# EMPLOYEE RETIREMENT PLAN

## Financial Statements

## For the Year Ended 30 June 2026

# EMPLOYEE RETIREMENT PLAN

## Financial Statements

## For the Year Ended 30 June 2026

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# Independent auditor's report

**To the members of Employee Retirement 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 30 June 2026, 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 30 June 2026;
- 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)* issued by the New Zealand Auditing and Assurance Standards Board (PES 1) and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1 and the IESBA Code.

Other than in our capacity as auditor we have no relationship with, or interests in, the Plan.

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# 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 |
|---|---|
| **Valuation and existence of investments at fair value through profit or loss**<br><br>Refer to note 5 of the financial statements for disclosure of investments, which are held at fair value through profit or loss (FVPL), and to note 2 for details on how fair value is determined.<br><br>This was an area of focus for our audit as it represents the majority of the net assets of the Plan.<br><br>**Valuation**<br><br>The fair value of the financial assets that are not traded in an active market is determined using valuation techniques. The valuation technique depends on the underlying financial asset and includes assumptions that are based on market conditions existing at the reporting date.<br><br>Financial assets with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy.<br><br>**Existence**<br><br>Holdings of all financial assets at fair value through profit or loss are held by Public Trust (the Custodian) on behalf of the Plan. | We assessed the processes employed by Mercer (N.Z.) Limited (the Administrator) on behalf of the Trustee for recording and valuing the financial assets held at fair value through profit or loss. Our assessment of the processes included obtaining the internal controls report over investment accounting and unit pricing provided by the Administrator, as well as the administrator of the unlisted investment fund manager.<br><br>For financial assets that are not traded in an active market and with inputs that are observable either directly or indirectly, we agreed the redemption price at the reporting date to the confirmation provided by the unlisted investment fund administrator. We compared:<br><br>• the redemption price at the reporting date to recent publicly available pricing (where available); and<br><br>• the Net Asset Value per unit calculated based on the latest audited financial statements of the underlying unlisted fund to the unlisted investment fund managers communicated unit price on that date (where available).<br><br>These procedures were performed to provide evidence of the reliability of the unit price.<br><br>We obtained confirmation from the Custodian of the holdings of all financial assets at fair value through profit or loss held by the Plan as at the reporting date. |

# Our audit approach

## Overview

| | |
|---|---|
| **Materiality** | Our overall materiality for the Plan is calculated based on approximately 1% of Net Assets.<br><br>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. |
| **Key audit matters** | As reported above, we have one key audit matter, being:<br><br>• Valuation and existence of investments at fair value through profit or loss |

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 the 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 the 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.

Public Trust (the Trustee) is responsible for the governance and control activities of the Plan. The Trustee has outsourced investment accounting (Administrator) and registry services (Registrar) to a third-party service provider.

## 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 the 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 has 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 Kevin Brown.

For and on behalf of:



PricewaterhouseCoopers Napier
28 October 2026

**EMPLOYEE RETIREMENT PLAN**

**Statement of Net Assets**

| **As at 30 June 2026** | **Note** | **2026** | **2025** |
|---|---|---|---|
| | | **$** | **$** |
| **ASSETS** | | | |
| Cash at Bank | | 2,397,221 | 1,753,877 |
| Investments | 5 | 887,733,288 | 816,944,177 |
| Sundry Debtors | | - | 25,000 |
| Deferred Tax Asset | 7 | 21,818 | - |
| **Total Assets** | | 890,152,327 | 818,723,054 |
| **Less LIABILITIES** | | | |
| Benefits Payable | | 833,902 | 609,970 |
| Contributions Received in Advance | | 2,546 | - |
| Trade and Other Payables | | 162,311 | 220,174 |
| PIE Tax Payable | | 2,623,603 | - |
| Income Tax Payable | | - | 5,132,011 |
| Deferred Tax Liability | 7 | - | 1,910,132 |
| **Total Liabilities** | | 3,622,362 | 7,872,287 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | | 886,529,965 | 810,850,767 |
| **LIABILITY FOR PROMISED BENEFITS** | | | |
| *Represented By:* | 3 | | |
| Members' Accounts | | 439,340,346 | 405,092,475 |
| Employer Accounts | | 447,189,619 | 405,758,292 |
| Operating Reserve Account | | - | - |
| | | 886,529,965 | 810,850,767 |

For and on behalf of the Trustee, Public Trust, who authorised the issue of these financial statements.

