

Lump Sum Cash Accumulation Scheme

On behalf of the Board of Trustees of the National Provident Fund, set out below is a report on the performance and activities of your Scheme for the year ended 31 March 2024. Further information on the National Provident Fund's activities, and commentary on investment markets, is set out in the Chair's letter.

Your Scheme

CROWN GUARANTEE

The Lump Sum Cash Accumulation Scheme is a cash accumulation scheme. The benefits payable by your Scheme are guaranteed by the Crown.

INVESTMENT PERFORMANCE

The asset class returns (before tax and expenses), and the comparative performance of the benchmark indices are shown in the table below.

Asset Class	Return	Index
Fixed interest (global)	5.17%	3.80%
New Zealand shares	4.68%	2.75%
Overseas shares	32.45%	26.53%

The investment return (after tax and expenses) earned by the Scheme, for the year ended 31 March 2024, was 13.44% (2023:1.81%). In dollar terms, this represents an investment gain of \$38.877 million (investment loss in 2023: \$4.957 million).

Annual Report for the year ended 31 March 2024

SUMMARY FINANCIAL STATEMENTS

The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2024.

The summary financial statements cannot be expected to provide as complete an understanding as the full financial statements.

Members are welcome to view the full financial statements on our website – www.npf.co.nz/members/schemes – or contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



INVESTMENT PERFORMANCE CONTINUED

This year was generally a good one for financial markets, in particular for the global equities asset class which performed very strongly. Inflation and high interest rates remained key influences on markets throughout the year. While the markets have performed well, getting inflation back to the levels seen before 2022 remains a challenge. The Board continues to monitor the impact of movements in the market, and the implication for investment strategy, on an ongoing basis.

See the 10 year comparison page for the key statistics of your Scheme over the last 10 years. For an overview of the financial performance of the Scheme, refer to the summary financial statements on the following page

EARNINGS RATE

The earnings rate declared by the Board for the Scheme for the year ended 31 March 2024 was 4% (2023: 4%).

The Board continues to apply its crediting and reserving policy. At 31 March 2024, the reserves were 7.0% of contributors' total credits (2023: (1.9%)).

WHO INVESTS YOUR MONEY

Fixed Interest Managers (global)

Brandywine Global Investment Management, LLC

Pacific Investment Management Company LLC

PGIM, Inc

New Zealand Equity Managers

Devon Funds Management Limited

Harbour Asset Management Limited

Overseas Equity Managers

Arrowstreet Capital, Limited Partnership

Lazard Asset Management, LLC

T. Rowe Price Australia Limited

Foreign Exchange Currency Hedging Manager

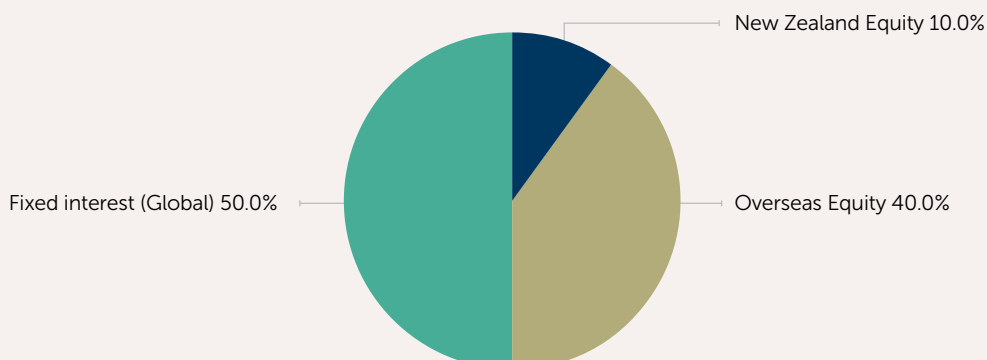
Bank of New Zealand Limited

HOW YOUR MONEY IS INVESTED

The Scheme's strategic asset allocation is set by the Board and reviewed regularly. There was no change to Scheme's asset allocation strategy during the year. The pie chart below shows the Scheme's asset allocation strategy as at 31 March 2023 and 31 March 2024.

The Board's Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the SIPSP was updated and there were no significant changes to the SIPSP relating to the Scheme. See our website, www.npf.co.nz, for more information about your Scheme, including the Board's SIPSP and the Scheme Trust Deed.

