293	496,295
Automatic Fund	4,441,129	2,933,736
Total Gain on Financial Assets Held at Fair Value Through Profit or Loss	8,852,587	5,913,119

	TOTAL	
	2026	2025
	\$	\$

7b. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Aggressive Fund	13,535,817	11,582,101
Growth Fund	14,971,699	13,805,528
Balanced Fund	16,731,300	15,694,638
Conservative Fund	9,897,466	8,995,580
Automatic Fund	62,698,206	58,122,211
Total Financial Assets Held at Fair Value through Profit or Loss	117,834,488	108,200,058
Investments by fund manager		
Harbour Asset Management Ltd		
Harbour Real Estate Investment Fund	12,696,015	11,703,031
Harbour NZ Index Shares Fund	13,423,640	12,402,136
Harbour NZ Core Fixed Interest Fund	21,053,392	20,065,270
Hunter Global Fixed Interest Fund	18,010,100	17,413,951
Harbour Enhanced Cash Fund	11,939,621	11,162,220
Harbour Asset Management Ltd Total	77,122,769	72,746,609
Mercer (NZ) Ltd		
Mercer Overseas Shares Index Portfolio	28,538,508	24,405,212
Mercer Hedged Overseas Shares Index Portfolio	12,173,211	11,048,237
Mercer (NZ) Ltd Total	40,711,719	35,453,449
Total Financial Assets Held at Fair Value through Profit or Loss	117,834,488	108,200,058
Investments by asset class		
New Zealand Equities	13,423,640	12,402,136
International Equities	40,711,720	35,453,449
Listed Properties	12,696,015	11,703,031
New Zealand Fixed Interest	21,053,392	20,065,270
International Fixed Interest	18,010,100	17,413,951
Cash	11,939,621	11,162,220
Total Financial Assets Held at Fair Value through Profit or Loss	117,834,488	108,200,058

All financial assets held at fair value through profit or loss disclosed in these Financial Statements are categorised as Level 2 for both the 2025 and 2026 financial years as explained in Note 2.

	TOTAL	
	2026	2025
	\$	\$

8. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO INCREASE / (DECREASE) IN NET ASSETS

Increase / (Decrease) in net assets	9,454,905	2,533,658
Less non cash and investing items:		
Changes in fair value of financial assets through profit or loss after investment expenses	(8,483,933)	(5,567,636)
Non cash movement in investment manager fees	7,296	25,709
Movements in other working capital items:		
(Decrease) / Increase in benefits and other payables	(8,103)	(85,403)
(Decrease) / Increase in PIE tax payable	(87,137)	33,229
Net cash flows from / (applied to) operating activities	883,028	(3,060,443)

9. PIE TAX

The Scheme calculates and pays tax on members' behalf at the members' Prescribed Investor Rate ('PIR') as follows:

- Members PIR were either 10.5%, 17.5% or 28% respectively.

	TOTAL	
	2026	2025
	\$	\$
Changes in net assets before tax and membership activities	8,444,675	5,528,732
Less permanent differences:		
Non taxable income	4,543,648	62,659
Taxable income	3,901,027	5,466,073
Tax thereon at members PIR	1,017,187	1,416,224
Tax effect of allocated PIE credits	(273,726)	(239,747)
Total Tax expense	743,461	1,176,477
Current Tax		
Opening balance	804,632	771,404
PIE Tax Paid in respect of prior year	(804,627)	(771,404)
PIE Tax in respect of current year	743,456	1,176,477
PIE Tax Expense Paid on Members Behalf	(23,241)	(365,603)
Withholding tax paid	(2,725)	(6,242)
PIE Tax Payable	717,495	804,632

10. RESERVE ACCOUNT

Pursuant to the Trust Deed, the Trustee shall establish a Reserve Account which shall be credited with the following:-

- any amount not paid to a member upon ceasing employment with the Employer;
- any part of an Employer's Account Balance remaining after the Benefit has been paid in respect of a Member who has ceased to be an Employee or ceased to be a Member;
- any unclaimed benefit;
- the Reserve Account's share of the Scheme's profit or loss;
- any credits in respect of taxation allocated by the Scheme's investment manager and not otherwise allocated to members' accounts.

10. RESERVE ACCOUNT continued

The Trustee may, at its discretion, apply any part or the whole of the Reserve Account to:-

- i. meeting all or part of the contributions of all Members associated with the Participating Employer on an equitable basis determined by the Trustee;
- ii. meeting all or part of the Participating Employer's contributions to the Scheme;
- iii. increasing the Employer's Account in respect of all Members associated with the Participating Employer on an equitable basis determined by the Trustee;
- iv. providing personal Benefits for Members associated with the Participating Employer or their Dependents in cases of hardship;
- v. the paying of Trustee's remuneration and the Scheme's outgoings;
- vi. in such other manner as is permitted from time to time under the Trust Deed.

11. FINANCIAL INSTRUMENTS

The Scheme is involved with a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

The Trustee has established the investment portfolio objectives and target asset allocations. Performance against these targets is reviewed regularly by the Trustee and asset reallocations undertaken as required.

(a) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Scheme's accounting policies.

(b) Capital Management

The Scheme's capital is represented by net assets attributable to members and is reflected in the Statement of Net Assets as "Net Assets Available for Benefits". The Scheme invests contributions received in appropriate investments in order to provide returns to its members and to maximise the Scheme's members' value whilst maintaining sufficient liquidity to meet any withdrawal requests. The Scheme's management review the performance of the Scheme on a regular basis to monitor the capital management.

