

POLICE SUPERANNUATION SCHEME

Financial Statements

For the Year Ended 31 March 2025

POLICE SUPERANNUATION SCHEME

Financial Statements

For the Year Ended 31 March 2025


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POLICE SUPERANNUATION SCHEME
Statement of net assets available for benefits
As at 31 March 2025

	Note	31-Mar-25 \$	31-Mar-24 \$
Assets			
Cash and cash equivalents		10,507,162	19,223,307
Financial assets at fair value through profit or loss	6	2,718,885,649	2,594,567,322
Sundry Debtors		1,365,453	-
Total assets		<u>2,730,758,264</u>	<u>2,613,790,629</u>
Less liabilities			
Benefits payable		-	1,632,823
Sundry creditors		410,984	495,490
PIE tax payable		18,699,064	15,733,528
Total liabilities		<u>19,110,048</u>	<u>17,861,841</u>
Net assets available for benefits		<u>2,711,648,216</u>	<u>2,595,928,788</u>
Liability for promised benefits			
<i>Represented by:</i>			
Member accounts	4	822,319,636	780,570,539
Employer accounts	4	1,888,599,120	1,814,659,344
Reserve accounts	4, 9	717,925	689,369
Unallocated contributions	4	11,535	9,536
		<u>2,711,648,216</u>	<u>2,595,928,788</u>

For and on behalf of the trustee, PSS Trustees Limited, who authorised the issue of these financial statements.

Director 

Date 1 July 2025

Director 

Date 1 July 2025

POLICE SUPERANNUATION SCHEME
Statement of changes in net assets available for benefits
For the Year Ended 31 March 2025

	Note	31-Mar-25 \$	31-Mar-24 \$
Investment activities			
Investment income			
Gains on financial assets at fair value through profit or loss	7	166,608,614	266,297,245
Interest		541,397	733,774
		<u>167,150,011</u>	<u>267,031,019</u>
Investment expenses			
Investment management fees		<u>(8,525,487)</u>	<u>(10,035,152)</u>
Net investment income		<u>158,624,524</u>	<u>256,995,867</u>
Other income			
Other income		<u>12,604</u>	<u>15,064</u>
Total other income		<u>12,604</u>	<u>15,064</u>
Other expenses			
Administration fees		1,128,022	1,040,893
Investment consultancy fees		145,299	207,363
Other consultancy fees		18,837	30,858
Financial advice provider fees		172,500	115,000
Auditor's remuneration - for audit of financial statements		35,995	34,282
Auditor's remuneration - taxation service fees		17,538	7,935
Secretarial fees		144,110	136,813
Member communications		162,375	134,897
Legal fees		77,436	88,514
Directors' remuneration and expenses	14	312,989	315,019
Financial Markets Authority levies		248,205	247,970
Other expenses		404	338
Total other expenses		<u>2,463,710</u>	<u>2,359,882</u>
Change in net assets before membership activities		<u>156,173,418</u>	<u>254,651,049</u>
Membership activities			
Contributions			
Member contributions		82,888,400	74,255,004
Voluntary member contributions		4,351,873	3,933,037
Employer contributions		113,724,377	102,153,730
Transfers from other schemes		-	39,609
Unallocated contributions		11,535	9,536
Total contributions		<u>200,976,185</u>	<u>180,390,916</u>
Benefits paid			
Retirement		38,968,208	38,124,531
Withdrawals		82,956,852	71,129,131
In-service access		65,926,092	67,346,976
In-service termination		6,834,497	6,360,757
First home		21,238,763	13,012,754
Medical disengagement		229,090	1,089,734
Death and permanent incapacity		954,633	3,262,868
Hardship		4,768,596	6,342,622
Retrenchment		250,407	-
Total benefits paid		<u>222,127,138</u>	<u>206,669,373</u>
Portfolio investment entity tax expense		<u>19,303,037</u>	<u>15,965,848</u>
Net membership activities		<u>(40,453,990)</u>	<u>(42,244,305)</u>
Net increase in net assets during the period		<u>115,719,428</u>	<u>212,406,744</u>
Net assets available for benefits at beginning of period		<u>2,595,928,788</u>	<u>2,383,522,044</u>
Net assets available for benefits at end of period		<u>2,711,648,216</u>	<u>2,595,928,788</u>

This statement is to be read in conjunction with the notes on pages 5 to 13.