**Asset Allocation Strategy as at 31 March 2023
(and current as at 31 March 2024)**



SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

This is a summary of the Scheme's income and expenses, and membership contributions and payments.		2024 (\$000)	2023 (\$000)
	Investment income/(loss)	38,877	(4,957)
	Less operating expenses	(739)	(683)
	Net income/(loss) before tax and membership activities	38,138	(5,640)
	Income tax credit	188	156
	Net income/(loss) after tax and before membership activities	38,326	(5,484)
	Contributions	2,940	6,424
	Transfers received	26,309	26,340
	Less benefit, transfer and withdrawal payments	(45,819)	(40,378)
	Net membership activities	(16,570)	(7,614)
	Increase/(Decrease) in liability for accrued benefits	21,756	(13,098)

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2024

This is a summary of the Scheme's assets and liabilities, as at 31 March 2024. Assets include the Scheme's investments in fixed interest (global), New Zealand shares and overseas shares plus what the Scheme had in the bank and was owed by others. Liabilities are what the Scheme owed to others. Net assets is the money available to pay future entitlements.		2024 (\$000)	2023 (\$000)
	Investment assets		
	Fixed Interest Unit Fund	148,123	144,307
	New Zealand Equity Unit Fund	29,631	28,607
	Overseas Equity Unit Fund	133,550	118,927
	Total investment assets	311,304	291,841
	Other assets	3,909	1,659
	Total assets	315,213	293,500
	Less liabilities	(64)	(108)
	Net assets available to pay benefits	315,149	293,392
	Represented by:		
	Liability for accrued benefits		
	Allocated to contributors' total credits	294,500	299,201
	Interest fluctuation reserve	20,649	(5,809)
		315,149	293,392

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

This is a summary of the cash flows through the Scheme during the year. Cash was received from: <ul style="list-style-type: none"> operating activities (being contributions less benefit and transfer payments and operating expenses); and investing activities. The difference between the two cash flows is recorded as an increase or decrease in cash held.		2024 (\$000)	2023 (\$000)
	Opening cash brought forward	1,488	566
	Net cash flows from operating activities	(17,330)	(7,948)
	Net cash flows from investing activities	19,347	8,870
	Net increase in cash held	2,017	922
	Closing cash carried forward	3,505	1,488

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements:

- have been extracted from the full financial statements which were:
 - prepared in accordance with, and comply with, the New Zealand Equivalents to IFRS (International Financial Reporting Standards), Accounting Standards (NZ IFRS) and IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, and other applicable financial reporting standards as appropriate for profit-oriented entities;
 - authorised for issue and signing by the Board on 25 June 2024; and
 - audited and received an unmodified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars, rounded to the nearest thousand;
- are for a profit-oriented entity; and
- comply with Financial Reporting Standard 43: Summary Financial Statements.

SUBSEQUENT EVENTS

There were no material events subsequent to balance date requiring amendments to these financial statements.

TRUSTEE'S REPORT

For the year ended 31 March 2024

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information in respect of the Scheme.

Changes in the Scheme membership numbers during the year were as follows:

	Contributors
Opening membership as at 1 April 2023	1,248
Retirements	(129)
Withdrawals	(4)
Transfers	(1)
Deaths and disablements	(41)
Joins/rejoins	91
Extinguished liabilities*	(1)
Closing membership as at 31 March 2024	1,163

* Following a Trust Deed amendment on 5 April 2001, once reasonable efforts have been made to locate a member who has been missing for at least five years, the Board may extinguish the liabilities to that member. Where a person re-establishes contact with the Board within 15 years of the liabilities to that person being extinguished, the person is reinstated as a member of the Scheme.

The terms of the Scheme Trust Deed do not specify contribution levels.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme Trust Deed.

The Board, based on the advice of the Actuary, certifies that as at 31 March 2024, the market value of the net assets of the Scheme exceeded the total value of vested benefits. The amounts are shown in Note 12 to the financial statements.

FEES

Scheme administration fees are apportioned on fee per member and fee per transaction bases and are charged to the Scheme as a whole. As at 1 April 2023 and 2024 the scheme administration fees were increased for inflation.

The Board certifies it is satisfied the increase in the administration fees for the Scheme is not unreasonable. The Board is satisfied the total management fees charged to the Scheme are not unreasonable.

TRUST DEED AMENDMENT

The Scheme Trust Deed has not been amended since 6 July 2023, being the date of the Scheme's last annual report. A copy of the Trust Deed is available on request.

INDEPENDENT AUDITOR'S REPORT

To the readers of Lump Sum Cash Accumulation Scheme's summary financial statements for the year ended 31 March 2024.

The Auditor-General is the auditor of Lump Sum Cash Accumulation Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the summary financial statements of the Scheme on his behalf.

OPINION

The summary financial statements of the Scheme that comprise the summary statement of net assets as at 31 March 2024, the summary statement of changes in net assets and the summary statement of cash flows for the year ended on that date, and related notes, are derived from the full financial statements for the year ended 31 March 2024 that we have audited.

In our opinion, the summary financial statements are consistent, in all material respects, with the full financial statements for the year ended 31 March 2024, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the full financial statements and the auditor's report thereon.

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full financial statements.