(c) Market Risks**(i) Liquidity Risk**

All financial assets at fair value through profit and loss can be realised within 12 months. Other than the liability for accrued benefits, there are no significant financial liabilities. To manage liquidity risk the Scheme invests in financial instruments which are highly liquid. The Scheme also invests within established limits to ensure there is no concentration of risk. Due to the nature of a superannuation scheme, it is unlikely that a significant number of members would exit at the same time.

(c) Market Risks continued**(i) Liquidity Risk** continued

Financial liabilities of the Scheme consist of Net Assets Available for Benefits and Payables. Net Assets Available for Benefits are payable on demand, provided certain withdrawal requirements are met, and Payables are typically paid within 30 days.

(ii) Credit Risk

Financial instruments which potentially expose the Scheme to credit risk consist of cash and cash equivalents, fixed interest securities and receivables and, indirectly, investments in unithised products which invest in cash and fixed interest investments. The Scheme does not require collateral or other security to support instruments with credit risk and as such, no collateral exists for any of the investments held by the Scheme. The maximum credit exposure is the carrying amount of the individual investments. All investments entered into are required to meet the credit rating parameters as set forth by the Trustee.

The significant counterparties of the Scheme are its fund managers. The investments are held in trust by the Trustee for the benefit of the Scheme. The managers maintain diversified investment portfolios in accordance with the portfolio mix adopted by the Trustee. There are no specific industry related concentrations of credit risk.

(iii) Currency Risk

The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unithised products which invest in foreign currency denominated investments.

Each of the five Funds may include investments in Australasian Shares, Global Shares, Global Fixed Interest and Global Property Shares asset classes. To reduce the impact of currency movements, the fund managers may currency hedge to New Zealand dollars from time to time in respect of the international investments.

Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustee.

(iv) Interest Rate Risk

The Scheme is exposed to interest rate risk in that future interest rate movements will affect cash flows and fair values of fixed interest assets and, indirectly, the valuation of investments in unithised products which invest in cash and fixed interest investments.

As at balance date the Scheme's direct exposure to interest rate risk was in respect of the cash and cash equivalent balances of each Fund. The average interest rate for the year was 1.07% (2025: 2.37%).

Interest rate risk management activities are undertaken by the investment manager in accordance with the investment mandate set by the Trustee.

(c) Market Risks continued**(v) Market Price Risk**

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments of a specific type traded in the market. Market price risk is controlled by ensuring a diverse range of investments, limits on counterparty exposure and restrictions on types of instruments.

Had the market price of the underlying instruments increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in income and the net assets attributable to members would amount to the following:

	2026	2025
Aggressive Fund	\$1,353,582	\$1,158,210
Growth Fund	\$1,497,170	\$1,380,553
Balanced Fund	\$1,673,130	\$1,569,464
Conservative Fund	\$989,747	\$899,558
Automatic Fund	\$6,269,820	\$5,812,221
TOTAL	\$11,783,449	\$10,820,006

A variable of 10% was selected for market price risk sensitivity as this is a reasonably expected movement based on historic rate trends.

The table below shows categories of the Scheme's Financial Instruments for 2025 and 2026:

	Financial assets at fair value through profit and loss		Financial assets at amortised costs		Financial liabilities at amortised costs		TOTAL	
	2026 \$	2025 \$	2026 \$	2025 \$	2026 \$	2025 \$	2026 \$	2025 \$
ASSETS								
Cash and cash equivalents			242,609	517,374			242,609	517,374
Harbour Asset Management Ltd	77,122,769	72,746,609					77,122,769	72,746,609
Mercer (NZ) Ltd	40,711,719	35,453,449					40,711,719	35,453,449
LIABILITIES								
Benefits payable					860	10,859	860	10,859
Other payables					62,701	60,805	62,701	60,805

12. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding as at 31 March 2026 (2025: Nil).

13. RELATED PARTIES

Civic Financial Services Limited ('Civic') has been appointed the administration manager of the Scheme by the Scheme's Trustee, Local Government Superannuation Trustee Limited ('LGST'). Civic Financial Services Ltd is the parent entity of Local Government Superannuation Trustee Limited.

The Scheme holds no investments in any of the employer companies or any of its related parties. Civic is charged a Trustee fee of \$17,508 (2025: \$9,995) and an audit fee paid to Deloitte Limited of \$12,250 including the fee of \$920 for assurance provided in respect of the Scheme's member registry (2025: \$11,765 including the fee of \$890 for assurance provided in respect of the Scheme's member registry) on behalf of the

Scheme. These are re-charged by Civic to the Scheme through a fee of \$413,608 (2025: \$394,160), which is split between administration and investment management fees. Civic's fees do not include in-fund costs which are part of the Scheme's investment management fees that are charged directly through the fund managers.

Some employees and Directors of Civic and some Directors of LGST are members of the Scheme.

14. NEW AND AMENDED STANDARDS ADOPTED BY THE SCHEME

There are no new standards or amendments in the current period which have a material impact on the financial statements.

15. EVENTS AFTER BALANCE DATE

There have been no other material events after balance date that require adjustment to or disclosure in the financial statements.