Board Member _____ Date 28 October 2026

Board Member _____ Date 28 October 2026

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



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**EMPLOYEE RETIREMENT PLAN**

**Statement of Changes in Net Assets**
**For the Year Ended 30 June 2026**

| | Note | 2026 $ | 2025 $ |
|---|---|---|---|
| **INVESTMENT ACTIVITIES** | | | |
| **Investment Income** | | | |
| Net gain on Investments | 6 | 108,348,307 | 72,583,983 |
| Interest Received | | 67,434 | 133,257 |
| | | 108,415,741 | 72,717,240 |
| **Investment Expenses** | | | |
| Investment Management Fees | | (4,794,322) | (4,542,165) |
| **Net Investment Gain** | | 103,621,419 | 68,175,075 |
| **OTHER INCOME** | | 25,000 | 25,000 |
| **OTHER EXPENSES** | | | |
| Administration Fees | | 324,571 | 321,278 |
| Auditor's Remuneration - Audit Fees | 12 | 56,167 | 53,492 |
| Tax Consultant Fees | | 16,169 | 18,314 |
| Trustee Fees | | 216,898 | 203,537 |
| Other Expenses | | 99,636 | 100,086 |
| **Total Other Expenses** | | 713,441 | 696,707 |
| **Change in Net Assets before Taxation and Membership Activities** | | 102,932,978 | 67,503,368 |
| Income Tax Expense | 7 | 6,456,527 | 4,565,196 |
| **Change in Net Assets after Taxation and before Membership Activities** | | 96,476,451 | 62,938,172 |
| **MEMBERSHIP ACTIVITIES** | | | |
| **Contributions** | | | |
| Member Contributions | | 13,418,937 | 14,060,553 |
| Member Voluntary Contributions | | 5,692,328 | 5,763,359 |
| Employer Contributions | | 13,146,575 | 13,808,524 |
| **Total Contributions** | | 32,257,840 | 33,632,436 |
| **Benefits Paid** | | | |
| Retirement | | 22,862,351 | 25,505,390 |
| Death and Disablement | | 1,073,863 | 923,607 |
| Financial Hardship | | 240,156 | 728,021 |
| Withdrawals | | 26,273,441 | 28,286,435 |
| Transfers to other Schemes | | 2,605,282 | 1,796,639 |
| **Total Benefits Paid** | | 53,055,093 | 57,240,092 |
| **Net Membership Activities** | | (20,797,253) | (23,607,656) |
| **Net Increase in Net Assets During Year** | | 75,679,198 | 39,330,516 |
| Net Assets Available for Benefits at Beginning of Year | | 810,850,767 | 771,520,251 |
| **Net Assets Available for Benefits at End of Year** | | 886,529,965 | 810,850,767 |

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



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**EMPLOYEE RETIREMENT PLAN**

**Statement of Cash Flows**

| **For the Year Ended 30 June 2026** | **Note** | **2026** | **2025** |
|---|---|---|---|
| | | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| ***Cash provided from*** | | | |
| Member Contributions | | 13,419,260 | 14,059,482 |
| Member Voluntary Contributions | | 5,696,665 | 5,763,346 |
| Employer Contributions | | 13,144,461 | 13,807,453 |
| Other Income | | 50,000 | - |
| Income Tax Refund | | 13,289 | 12,725 |
| Interest Received | | 67,134 | 133,257 |
| | | 32,390,809 | 33,776,263 |
| ***Cash applied to*** | | | |
| Benefits Paid | | 52,831,161 | 56,748,327 |
| Provisional Tax Paid | | 5,145,000 | 5,330,000 |
| Other Expenses | | 771,304 | 594,172 |
| | | 58,747,465 | 62,672,499 |
| **Net Cash Flows applied to Operating Activities** | 8 | (26,356,656) | (28,896,236) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| ***Cash provided from*** | | | |
| Sale of Investments | | 27,000,000 | 28,451,842 |
| ***Cash applied to*** | | | |
| Purchase of Investments | | - | 2,851,842 |
| **Net Cash Flows from Investing Activities** | | 27,000,000 | 25,600,000 |
| **Net Increase/(Decrease) in Cash Held** | | 643,344 | (3,296,236) |
| **Cash at Bank at the Beginning of the Year** | | 1,753,877 | 5,050,113 |
| **Cash at Bank at the End of the Year** | | 2,397,221 | 1,753,877 |