THE FULL FINANCIAL STATEMENTS AND OUR AUDIT REPORT THEREON

We expressed an unmodified audit opinion on the full financial statements for the year ended 31 March 2024 in our auditor's report dated 25 June 2024.

BOARD OF TRUSTEES' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Board of Trustees is responsible on behalf of the Scheme for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the full audited financial statements of the Scheme, based on our procedures, which were carried out 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.

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

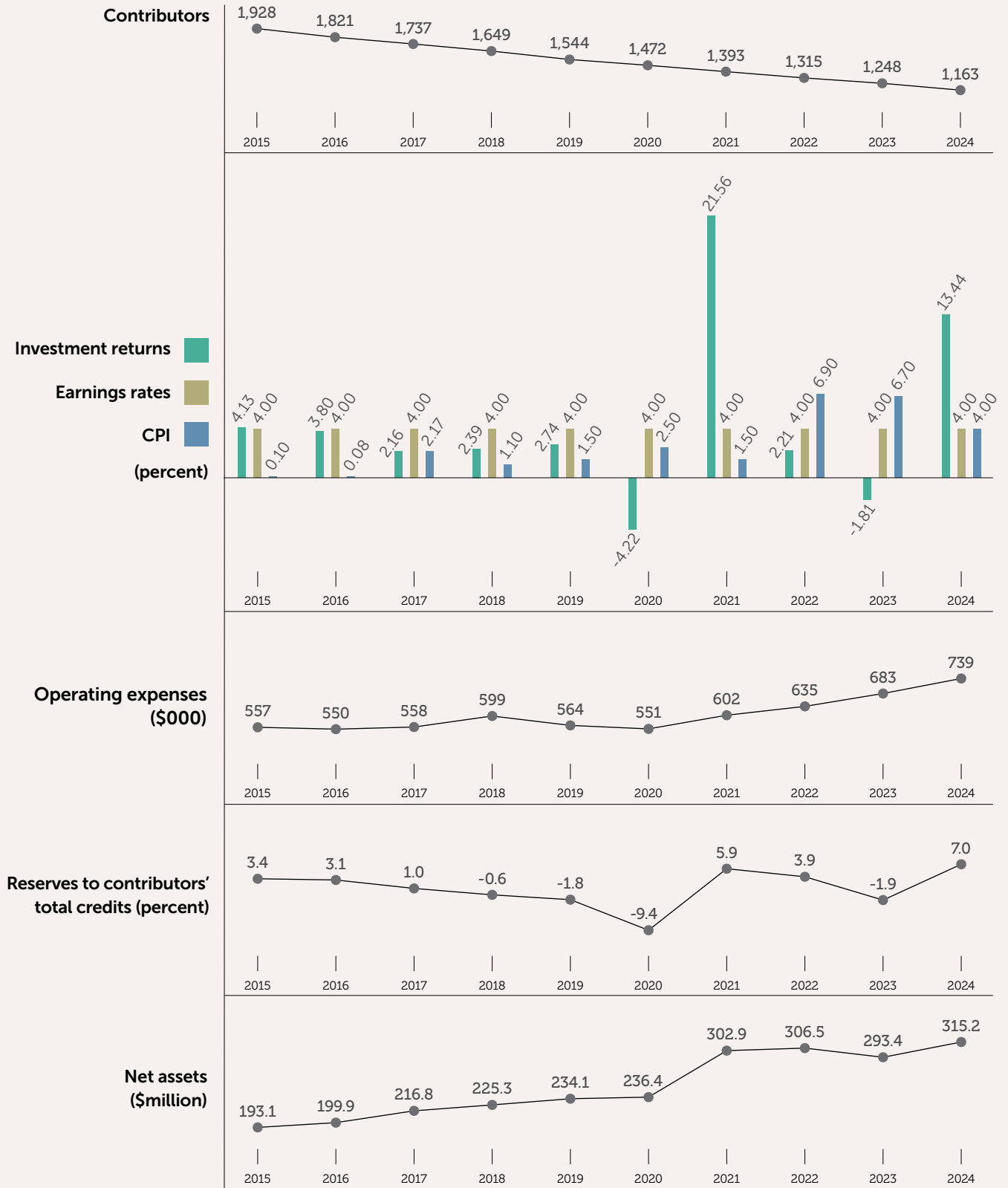
Other than in our capacity as auditor, we have no relationship with, or interests in the Scheme.