POLICE SUPERANNUATION SCHEME
Statement of cash flows
For the Year Ended 31 March 2025

	Note	31-Mar-25 \$	31-Mar-24 \$
Cash flows from operating activities			
Cash provided from			
Member contributions		87,240,273	78,188,041
Employer contributions		113,724,377	102,153,730
Transfers from other schemes		-	39,609
Unallocated contributions		-	9,536
Other income		12,604	15,064
Interest		541,397	733,774
PIE tax refund		-	14,848,712
Expense Reimbursements		44,965	-
Benefit repayments		1,350	1,950
		<u>201,564,966</u>	<u>195,990,416</u>
Cash applied to			
Benefits paid		223,759,961	205,280,772
Administration fees		1,200,701	948,393
Investment consultancy fees		181,236	171,425
Other consultancy fees		18,837	30,858
Financial advice provider fees		186,875	86,250
Auditor's remuneration - audit of financial statements		34,293	32,361
Auditor's remuneration - taxation service fees		17,538	8,970
Secretarial fees		155,477	124,293
Member communications		158,672	134,196
Legal fees		78,927	92,064
Directors' remuneration and expenses		314,516	315,214
Financial markets authority		248,205	247,970
Other expenses		404	338
Benefit repayments		1,350	1,800
PIE tax payment		16,337,501	232,320
Unallocated contributions		3,918	-
		<u>242,698,411</u>	<u>207,707,224</u>
Net cash outflows from operating activities	8	<u>(41,133,445)</u>	<u>(11,716,808)</u>
Cash flows from investing activities			
Cash provided from			
Sale of investments		127,546,000	87,492,340
Cash applied to			
Purchase of investments		95,128,700	67,961,298
Net cash inflows utilised by investing activities		<u>32,417,300</u>	<u>19,531,042</u>
Net (decrease)/increase in cash held		(8,716,145)	7,814,234
Cash at beginning of the period		19,223,307	11,409,073
Cash at end of the period		<u>10,507,162</u>	<u>19,223,307</u>

POLICE SUPERANNUATION SCHEME
Notes to the financial statements
For the Year Ended 31 March 2025

1. Scheme description

The Police Superannuation Scheme (the scheme) is a defined contribution restricted workplace savings scheme registered in New Zealand under the Financial Markets Conduct Act 2013 to provide retirement benefits to the salaried employees of New Zealand Police (the employer).

The registered office is Mercer (N.Z.) Limited, PO Box 1849, Wellington 6140.

The trustee of the scheme is PSS Trustees Limited. The directors of PSS Trustees Limited are Ian Russon (Chair), Graham Ansell, Greg Fleming, Sarah Graydon (Licensed Independent Trustee ('LIT')), Grant Hassell and Sandra Venables.

The custodian of the scheme's financial assets is BNP Paribas Fund Services Australasia Pty Limited.

The administrator of the scheme is Mercer (N.Z.) Limited.

Details of membership as at 31 March 2025 were:

31 March 2024	11,845
New members	880
Death and total and permanent disablement	(5)
Retirement	(89)
Leaving service	(547)
Medical disengagement	(2)
In-service termination	(37)
Redundancy	(1)
31 March 2025	12,044

Funding arrangements

In 2025 the employer contributed to the scheme at rates of up to 15.2% (2024: 15.2%) (before deduction of withholding tax) of the salaries of those employees who were members of the scheme. Employees contributed to the scheme during 2025 at rates of up to 7.5% (2024: 7.5%) of gross salary, excluding any additional voluntary contributions.