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



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1. **Plan Description**

The Employee Retirement Plan ("ERP" or "the Plan") is a defined contribution superannuation plan registered in New Zealand as a restricted workplace savings scheme under the Financial Markets Conduct Act 2013 ("FMC Act 2013"). The ERP Trust Deed was established with a commencement date of 1 September 2002 and subsequently amended on 31 August 2005, 30 November 2016, 16 December 2020 and 5 November 2024, respectively. Employers become a participant of the Plan by entering into an employer agreement with the Trustee of the Plan. ERP is a multi-employer master trust. The assets of the Plan are invested with Mercer Investment Trusts New Zealand ("MITNZ"). As at balance date, the sole employer is the Ministry of Education.

The Trustee of the Plan is Public Trust. In 2016 Public Trust was granted a corporate independent trustee licence to allow it to act as the sole independent trustee of the Plan under the FMCA. On 31 October 2021, the Financial Markets Conduct (Corporate Trustees) Exemption Notice 2021 came into force. The notice provides for Public Trust to continue to act as the Licensed Independent Trustee of the Plan for a further five-year term ending 31 October 2026. Public Trust has submitted its licence renewal application to the Financial Markets Authority (FMA). The application is expected to be considered by the FMA closer to the expiry of the current licence, and no issues are currently anticipated in relation to its renewal.

Investment management services are provided by Mercer (N.Z.) Limited.

Registered Office of the Plan: Mercer (N.Z.) Limited, PO Box 1849, Wellington 6140

Details of membership as at 30 June 2026 were:

| | **Active Members** |
|---|---|
| **1 July 2025** | **7,964** |
| Retirement | 197 |
| Leaving Service/Resignation | 66 |
| Permanent Emigration | 2 |
| Death and Permanent Incapacity | 13 |
| Transfers to Other Schemes | 26 |
| Ill Health | 5 |
| **30 June 2026** | **7,655** |

**Funding Arrangements**
All subscribed members and employers pay contributions to the Plan in accordance with the Trust Deed and the relevant Employer Agreement.

With effect from 1 July 2005 all subscribed members receive a matching contribution from their Employer up to a maximum of 3% of gross base salary.

**Retirement Benefits**
The retirement benefits are determined by contributions to the Plan together with investment earnings on those contributions over the period of membership.

**Termination Terms**
The Trust Deed sets out the basis on which the Plan can be terminated.

**Changes in the Plan**
During the year, the Trustee adopted an updated Statement of Investment Policy and Objectives (SIPO), effective 18 February 2026. The update primarily reflected the scheduled review of the SIPO, including a revised strategic asset allocation and benchmark schedules and updated Plan asset information, and the inclusion of Private Debt as an asset class, along with other minor updates. There were no material changes to the Plan's investment objectives, governance framework, investment options or overall investment strategy.

The latest SIPO for the Plan is available on the Companies Office Disclose Register at: https://www.companiesoffice.govt.nz

There were no other changes to the Plan during the 2026 financial year.



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## 2. Summary of Material Accounting Policy Information

### Basis of Preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the requirements of the Financial Markets Conduct Act 2013, the provisions of the Trust Deed and other relevant legislative requirements as appropriate for For-profit entities.

### Statement of Compliance

These financial statements comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board.

### Measurement Base

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

### Functional and Presentation Currency

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

### Classification of Assets and Liabilities

The assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

### Accounting Policies

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

### Investment Income

Interest is taken to income on a due and receivable basis. Interest income on cash is recognised on a time proportionate basis using the effective interest rate method.

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

### Expenses

All expenses are accounted for on an accruals basis.

### Taxation

The tax expense/benefit represents the sum of the tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the Change in Net Assets before Taxation and Membership Activities as reported in the Statement of Changes in Net Assets because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are non-taxable or deductible. The Plan’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by balance date.

The Plan invests in Funds that are Portfolio Investment Entities ('PIEs'). Tax attributable to these investments is recognised in accordance with the PIR applicable to each investment during the reporting period.