Pam Thompson

Pam Thompson
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

25 June 2024

10 YEAR COMPARISON



Lump Sum Cash Accumulation Scheme (the Scheme)
Statement of Changes in Net Assets
for the year ended 31 March 2024

	Note	2024 (\$000)	2023 (\$000)
Investment income			
Income/(loss) from unit funds	4	38,809	(5,079)
Interest received		68	122
Total investment income/(loss)		38,877	(4,957)
Operating expenses			
Actuarial fees		9	10
Audit fees		23	22
Bank fees		1	2
Board member expenses	5	38	35
Management expenses	5	661	613
Overdraft charges		7	1
Total operating expenses		739	683
Net income/(loss) before tax and membership activities		38,138	(5,640)
Income tax credit	6	188	156
Net income/(loss) after tax and before membership activities		38,326	(5,484)
Scheme receipts			
Contributor contributions	1	2,940	6,424
Transfers in		26,309	26,340
Total scheme receipts		29,249	32,764
Scheme payments			
Benefits paid		45,216	40,196
Transfers to National Provident Pension Scheme		282	-
Transfers paid to other schemes		117	-
Withdrawals		204	182
Total scheme payments		45,819	40,378
Net membership activities		(16,570)	(7,614)
Increase/(decrease) in liability for accrued benefits	9	21,756	(13,098)

The notes to the financial statements on pages 4 to 11 form an integral part of these financial statements.

Lump Sum Cash Accumulation Scheme (the Scheme)
Statement of Net Assets
as at 31 March 2024

	Note	2024 (\$000)	2023 (\$000)
Investment assets at fair value through profit or loss	3		
Units held in:			
Fixed Interest unit fund		148,123	144,307
New Zealand Equity unit fund		29,631	28,607
Overseas Equity unit fund		133,550	118,927
		311,304	291,841
Financial assets at amortised cost			
Cash		3,505	1,488
Other receivables	8	60	15
Receivable from the Global Asset Trust	7	51	-
		3,616	1,503
Other assets			
Deferred Tax Asset	6	293	156
		293	156
Total assets		315,213	293,500
Current liabilities at amortised cost			
Account payable		64	108
Total liabilities		64	108
Net assets available to pay benefits		315,149	293,392
Represented by:			
Liability for accrued benefits			
Allocated to contributors' total credits		294,500	299,201
Interest fluctuation reserve	11	20,649	(5,809)
		315,149	293,392

Authorised for issue on 25 June 2024

On behalf of the Board of Trustees of the National Provident Fund.



Edward Schuck
Board Chair



Louise Edwards
Chair
Audit and Risk Review Committee

Lump Sum Cash Accumulation Scheme (the Scheme)
Statement of Cash Flows
for the year ended 31 March 2024

	Note	2024 (\$000)	2023 (\$000)
Cash flows from operating activities¹			
Cash was provided from:			
Interest received		68	122
Scheme receipts		<u>29,262</u>	<u>33,417</u>
		29,330	33,539
Cash was applied to:			
Benefits paid		45,263	40,795
Operating expenses		794	510
Transfers paid to other schemes		117	-
Transfers to National Provident Pension Scheme		282	-
Withdrawals		<u>204</u>	<u>182</u>
		46,660	41,487
Net cash flows used in operating activities	9	<u>(17,330)</u>	<u>(7,948)</u>
Cash flows from investing activities²			
Cash was provided from sale of units in:			
Alternatives unit fund		-	1,220
Fixed Interest unit fund		1,319	6,588
New Zealand Equity unit fund		27	915
Overseas Equity unit fund		<u>18,275</u>	<u>4,128</u>
		19,621	12,851
Cash was applied to purchase units in:			
Fixed Interest unit fund		220	3,003
New Zealand Equity unit fund		54	67
Overseas Equity unit fund		<u>-</u>	<u>911</u>
		274	3,981
Net cash flows from investing activities		<u>19,347</u>	<u>8,870</u>
Net increase in cash held		2,017	922
Add opening cash brought forward		<u>1,488</u>	<u>566</u>
Closing cash carried forward³		<u>3,505</u>	<u>1,488</u>

- 1 Operating Activities: Includes any activities that are the result of normal business activities not classified as investing activities.
- 2 Investing Activities: Comprises acquisition and disposal of units in the GAT.
- 3 Cash: Comprises cash balances held with banks in New Zealand.

**Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024**

1 DESCRIPTION OF THE SCHEME AND FUNDING ARRANGEMENTS

The Scheme is a personal contribution scheme, governed by a Trust Deed. The Scheme is deemed to be registered on the register of managed investment schemes under the Financial Markets Conduct Act (FMCA).

Under the terms of the Scheme Trust Deed, contributors make contributions to the Scheme at any rate and at any time, as determined by the contributors, up to attaining age 65, with no minimum amount required in respect of any contribution.

Each year contributors are credited with an earnings rate, which is not less than 4%.

2 RELATED PARTIES

Under the terms of the National Provident Fund Restructuring Act 1990 (the Act), the Board of Trustees of the National Provident Fund (the Board) is Trustee of the Scheme. Members of the Board are appointed by the Minister of Finance.

The Board and the Government Superannuation Fund Authority (the Authority) have formed a joint venture company, Annuitas Management Limited (Annuitas). Each organisation has entered into a management services agreement with Annuitas. The costs of running Annuitas are shared between the Board and the Authority on an equitable basis, as agreed between the organisations.