There are five classes of members: standard sworn, special and optional entrants, savings contributors, and retained members

Retirement benefits

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

Termination terms

The trust deed sets out the basis on which the scheme can be terminated.

Changes in the scheme

An amended and restated trust deed was issued effective 30 January 2025. The main change is to the Employee contribution rate for Standard Sworn Entrants (being 0%, 3%, 5% and 7.5% of Salary). The changed contribution rates under the Trust Deed amendment are available from 28 April 2025 when the new Product Disclosure Statement was released. The SIPO was updated on 8 July 2024 to reflect changes in the objective for Conservative option.

2. 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 and other relevant legislative requirements as appropriate for for-profit entities.

The scheme has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The scheme is a Tier 1 entity as it is publicly accountable.

Statement of compliance

These financial statements comply with New Zealand Equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities and also with IFRS Accounting Standards (IFRS) 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 that is measured at fair values of those assets at balance date.

POLICE SUPERANNUATION SCHEME
Notes to the financial statements
For the Year Ended 31 March 2025

2. Basis of preparation (Continued)

Presentation currency

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

Classification of assets and liabilities

The scheme operates as a retirement savings scheme. As such, the assets and liabilities are disclosed in the statement of net assets available for benefits in an order that reflects their relative liquidity.

3. Material accounting policy information

The following is the material accounting policy information relevant to the preparation of the financial statements.

Financial assets at fair value through profit or loss

The scheme classifies its investments as designated at fair value through profit or loss. The financial assets are recognised and derecognised on the trade date where a purchase or sale is under contract terms of which require delivery within the timeframe established by the market concerned, initially measured at fair value. Subsequent to initial recognition, all financial assets through profit or loss are measured at fair value.

Gains or losses arising from changes in fair value of the financial assets through profit or loss category are presented in the statement of changes in net assets available for benefits when they arise. Interest and dividends related to financial assets at fair value through profit or loss are recognised as part of the gains and losses presented in the statement of changes in net assets available for benefits.

The fair value of financial assets is determined using the last sale price (exit price) as calculated by the fund manager at balance date.

Income recognition

(i) Interest income is recognised as interest accrues using the effective interest rate method. Interest income is earned on cash and cash equivalents.

(ii) Gains or losses on financial assets at fair value through profit or loss are recognised in the statement of changes in net assets available for benefits as disclosed above.

(iii) Dividends and distributions from unlisted investments are recognised on a due and receivable basis.

Foreign currencies

Transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on balance date. Gains and losses arising on translation are included in changes in net assets for the period.

Expenses

All expenses are accounted for on an accruals basis.

Taxation

The scheme qualifies as a portfolio investment entity (PIE) and has elected to be treated as a PIE for tax purposes from 1 July 2019.

Under the PIE regime, the manager attributes the taxable income of the scheme to members in accordance with their proportionate interest in the scheme. The income attributed to each member is taxed at the member's prescribed investor rate (PIR), which is currently capped at 28%. The manager accounts for tax on behalf of natural persons and certain other members and adjusts the members' interests in the scheme to reflect that tax is paid at varying rates on behalf of the members. There is a unit price for each fund and for each tax rate.

As the legislation regarding the taxation of PIEs provides that the scheme pays tax on behalf of its members, the PIE taxation expense/(credit) disclosed in the statement of changes in net assets available for benefits is the expense attributable to members and is measured based on tax rates applicable to those members.

The tax amounts in the statement of net assets available for benefits represent the remaining tax payable/(receivable) by the scheme on behalf of the members under the PIE regime to 31 March each year.

POLICE SUPERANNUATION SCHEME
Notes to the financial statements
For the Year Ended 31 March 2025

3. Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the statement of changes in net assets available for benefits 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 interest and intends to settle on a net basis.

Derivative financial instruments

The scheme's activities expose it to the financial risks of changes in foreign currency rates and interest rates. The scheme may use foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The scheme does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the scheme's policies approved by the trustee, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments are recognised in the statement of changes in net assets available for benefits as they arise.