The resultant tax expense/rebate has been reflected as tax expense/benefit on the face of the Statement of Changes in Net Assets.

### Financial Instruments

The Plan has various financial instruments comprising financial assets and liabilities with on-balance sheet risk.

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



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2. **Summary of Material Accounting Policy Information (Cont'd)**

**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.

Investments are classified at fair value through profit or loss. As the Plan's business is investing in financial assets with a view to profiting from their total return in the form of interest, distributions or increases in fair value, investments in unlisted managed funds are at fair value through profit or loss on initial recognition.

Financial assets at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is the bid price of the exchange on which the investment is quoted.

The Plan invests in units of unlisted managed funds which are valued at the closing price released by the underlying fund manager, Mercer (N.Z.) Limited.

**Trade and Other Receivables**
Trade and other receivables do not carry any interest and are short-term in nature and are recognised initially at fair value and subsequently at amortised cost using the effective interest method as reduced by appropriate allowances for impairment losses.

The carrying value of a financial asset is reduced by an impairment loss, with the exception of trade receivables where the Plan applies the NZ IFRS 9 approach to measure the expected credit losses which uses a lifetime expected loss allowance.

**Trade and Other Payables**
Trade and other payables are not interest-bearing and are recognised initially at fair value and subsequently at amortised cost.

**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.

**Statement of Cash Flows**
The cash flows of the Plan do not include those of the investment manager. The following are definitions of the terms used in the Statement of Cash Flows:

*Cash at Bank:* comprises cash balances held with banks in New Zealand.

*Operating activities:* include all transactions and other events that are not investing activities.

*Investing activities:* comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash at bank.

**Promised Retirement Benefits**
The Liability for Promised Retirement Benefits is the Plan'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. Promised benefits include amounts allocated to members' accounts and reserves.

**Contributions and Benefits**
Contributions and benefits are accounted for on an accruals basis.

**New and amended standards and interpretations**

*NZ IFRS 18 - Presentation and Disclosure in Financial Statements*

In May 2024, the External Reporting Board introduced NZ IFRS 18 *Presentation and Disclosure in Financial Statements* (NZ IFRS 18) (effective for annual reporting periods beginning on or after 1 January 2027). This standard replaces NZ IAS 1 *Presentation of Financial Statements* (NZ IAS 1) and primarily introduces a defined structure for the statement of comprehensive income, disclosure of management-defined performance measures (a subset of non-GAAP measures) in a single note together with reconciliation requirements and additional guidance on aggregation and disaggregation principles in the financial statements. NZ IFRS 18 will be applicable to the Plan's financial statements to the extent that it is not superseded by NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans.* The Plan has not early adopted NZ IFRS 18 and is yet to assess its impacts.

There are no other new standards, amendments to standards or interpretations that have been issued but not yet effective for annual periods beginning on 1 July 2026 that are expected to have a material effect on the financial statements of the Plan.

3. **Liability for Promised Benefits**

**Changes in Promised Benefits as at 30 June 2026:**

| | Member Account $ | Employer Account $ | Operating Reserve Account $ | Total 2026 $ |
|---|---|---|---|---|
| Balance 1 July 2025 | 405,092,475 | 405,758,292 | - | 810,850,767 |
| Contributions | 19,111,265 | 13,146,575 | - | 32,257,840 |
| Benefits Paid | (32,823,536) | (20,231,557) | - | (53,055,093) |
| Change in Net Assets after Tax | - | - | 96,476,451 | 96,476,451 |
| Interest Allocated | 47,960,142 | 48,516,309 | (96,476,451) | - |
| Balance 30 June 2026 | 439,340,346 | 447,189,619 | - | 886,529,965 |

**Changes in Promised Benefits as at 30 June 2025:**

| | Member Account $ | Employer Account $ | Operating Reserve Account $ | Total 2025 $ |
|---|---|---|---|---|
| Balance 1 July 2024 | 389,807,492 | 381,712,759 | - | 771,520,251 |
| Contributions | 19,823,912 | 13,808,524 | - | 33,632,436 |
| Benefits Paid | (36,160,119) | (21,079,973) | - | (57,240,092) |
| Change in Net Assets after Tax | - | - | 62,938,172 | 62,938,172 |
| Interest Allocated | 31,621,190 | 31,316,982 | (62,938,172) | - |
| Balance 30 June 2025 | 405,092,475 | 405,758,292 | - | 810,850,767 |

*Guaranteed Benefits*

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

*Reserve Account*

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

(a) any amount not paid to a member upon ceasing employment with the Employer;
(b) any unclaimed benefit;
(c) any unallocated funds transferred in from another superannuation scheme;
(d) the Reserve Account's share of the Plan's earnings or loss;
(e) any profit share or other interest allocated by the Plan's investment manager and not otherwise allocated to members' accounts.