Edward Schuck and Sarah Park are the two Board appointed directors of Annuitas.

The Board is also the Trustee of the Global Asset Trust (the GAT), which holds the assets of all the National Provident Fund Schemes. The GAT is divided into separate unit funds, representing various asset classes, which have issued units to the Board, as Trustee of the Scheme, according to the Strategic Asset Allocation (refer note 3).

There were no transactions between the members of the Board, as individuals, and the Scheme. One member of management was a contributor to the Scheme (2023:1).

If a contributor elects to receive a pension, his or her membership, the liability to pay the pension (including any pension or other benefit contingently payable and any minimum payment) and assets to meet that liability are transferred to the National Provident Pension Scheme.

3 STRATEGIC ASSET ALLOCATION (SAA) - INVESTMENT

The Scheme is authorised to invest in the GAT or in bank deposits. The GAT is divided into separate unit funds representing various asset classes.

Investment assets have been designated at fair value through profit or loss upon initial recognition. These are managed, and their performance evaluated, on a fair value basis. This is consistent with the Scheme's documented investment strategy. The assets are investments in units in the GAT which, in turn, invest in equities, fixed interest and debt instruments.

**Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024**

3 STRATEGIC ASSET ALLOCATION (SAA) – INVESTMENT (CONTINUED)

The fair value of the units held by the Scheme in the GAT is based on the valuation of the financial instruments held by the GAT. The fair value of these financial instruments is based on exit prices at balance date without any deduction for future selling costs. If the exit price for an instrument is not available on a recognised exchange the fair value is estimated taking into account comparable markets and specialist advice.

The benchmark asset allocations as at 31 March 2024 and at 31 March 2023 are shown below

	2024 (%)	2023 (%)
Fixed Interest unit fund	50.0	50.0
New Zealand Equity unit fund	10.0	10.0
Overseas Equity unit fund	40.0	40.0

4 INCOME FROM UNIT FUNDS

Income from unit funds is derived from the changes in fair value of units held by the GAT and reflects both realised and unrealised gains and losses. The income stated is net of expenses (including investment management and custodian fees) directly related to investment activities. The income per unit fund is as follows:

	2024 (\$000)	2023 (\$000)
Fixed Interest unit fund	4,915	(5,937)
New Zealand Equity unit fund	996	(853)
Overseas Equity unit fund	32,898	1,711
Income/(loss) from unit funds	<u>38,809</u>	<u>(5,079)</u>

5 MANAGEMENT AND BOARD MEMBER EXPENSES

Management expenses comprise administration fees charged by Datacom Connect Limited, and a share of the expenses of the Board. The Board member expenses are split evenly between the schemes.

Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024

6 INCOME TAX

Income specific to the Scheme is subject to tax at 28%, after allowing for deductible expenses. The income tax reconciliation is as follows:

	2024	2023
	(\$000)	(\$000)
Scheme specific income	68	122
Deductible expenses	(739)	(681)
Taxable income	<u>(671)</u>	<u>(559)</u>
Net income/(loss) before tax and membership activities	38,138	(5,640)
Tax at 28%	10,679	(1,579)
Adjusted for tax effect of: (Non-assessable income)/Non-deductible expenditure	(10,867)	1,423
Income tax credit	<u>(188)</u>	<u>(156)</u>
Represented by:		
Income tax credit on current year (loss)/income	(188)	(156)
Income tax credit	<u>(188)</u>	<u>(156)</u>
Movements in deferred taxation		
Opening balance	156	-
Prior period adjustment	(51)	-
Current year movement	188	156
Deferred tax asset	<u>293</u>	<u>156</u>

The deferred tax asset is a result of tax losses available to carry forward. The tax losses consist of surplus deductible expenses which the Scheme will transfer to the GAT under section DV 2 of the Income Tax Act 2007 in a future income year. The GAT is subject to tax at the rate of 28%.

7 RECEIVABLE FROM THE GAT

The 2024 receivable represents the outstanding tax credits, (refer note 6), utilised by the GAT, resulting from the transfer of the Scheme's surplus deductible expenses to the GAT under the Tax Act. The Scheme will realise the receivable by investing in unit funds of the GAT or by settling the units in cash.

Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024

8 OTHER RECEIVABLES

Other receivables consist of:

	2024 (\$000)	2023 (\$000)
Amount due from contributors	-	15
Management fee refund	60	-
Total other receivables	60	15

9 RECONCILIATION OF INCREASE/(DECREASE) IN LIABILITY FOR ACCRUED BENEFITS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES

	2024 (\$000)	2023 (\$000)
Increase/(decrease) in net liability for accrued benefits	21,756	(13,098)
Movement in working capital		
Change in accounts payable	(44)	(590)
Change in other receivables	(45)	642
	(89)	52
Movements in non-cash items		
Change in receivable from the GAT	(51)	175
Change in deferred tax	(137)	(156)
	(188)	19
Items classified as investing activities		
(Income)/loss from unit funds	(38,809)	5,079
	(38,809)	5,079
Net cash flows used in operating activities	(17,330)	(7,948)

10 GUARANTEED BENEFITS

Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown. The earnings rate each year is determined with reference to the investment return but is not less than 4.0% per annum as per the Scheme Trust Deed.

11 INTEREST FLUCTUATION RESERVE

The interest fluctuation reserve is derived from investment earnings of the Scheme and balances of any total credits not disbursed in accordance with the provisions of the Scheme Trust Deed, less earnings credited to contributors.

**Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024**

11 INTEREST FLUCTUATION RESERVE (CONTINUED)

Movements in the interest fluctuation reserve during the year were as follows:

	2024	2023
	(\$000)	(\$000)
Reserves at beginning of year	(5,809)	11,516
Applied to transfers	(23)	(41)
Extinguished liabilities	14	8
Applied to exits	(54)	(32)
Net income/(loss) before membership activities	38,326	(5,484)
Applied to contributors' total credits	(11,805)	(11,776)
Reserves at end of year	20,649	(5,809)

The Board may use the balance in the interest fluctuation reserve to increase contributors' total credits on an equitable basis or pay the expenses of the Scheme.

12 VESTED BENEFITS

The value of vested benefits is the value of the benefits contributors would have been entitled to if they left the Scheme.

As at 31 March 2024, the market value of the net assets of the Scheme was greater than the amount that would have been payable if all members transferred out of the Scheme on that date and was greater than the amount that would have been payable if all contributors left on that date.

	2024	2023
	(\$000)	(\$000)
Value of vested benefits	305,396	299,201
Value of net assets	315,149	293,392

13 ACTUARIAL VALUATION

The Scheme is a defined contribution scheme. As the Scheme has no pensioners, an actuarial valuation is not required under the Financial Markets Conduct Act 2013.

The National Provident Fund Restructuring Act 1990 Act does however require an actuarial examination to be undertaken every three years. The last examination was undertaken as at 31 March 2021 and covered the three years 31 March 2018 to 31 March 2021. The results of the statutory actuarial examination of the Scheme at 31 March 2024 will be incorporated in the notes to the Annual Audited Financial Statements for the year ending 31 March 2025.

The report of the examination showed the value of the funding level of the Scheme increased from 99.4% to 105.9% over the three years to 31 March 2021. The valuation results were:

Valuation date	2021	2018
	(\$000)	(\$000)
Present value of -		
Total credits	286,075	226,509
Reserves	16,920	(1,254)
Net assets	302,995	225,255
Funding level	105.9%	99.4%

**Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024**

14 FINANCIAL RISK MANAGEMENT

The Scheme invests in units of the GAT based on the SAA determined for the Scheme (see note 3). The unit fund holds quoted equity, fixed interest and debt instruments. These instruments are all measured at fair value.

Under *NZ IFRS 13: Fair Value Measurement*, (NZ IFRS 13) disclosures for fair value instruments are required using a three-level fair value hierarchy. These tiers reflect the availability of observable market inputs. The Scheme's investment in units of the GAT is classified as a level 2 investment as the unit prices are based on a net asset valuation derived from either quoted prices for similar assets or unquoted but observable inputs.

The Scheme's major risk in its investment in the GAT is the price risk that the value of its units may fluctuate. Other risks, such as market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk, are managed in the GAT.

More information on the disclosures under NZ IFRS 13 and the risks mentioned is provided in the financial statements of the GAT. A copy of the financial statements of the GAT can be viewed on the National Provident Fund's website (www.npf.co.nz).

The Board manages the other risks by determining a diversified SAA appropriate for the Scheme's liabilities. In addition, the Board selects the investment managers, sets their mandates and monitors performance against those mandates.

The long run investment return for the Scheme is estimated to be 4.3% per annum. The volatility is expected to be +/- 6.2%. This is based on the Scheme's SAA and the long-term rate of return for each asset class (after investment management, custody fees and tax), and after deducting a provision for the Scheme's operating expenses (after tax).

The earnings rate each year is determined with reference to the investment return but is not less than 4% per annum as per the Scheme Trust Deed.

15 SUBSEQUENT EVENTS

There were no material events subsequent to balance date requiring amendments to these financial statements.

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

16.1 BASIS OF PREPARATION

The financial statements have been prepared under the requirements of clause 33 of the Scheme Trust Deed and in accordance with the FMCA. For a description of the Scheme and its funding arrangements see note 1.

16.2 STATEMENT OF COMPLIANCE

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

**Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024**

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

16.3 MEASUREMENT BASE

The measurement base adopted is that of historical cost, except for investment assets which are stated at their fair value set out below.