Sundry creditors

Sundry creditors are not interest-bearing and are stated at their amortised cost.

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.

Statement of cash flows

The cash flows of the scheme do not include those of the investment managers. The following are definitions of the terms used in the statement of cash flows.

Cash and cash equivalents - comprises cash balances held with banks in New Zealand and overseas.

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

Investing activities - comprises of acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

Promised benefits

The liability for promised 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. Promised benefits include amounts allocated to member accounts and reserves.

Contributions and benefits

Contributions and benefits are accounted for on an accruals basis.

Under the unitised mode in which the scheme operates, there are inherent timing differences between the banking of contributions and the application of those contributions to member accounts. Unallocated contributions are disclosed separately in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

Application of accounting standards

(a) New and amended standards adopted by the scheme:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2024 that have a material effect on the financial statements of the scheme.

(b) New standards, amendments and interpretations not yet adopted:

NZ IFRS 18 Presentation and Disclosure in Financial Statements.

In May 2024, the XRB 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. The Scheme has not early adopted this standard and is yet to assess its impacts.

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2025, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

POLICE SUPERANNUATION SCHEME
Notes to the financial statements
For the Year Ended 31 March 2025

4. Liability for promised benefits

Changes in promised benefits as at 31 March 2025:

	Member Account	Employer Account	Unallocated Contributions	No 1 Reserve Account	No 2 Reserve Account	Total
	\$	\$	\$	\$	\$	\$
Balance 1 April 2024	780,570,539	1,814,659,344	9,536	505,899	183,470	2,595,928,788
Contributions	87,245,040	113,729,146	1,999	-	-	200,976,185
Withdrawals	(87,086,942)	(135,040,196)	-	-	-	(222,127,138)
(Deductions)/ allocations	(5,934,687)	(15,013,984)	-	(10,016)	(3,632)	(20,962,319)
Income allocated	47,525,686	110,264,810	-	30,972	11,232	157,832,700
Balance 31 March 2025	822,319,636	1,888,599,120	11,535	526,855	191,070	2,711,648,216

Changes in promised benefits as at 31 March 2024:

	Member Account	Employer Account	Unallocated Contributions	No 1 Reserve Account	No 2 Reserve Account	Total
	\$	\$	\$	\$	\$	\$
Balance 1 April 2023	712,384,852	1,670,500,056	9,761	460,404	166,971	2,383,522,044
Contributions	78,232,530	102,158,611	(225)	-	-	180,390,916
Withdrawals	(83,185,673)	(123,483,700)	-	-	-	(206,669,373)
(Deductions)/ allocations	(4,528,882)	(11,911,866)	-	(3,491)	(1,266)	(16,445,505)
Income allocated	77,667,712	177,396,243	-	48,986	17,765	255,130,706
Balance 31 March 2024	780,570,539	1,814,659,344	9,536	505,899	183,470	2,595,928,788

Guaranteed benefits

No guarantees have been made in respect of any part of the liability for promised benefits (2024: Nil).

5. 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.

2025	2024
\$	\$
2,710,918,756	2,595,229,883

POLICE SUPERANNUATION SCHEME

Notes to the financial statements

For the Year Ended 31 March 2025

6. Financial assets at fair value through profit or loss

	31-Mar-25	31-Mar-24
	\$	\$
<i>Mercer Investment Trusts New Zealand</i>		
Cash Plus	92,452,747	98,123,616
Stable	288,212,483	302,761,634
Balanced	1,124,724,092	1,112,579,034
Growth	1,071,647,208	1,002,147,450
High Growth	141,849,119	78,955,588
Total financial assets	2,718,885,649	2,594,567,322

7. Gains on financial assets at fair value through profit or loss

	31-Mar-25	31-Mar-24
	\$	\$
<i>Mercer Investment Trusts New Zealand</i>		
Cash Plus	4,918,185	5,786,883
Stable	17,099,438	20,759,165
Balanced	70,641,386	113,034,177
Growth	67,034,752	117,289,600
High Growth	6,914,853	9,427,420
Total gains on financial assets at fair value through profit or loss	166,608,614	266,297,245

The net gains/(losses) on items of fair value through profit or loss do not include interest or dividend income. These are disclosed separately on the face of the financial statements.