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

(a) increase on an equitable basis the total credits of all members;
(b) provide benefits other than retirement benefits for all members on an equitable basis;
(c) pay all or part of the contributions to the Plan of the Employer for all members on an equitable basis;
(d) pay expenses for the administration of the Plan;
(e) pay all or part of the insurance premiums payable under the Plan;
(f) in such other manner as is permitted from time to time under the Trust Deed.

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 Plan at balance date.

| 2026 $ | 2025 $ |
|---|---|
| 886,529,965 | 810,850,767 |

5. **Investments**

| | 2026 $ | 2025 $ |
|---|---|---|
| *Mercer Investment Trusts New Zealand* | | |
| - ERP Balanced Fund | 437,476,449 | 404,635,535 |
| - ERP Cash Fund | 42,083,414 | 42,759,077 |
| - ERP Conservative (Stable) Fund | 110,108,195 | 109,283,337 |
| - ERP Growth Fund | 298,065,230 | 260,266,228 |
| | 887,733,288 | 816,944,177 |



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6. **Gain on Investments**

| | 2026 $ | 2025 $ |
|---|---|---|
| *Mercer Investment Trusts New Zealand* | | |
| - ERP Balanced Fund | 54,849,794 | 37,411,438 |
| - ERP Cash Fund | 1,262,322 | 2,077,450 |
| - ERP Conservative (Stable) Fund | 6,945,583 | 7,236,601 |
| - ERP Growth Fund | 45,290,608 | 25,858,494 |
| **Total Gain on Investments** | 108,348,307 | 72,583,983 |

7. **Income Tax**

| | 2026 $ | 2025 $ |
|---|---|---|
| Current Tax | 8,388,477 | 5,132,011 |
| Deferred Tax | (1,931,950) | (566,815) |
| | 6,456,527 | 4,565,196 |
| The total charge for the year can be reconciled to the Statement of Changes in Net Assets as follows: | | |
| Change in Net Assets before Taxation and Membership Activities | 102,932,978 | 67,503,368 |
| Income Tax @ 28% | 28,821,234 | 18,900,943 |
| Tax effect of: | | |
| Non Assessable Investment Gains | (30,337,526) | (20,323,514) |
| Non Deductible Investment Management Fees | 1,342,410 | 1,271,806 |
| PIE Tax | 6,630,409 | 4,715,961 |
| **Income Tax Expense** | 6,456,527 | 4,565,196 |
| **Deferred Tax** | | |
| Balance Brought Forward | (1,910,132) | (2,476,947) |
| Current Year Charge | 1,931,950 | 566,815 |
| **Deferred Tax Asset/(Liability)** | 21,818 | (1,910,132) |

The Plan invests in Mercer Investment Trusts New Zealand (MITNZ) funds, which are Portfolio Investment Entities (PIEs). Prescribed investor rates (PIR) of 0% and 28% were applied in respect of these investments during the 30 June 2026 year.

Where a PIR of 0% is applied, taxable investment income is taxable within the Plan. To improve transparency in the financial statements, all PIE tax expense/rebates (regardless of whether a 0% or 28% PIR is applied) are shown in the Statement of Changes in Net Assets as Income Tax Expense (Benefit), with '(Loss)/Gain on Investments' presented gross of any PIE tax.

PIE Tax recognised includes the reversal of the liability of $1,910,132 for the period 1 April to 30 June 2025, a liability of $5,901,407 for the year ended 31 March 2026, and an expense of $2,630,287 for the period 1 April to 30 June 2026. (2025: PIE Tax recognised includes the reversal of the liability of $2,476,947 for the period 1 April to 30 June 2024, a liability of $5,282,777 for the year ended 31 March 2025, and an expense of $1,910,132 for the period 1 April to 30 June 2025).