16.4 PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in New Zealand dollars, the Scheme's functional currency, rounded to the nearest thousand dollars (\$000).

16.5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In compliance with NZ IFRS, preparation of the financial statements requires judgements, estimates and assumptions to be made that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Judgement has been applied in the classification and measurement of financial assets. This policy has a material impact on the amounts disclosed in the financial statements.

There are no material assumptions or major sources of estimation uncertainty that have a material risk of causing material adjustments to the carrying amounts of scheme assets at year end. Investment asset values are subject to variation due to market fluctuations. Receivables have been valued in accordance with NZ IFRS 9. Under this standard the scheme has adopted the simplified expected credit loss model.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period; or in the period of the revision and future periods, if the revision affects both current and future periods.

16.6 FINANCIAL INSTRUMENTS

Financial instruments include both financial assets and financial liabilities.

Financial assets include balances due from contributors and receivables from related parties (if applicable). Financial liabilities, measured at amortised cost, include accounts payable and bank overdrafts (if applicable).

16.7 RECOGNITION

The Scheme recognises financial assets and financial liabilities on the date the Scheme becomes a contractual party to the financial instruments.

16.8 MEASUREMENT

Financial assets that are classified at fair value through profit or loss are measured at fair value where all resulting gains or losses are recorded in the Statement of Changes in Net Assets.

Financial assets and financial liabilities are recorded at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

**Lump Sum Cash Accumulation Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2024**

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

16.9 DERECOGNITION

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Scheme transfers the financial asset and the transfer qualifies for derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

16.10 CONTRIBUTIONS

Contributions are recognised in the Statement of Changes in Net Assets when they become receivable.

16.11 BENEFITS

Benefits are recognised in the Statement of Changes in Net Assets when a request for payment is made and all relevant criteria for payment has been met.

16.12 INVESTMENT INCOME RECOGNITION

Interest income is recognised using the effective interest rate of the instrument. Changes in the fair value on GAT unit funds are recognised in the Statement of Changes in Net Assets. Interest income on financial assets classified at fair value through profit or loss, is accrued at balance date. Dividend income is recognised in the Statement of Changes in Net Assets on the ex-dividend date.

16.13 TAXATION

Any income or loss arising from the movement in the fair value of the unit funds of the GAT is received by the Scheme tax paid. The Scheme's deductible operating expenses are offset against the Scheme's interest received to result in nil assessable income. Any surplus deductible operating expenses are transferred to the GAT under the Tax Act (refer notes 6 and 7).

The Scheme takes a responsible and transparent approach to tax which follows the spirit of the law in addition to the pure interpretation of the law.

16.14 ACCRUED BENEFITS (LIABILITIES)

The liability for accrued benefits is the Scheme's present obligation to pay benefits to contributors and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the Scheme's liabilities as at balance date.

16.15 STANDARDS ISSUED BUT NOT EFFECTIVE

Certain new accounting standards and interpretations have been issued that are not mandatory for 31 March 2024 reporting periods and have not been adopted early by the Board. None of these standards are likely to have a material impact on the Scheme when they are adopted.

17 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There have been no changes in accounting policies or disclosures. New standards and interpretations that are mandatory for 31 March 2024 reporting periods have been adopted with no material impact on the financial statements.

**Lump Sum Cash Accumulation Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2024**

18 OTHER INFORMATION

The Board, as Trustee of the Scheme, provides members with the following information:

18.1 SCHEME MEMBERSHIP

Changes in the Scheme membership numbers during the year were as follows:

	Contributors
Opening membership as at 1 April 2023	1,248
Retirements	(129)
Withdrawals	(4)
Transfers	(1)
Deaths and disablements	(41)
Joins/re-joins	91
Extinguished liabilities*	(1)
Closing membership as at 31 March 2024	1,163

* *Following a Trust Deed amendment on 5 April 2001, once reasonable efforts have been made to locate a member, who has been missing for at least five years, the Board may extinguish the liabilities to that member.*

Where a person re-establishes contact with the Board within 15 years of the liabilities to that person being extinguished, the person is reinstated as a member of the Scheme.

18.2 CONTRIBUTIONS RECEIVED AND BENEFITS PAID

The terms of the Scheme Trust Deed do not specify required contribution levels.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme Trust Deed.

18.3 VESTED BENEFITS

As at 31 March 2024, the market value of the net assets of the Scheme exceeded the total value of vested benefits. The amounts are shown in Note 12 to the financial statements.

18.4 EARNINGS RATE

The Scheme's earnings rate declared by the Board for the year ended 31 March 2024 was 4%.

18.5 TRUST DEED

The Scheme Trust Deed has not been amended since 6 July 2023, being the date of the Scheme's last annual report.