8. Reconciliation of decrease in net assets to net cash flows from operating activities

	31-Mar-25	31-Mar-24
	\$	\$
Increase in net assets	115,719,428	212,406,744
Non-cash items		
Gains on fair value through profit or loss	(166,608,614)	(266,297,245)
Investment management fees deducted as units from the scheme	8,522,987	10,035,652
Movements in other working capital items		
Decrease in PIE tax receivable	-	14,848,712
Increase in PIE tax payable	2,965,536	15,733,528
(Decrease)/increase in benefits payable	(1,632,823)	1,388,601
(Decrease)/increase in sundry creditors	(84,506)	167,200
Increase in sundry debtors	(15,453)	-
Net cash outflows from operating activities	(41,133,445)	(11,716,808)

POLICE SUPERANNUATION SCHEME
Notes to the financial statements
For the Year Ended 31 March 2025

9. Reserve account

Pursuant to the trust deed, the trustee has established a reserve account for standard sworn entrants and special entrants and optional entrants and savings contributors.

Reserve Account No 1 relates to standard sworn entrants and special entrants (Police Officers).

Reserve Account No 2 relates to optional entrants and savings contributors (support staff).

The reserve account has been allocated with the earnings from the investments of the scheme held in the reserves, forfeited benefits and any amounts not required for the payment of benefits.

The reserve account may be used at the trustee's discretion and the direction of the Commissioner in meeting any expenses of the scheme, meeting employer contributions to the scheme, providing benefits (other than retirement benefits), increasing member and employer accounts on an equitable basis, in respect of forfeited benefits (as a consequence of a member's bankruptcy) for the member's (or the member's dependant's) benefit in the case of hardship, in payment of any insurance premiums and in such other manner as the trustee may from time to time consider appropriate.

10. Financial instruments

The scheme 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 SIPO that establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the trustee, and asset reallocations are 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 scheme's accounting policy in relation to financial assets held at fair value through profit or loss.

Categories of financial instruments – 31 March 2025

Financial assets	Fair value through profit or loss \$	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
Cash and cash equivalents	-	10,507,162	-	10,507,162
<i>Mercer Investment Trusts New Zealand</i>				
- Cash Plus	92,452,747	-	-	92,452,747
- Stable	288,212,483	-	-	288,212,483
- Balanced	1,124,724,092	-	-	1,124,724,092
- Growth	1,071,647,208	-	-	1,071,647,208
- High Growth	141,849,119	-	-	141,849,119
Sundry Debtors	-	1,365,453.00	-	1,365,453
Total financial assets	2,718,885,649	11,872,615	-	2,730,758,264
Financial liabilities				
Benefits payable	-	-	-	-
Sundry creditors	-	-	410,984	410,984
Total financial liabilities	-	-	410,984	410,984

POLICE SUPERANNUATION SCHEME
Notes to the financial statements
For the Year Ended 31 March 2025

10. Financial instruments (continued)

Categories of financial instruments – 31 March 2024

Financial assets	Fair value through profit or loss \$	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
Cash and cash equivalents	-	19,223,307	-	19,223,307
<i>Mercer Investment Trusts New Zealand</i>				
- Cash Plus	98,123,616	-	-	98,123,616
- Stable	302,761,634	-	-	302,761,634
- Balanced	1,112,579,034	-	-	1,112,579,034
- Growth	1,002,147,450	-	-	1,002,147,450
- High Growth	78,955,588	-	-	78,955,588
Total financial assets	2,594,567,322	19,223,307	-	2,613,790,629
Financial liabilities				
Benefits payable	-	-	1,632,823	1,632,823
Sundry creditors	-	-	495,490	495,490
Total financial liabilities	-	-	2,128,313	2,128,313

Hierarchy of fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial value 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).