As at 30 June 2026, the Plan had $68,334 (2025: nil) of expenses carried forward to transfer to its PIE investments and a tax loss of $9,588 (2025: nil). These are recognised in the deferred tax balance.

8. **Reconciliation of Net Cash Flows Applied to Operating Activities to Change in Net Assets**

| | 2026 $ | 2025 $ |
|---|---|---|
| Increase in Net Assets | 75,679,198 | 39,330,516 |
| **Non-Cash Items** | | |
| Gain on Investments | (108,348,307) | (72,583,983) |
| PIE Tax on Investments | 5,764,874 | - |
| Investment Management Fees | 4,794,322 | 4,542,165 |
| **Movements in Other Working Capital Items** | | |
| (Decrease) in Income Tax Payable | (5,132,011) | (185,264) |
| Increase in PIE Tax Payable | 2,623,603 | - |
| Increase in Benefits Payable | 223,932 | 491,765 |
| Increase/(Decrease) in Contributions Received in Advance | 2,546 | (2,152) |
| (Decrease)/Increase in Trade and Other Payables | (57,863) | 102,532 |
| (Decrease) in Deferred Tax Liability | (1,910,132) | (566,815) |
| (Increase) in Deferred Tax Asset | (21,818) | - |
| Decrease/(Increase) in Sundry Debtors | 25,000 | (25,000) |
| **Net Cash Flows applied to Operating Activities** | (26,356,656) | (28,896,236) |

## 9. Financial Instruments

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

The Trustee has approved a Statement of Investment Policy and Objectives (SIPO) which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustee and asset re-allocations undertaken as required.

**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 Plan's accounting policies.

**Categories of Financial Instruments - 30 June 2026**

| | Financial Assets at Fair Value through Profit or Loss | Financial Assets at Amortised Cost | Financial Liabilities at Amortised Cost |
|---|---|---|---|
| | $ | $ | $ |
| **Assets** | | | |
| *Mercer Investment Trusts New Zealand* | | | |
| - ERP Balanced Fund | 437,476,449 | - | - |
| - ERP Cash Fund | 42,083,414 | - | - |
| - ERP Conservative (Stable) Fund | 110,108,195 | - | - |
| - ERP Growth Fund | 298,065,230 | - | - |
| Cash at Bank | - | 2,397,221 | - |
| | 887,733,288 | 2,397,221 | - |
| **Liabilities** | | | |
| Trade and Other Payables | - | - | 162,311 |
| Contributions Received in Advance | - | - | 2,546 |
| Benefits Payable | - | - | 833,902 |
| | - | - | 998,759 |
| **Liability for promised benefits** | | | |
| Members' Accounts | - | - | 439,340,346 |
| Employer Accounts | - | - | 447,189,619 |
| | - | - | 886,529,965 |

**Categories of Financial Instruments - 30 June 2025**

| | Financial Assets at Fair Value through Profit or Loss | Financial Assets at Amortised Cost | Financial Liabilities at Amortised Cost |
|---|---|---|---|
| | $ | $ | $ |
| **Assets** | | | |
| *Mercer Investment Trusts New Zealand* | | | |
| - ERP Balanced Fund | 404,635,535 | - | - |
| - ERP Cash Fund | 42,759,077 | - | - |
| - ERP Conservative (Stable) Fund | 109,283,337 | - | - |
| - ERP Growth Fund | 260,266,228 | - | - |
| Sundry Debtors | | 25,000 | |
| Cash at Bank | - | 1,753,877 | - |
| | 816,944,177 | 1,778,877 | - |
| **Liabilities** | | | |
| Trade and Other Payables | - | - | 220,174 |
| Benefits Payable | - | - | 609,970 |
| | - | - | 830,144 |
| **Liability for promised benefits** | | | |
| Members' Accounts | - | - | 405,092,475 |
| Employer Accounts | - | - | 405,758,292 |
| | - | - | 810,850,767 |

Current and deferred tax are excluded from the balances in the tables above, as this analysis is required only for financial instruments.



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9. **Financial Instruments (Cont'd)**

**Hierarchy of Fair Value Measurements**

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); 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).