**Lump Sum Cash Accumulation Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2024**

18 OTHER INFORMATION (CONTINUED)

18.6 DIRECTORY

Trustee Board of Trustees of the National Provident Fund

Members of the Board are:

Edward Schuck (Board Chair)

Graham Ansell

Tracey Berry

Louise Edwards

Lloyd Kavanagh

Sarah Park (Deputy Chair)

Administration manager Datacom Connect Limited

Investment managers Fixed Interest Managers
Brandywine Global Investment Management, LLC
Pacific Investment Management Company, LLC
PGIM, Inc.

New Zealand Equity Managers
Devon Funds Management Limited
Harbour Asset Management Limited

Overseas Equity Managers
Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC
T. Rowe Price Australia Limited

Foreign Exchange Hedging Manager
Bank of New Zealand Limited

Actuary Christine Ormrod, PricewaterhouseCoopers Consulting (New Zealand) LP

Auditor Pam Thompson, Deloitte Limited (on behalf of the Auditor-General)

Solicitor DLA Piper New Zealand

Bank Bank of New Zealand

Custodian JP Morgan Chase Bank

**Lump Sum Cash Accumulation Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2024**

18 OTHER INFORMATION (CONTINUED)

18.7 CORRESPONDENCE

All correspondence relating to the Scheme should be addressed to:

The Manager
National Provident Fund Administration
Datacom Connect Limited
PO Box 1036
WELLINGTON 6140

OR

The Secretary
Board of Trustees of the National Provident Fund
PO Box 3390
WELLINGTON 6140

For and on behalf of the Board of Trustees of the National Provident Fund.



Edward Schuck
Board Chair

25 June 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LUMP SUM CASH ACCUMULATION SCHEME

The Auditor-General is the auditor of Lump Sum Cash Accumulation Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, 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 1 to 11, that comprise the Statement of Net Assets as at 31 March 2024, 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 on pages 1 to 11:

- present fairly, in all material respects:
 - its net assets as at 31 March 2024 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 25 June 2024. 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 Board of Trustees 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.

Key Audit Matters

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

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is 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 Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees' responsibilities arise from the Financial Markets Conduct Act 2013 and clause 33 of the Scheme's Trust Deed.

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 members taken on the basis of these financial statements.

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 risks 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 Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees 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 Board of Trustees 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 Board of Trustees are responsible for the other information. The other information comprises the information included on pages 12 to 14, 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 the audit, we have no relationship with, or interests in, the Scheme.



Pam Thompson, Partner
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

Directory as at 25 June 2024

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Edward Schuck – Chair – appointed 2015 and Chair from 1 September 2017*

Sarah Park – Deputy Chair – appointed 1 February 2020 and Deputy Chair from 1 July 2022

Louise Edwards – appointed 1 July 2019

Graham Ansell – appointed 12 July 2021

Tracey Berry – appointed 1 July 2022

Lloyd Kavanagh – appointed 1 July 2022

** Edward Schuck retires from the Board and as Chair on 30 June 2024.*

Further information on the Board members is provided on our website – www.npf.co.nz.

MANAGEMENT

Tim Mitchell
Chief Executive

Fiona Morgan
Chief Financial Officer

Anthony Halls
Chief Investment Officer

Hadyn Hunt
Chief Risk Officer

Ireen Muir
General Manager – Schemes

DATAKOM

ADMINISTRATION

Datacom Connect Limited is the administrator of the NPF Schemes.

CONTACT DETAILS

You are welcome to contact Datacom if you have any specific questions about the information in this package, if you would like to receive a free copy of the full financial statements in the mail, to purchase a copy of the Trust Deed (\$10) or the actuarial valuation (\$10), or to enquire about your Scheme membership in general.

Please quote your identity number when contacting Datacom.

Free phone: 0800 628 776 between 8.30 am and 5.00 pm, Monday to Friday.

Phone: (04) 381 0600

Post to:

The Manager
National Provident Fund Administration
Datacom Connect Limited

P O Box 1036
WELLINGTON 6140

Email: npfenquiries@datacom.co.nz

If you would like to know more about NPF in general, or if you would like to view or download a copy of the Scheme's full financial statements rather than receive a copy in the mail, please visit our website – www.npf.co.nz.

You may contact the Board by writing to:

The Chief Executive
Board of Trustees of the National Provident Fund
Level 12, The Todd Building
95 Customhouse Quay
WELLINGTON 6011

Auditor: Pam Thompson, Deloitte Limited,
on behalf of the Auditor-General

Actuary: Christine D Ormrod,
PricewaterhouseCoopers Consulting
(New Zealand) LP

Bank: Bank of New Zealand Limited

Custodian: JPMorgan Chase Bank, N.A.

Solicitor: DLA Piper New Zealand

There were no changes to the Actuary, Bank, Custodian or Solicitor during the year.