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).

31 March 2025

Description	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
<i>Mercer Investment Trusts New Zealand</i>				
Cash Plus	-	92,452,747	-	92,452,747
Stable	-	288,212,483	-	288,212,483
Balanced	-	1,124,724,092	-	1,124,724,092
Growth	-	1,071,647,208	-	1,071,647,208
High Growth	-	141,849,119	-	141,849,119
Total	-	2,718,885,649	-	2,718,885,649

The financial assets above have been classified as level 2 as they are unit trusts with fair values derived from quoted prices in active markets. There were no transfers between levels in the period.

31 March 2024

Description	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
<i>Mercer Investment Trusts New Zealand</i>				
Cash Plus	-	98,123,616	-	98,123,616
Stable	-	302,761,634	-	302,761,634
Balanced	-	1,112,579,034	-	1,112,579,034
Growth	-	1,002,147,450	-	1,002,147,450
High Growth	-	78,955,588	-	78,955,588
Total	-	2,594,567,322	-	2,594,567,322

The financial assets above have been classified as level 2 as they are unit trusts with fair values derived from quoted prices in active markets. There were no transfers between levels in the period.

POLICE SUPERANNUATION SCHEME

Notes to the financial statements For the Year Ended 31 March 2025

10. Financial instruments (continued)

Liquidity risk

The administrator monitors the scheme's liquidity position on a daily basis. Liquidity management is designed to ensure that the scheme has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal levels of withdrawals. The administrator regularly monitors market volatility and withdrawal levels to establish the scheme's appropriate liquidity levels within allowable benchmark ranges.

The scheme holds financial assets and liabilities that are highly liquid, and all can be realised within 12 months.

Credit risk

Financial instruments that potentially expose the scheme to credit risk consist of cash, receivables and, indirectly, investments in unitised products that invest in cash and fixed interest investments. The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparty of the scheme is its investment manager, Mercer Investments (New Zealand) Limited, which the trustee considers to be a financial institution of high quality. The investments are held in trust by the investment manager for the benefit of the scheme. The manager maintains diversified investment portfolios in accordance with the portfolio mix adopted by the trustee.

Currency risk

The scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products that invest in foreign currency denominated investments. The trustee's policy is to hedge fully the foreign currency exposures arising from all investments with the exception of investments in developed markets international equities which are only hedged to 50%, and emerging markets equities which is unhedged. However, it is recognised that this may not always be practicable and a partially hedged position may apply to certain asset classes as agreed by the trustee and the implementation manager. Below discloses the scheme's currency exposure as at the reporting date:

Cash Plus has 0% foreign currency exposure.

Stable has 8.2% foreign currency exposure through a 13.5% allocation to developed market overseas shares (50% hedged to NZD), and 1.5% though an allocation to emerging market equities (unhedged to the NZD). The fund is made up of 40% domestic investments (Australasian equities, New Zealand fixed interest, and New Zealand cash), and 60% foreign investments (overseas fixed interest (100% Hedged to NZD), developed market overseas shares (50% hedged to NZD), and emerging market equities (unhedged to the NZD)).

Balanced has 21.2% foreign currency exposure through a 34.7% allocation to developed market overseas shares (50% hedged to NZD), and 3.8% though an allocation to emerging market equities (unhedged to the NZD). The fund is made up of 29.5% domestic investments (Australasian equities, New Zealand fixed interest, and New Zealand cash), and 70.5% foreign investments (overseas fixed interest (100% Hedged to NZD), developed market overseas shares (50% hedged to NZD), and emerging market equities (unhedged to the NZD)).