**30 June 2026**

| Description | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| Investments | - | 887,733,288 | - | 887,733,288 |
| **Total** | - | 887,733,288 | - | 887,733,288 |

**30 June 2025**

| Description | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| Investments | - | 816,944,177 | - | 816,944,177 |
| **Total** | - | 816,944,177 | - | 816,944,177 |

The financial assets above have been classified as level 2 as they are investments in a unit trust, MITNZ, with fair values derived from quoted prices in non-active markets.

There were no transfers between levels in the period (2025: Nil).

*Financial Risk Management*
The Plan may be exposed to credit risk, liquidity risk and market risk (including price risk) arising from the financial instruments it holds. The financial risk management disclosures have been prepared on the basis of the Plan's direct investments and not on a full look through basis for investments held indirectly through MITNZ.

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

*Credit Risk*
Financial instruments which potentially expose the Plan to credit risk consist of cash and receivables and, indirectly, investments in unitised products which invest in cash and fixed interest investments.

The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparty and concentration of credit risk for the Plan is its investment into MITNZ, which the Trustee considers to be an Investment Fund of high quality. The investments are held in trust by the trustee of MITNZ for the benefit of the Plan. The manager for MITNZ maintains diversified investment portfolios in accordance with the SIPO adopted by the Trustee.

*Liquidity Risk*
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Plan manages liquidity in accordance with its investment mandate by investing in readily realisable investments to meet cash flow requirements.

Liquidity risk management is designed to ensure that the Plan has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal withdrawals. There are no restrictions on the redemption of units and they may be redeemed for cash at any time, subject to the approval of the Trustee.

Financial liabilities of the Plan are trade and other payables and benefits which are payable within one month.

*Market Risk*
The Plan is exposed indirectly to foreign exchange risk, interest rate risk and other price risks through its investments in MITNZ. These investments are unitised and the underlying securities comprise domestic and international equity instruments.

Due to the unitised nature of the investments it is not practical to determine the sensitivity of the unit price to changes in foreign exchange rates, interest rates or other market factors. These investments are managed by Mercer (N.Z.) Limited and the Plan has no influence over how these risks are controlled or mitigated but considers the portfolio to be of such a diverse nature as to reduce significant exposure to the impact of market movements.



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9. **Financial Instruments (Cont'd)**

*Currency Risk*
The Plan is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. During the year the Plan did not directly hold investments denominated in a foreign currency.

Currency risk management activities are undertaken by the Plan's investment manager to operate within the SIPO approved by the Trustee.

*Interest Rate Risk*
The Plan is indirectly exposed to interest rate risk in that future interest rate movements will affect cash flows and indirectly, the valuation of investments in unitised products which invest in cash and fixed interest investments.

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

*Price Risk*
A 5 percent movement in the value of the Plan's investments in MITNZ would have an impact on the value of the Plan's assets and income of +/- $44,386,664 (2025: +/-$40,847,209 based on a 5 percent increase or decrease in the value of investments). This represents a change in to the prior year that used a 5 cents movement. The change is to reflect a more representative and comparable price risk variable.

*Capital Risk*
The Plan's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns to members as well as ensuring the net assets available for benefits to members is sufficient to meet all present and future obligations. The Plan achieves this through obtaining contributions from members and employers and investing these into financial assets.

The Plan employs a combination of prudent investment strategies, risk assessment, portfolio diversification, regulatory compliance, and effective governance to meet the objectives for capital risk management

10. **Commitments and Contingent Liabilities**

There were no commitments or contingent liabilities outstanding as at 30 June 2026 (2025: Nil).

11. **Related Parties**

ERP holds no investments in the Employer or any of its related parties. During the year, the Plan received employer contributions of $13,146,575 (2025: $13,808,524). Trustee fees of $216,898 (2025: $203,537) were incurred during the year, of which $212,079 was paid and $54,818 remained payable at 30 June 2026 (2025: $203,313 paid and $50,000 payable).

12. **Fees incurred for services provided by the audit firm**

The following fees for professional services provided by PricewaterhouseCoopers were paid or payable by the Plan.

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| *Audit of the financial statements* | 56,167 | 53,492 |
| | 56,167 | 53,492 |

13. **Events After Balance Date**

There have been no material events after balance date that require adjustment to or disclosure in the financial statements (2025: Nil).