Growth has 27.7% foreign currency exposure through a 45.5% allocation to developed market overseas shares (50% hedged to NZD), and 5.0% though an allocation to emerging market equities (unhedged to the NZD). The fund is made up of 28.5% domestic investments (Australasian equities, New Zealand fixed interest, and New Zealand cash), and 71.5% foreign investments (overseas fixed interest (100% Hedged to NZD), developed market overseas shares (50% hedged to NZD), and emerging market equities (unhedged to the NZD)).

High Growth has 38.5% foreign currency exposure through a 63.1% allocation to developed market overseas shares (50% hedged to NZD), and 6.9% though an allocation to emerging market equities (unhedged to the NZD). The fund is made up of 27% domestic investments (Australasian equities, New Zealand fixed interest, and New Zealand cash), and 73% foreign investments (overseas fixed interest (100% Hedged to NZD), developed market overseas shares (50% hedged to NZD), and emerging market equities (unhedged to the NZD)).

Risk management

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

Net assets available for benefits are considered to be the scheme's capital for the purposes of capital management. The scheme does not have to comply with externally imposed capital requirements. The scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its members and to maximise scheme members' value as well as ensuring its net assets available for benefits are sufficient to meet all present and future obligations.

In order to meet its objectives for capital management, the scheme's management review the scheme's performance on a regular basis.

POLICE SUPERANNUATION SCHEME
Notes to the financial statements
For the Year Ended 31 March 2025

10. Financial instruments (continued)

Interest rate risk

The scheme is indirectly exposed to interest rate risk in that future interest rate movements will affect the valuation of investments in unitised products that 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. The intention of the trustee is not necessarily to hold these assets to maturity but to realise and purchase similar assets as part of the ongoing management of the investments of the scheme. There is no maturity period for unitised investments.

An appropriate level of portfolio risk for the scheme will be determined and agreed by the trustee in consultation with professional advisers. Investment risk must be minimised for the expected level of return, and an appropriate level of diversification across securities, sectors, asset classes and countries must be maintained.

11. Sensitivity analysis

A 5% movement in the unit prices of the scheme's investments in Mercer Investment Trusts New Zealand would have an impact on the value of the scheme's assets of \$135,944,282 (2024: \$129,728,366).

12. Commitments and contingent liabilities

There were no commitments or contingent liabilities outstanding as at 31 March 2025 (2024: Nil).

13. Key sources of estimation uncertainty

The preparation of the financial statements requires the trustee to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. The trustee has also used judgement in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13.

14. Related parties

The scheme holds no investments in any of the employer companies or any of its related parties and during the period had no related party transactions except for employer contributions. During the year, \$312,989 representing the directors' remuneration and expenses were paid to the directors of the trustee of the scheme (2024: \$315,019).

	31-Mar-25	31-Mar-24
	\$	\$
Directors' remuneration	215,000	215,955
Directors' expenses	97,989	99,064
Total	312,989	315,019

15. Events after balance date

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

Independent Auditor's Report

To the Members of Police Superannuation Scheme

Opinion

We have audited the financial statements of Police Superannuation Scheme (the 'Scheme'), which comprise the statement of net assets available for benefits as at 31 March 2025, and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements, on pages 2 to 13 present fairly, in all material respects, the financial position of the Scheme as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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.

We are independent of the Scheme 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 and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of taxation services we have no relationship with or interests in the Scheme. These services have not impaired our independence as auditor of the Scheme.

Key audit matters

We have determined that there are no key audit matters to communicate on in our report.

Other information

The Directors of the Trustee are responsible on behalf of the Scheme for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

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

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors of the Trustee's responsibilities for the financial statements

The Directors of the Trustee are responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors of the Trustee determine 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 Directors of the Trustee are responsible on behalf of the Scheme for assessing the Scheme'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 Directors of the Trustee either intend to liquidate the Scheme 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 and ISAs (NZ) 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 on 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.

Restriction on use

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

A stylized, handwritten-style signature of 'Deloitte Limited' in a dark grey or black ink.

Heidi Rautjoki, Partner
for Deloitte Limited
Dunedin, New Zealand
1 July 2025