

MARITIME RETIREMENT SCHEME

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2024**

MARITIME RETIREMENT SCHEME

Table of Contents For the year ended 31 March 2024


INDEX

Statement of Net Assets	Page 1
Statement of Changes in Net Assets	Page 2
Statement of Cash Flows	Page 3
Notes to the Financial Statements	Pages 4 to 14
Independent Auditor's Report	Pages 15 to 16

Maritime Retirement Scheme
Statement of Net Assets
As at 31 March 2024
 (All amounts are in NZD)

	Note	31 March 2024	31 March 2023
ASSETS			
Cash and Cash Equivalents		160,604	143,698
Investments At Fair Value Through Profit or Loss	6	224,584,729	206,440,799
Contributions Receivable	8	-	95
Deferred Tax Asset	10	241,137	1,610,027
Income Tax Receivable	10	-	30,711
Total Assets		224,986,470	208,225,330
LIABILITIES			
Benefits Payable		(722,950)	(478,004)
Other Payables	9	(97,340)	(93,879)
Total Liabilities		(820,290)	(571,883)
NET ASSETS AVAILABLE FOR BENEFITS		224,166,180	207,653,446
<i>Represented by:</i>			
Member Accounts		125,439,436	117,636,194
Employer Accounts		71,091,384	65,489,229
Maritime KiwiSaver Scheme Account		18,923,558	16,723,050
Reserve Accounts	5	8,711,802	7,804,973
Total		224,166,180	207,653,446


For and on behalf of the Trustees, who authorised the issue of these financial statements on:



 Trustee

31 July 2024

 Date



 Trustee

31 July 2024

 Date

Maritime Retirement Scheme
Statement of Changes in Net Assets
For the year ended 31 March 2024
(All amounts are in NZD)

	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
INVESTMENT ACTIVITIES			
Investment Revenue			
Interest Received		29,296	5,030
Distributions Received		3,789,393	2,691,182
Net gains/(losses) on Investments at Fair Value Through Profit or Loss	7	27,085,614	(8,878,390)
Total Investment Revenue		30,904,303	(6,182,178)
Investment Expenses and Rebates			
Investment Management Fees		(819,030)	(918,434)
Investment Management Fee Rebates		152,953	131,439
Total Investment Expenses and Rebates		(666,077)	(786,995)
Net Investment Revenue/(Expense)		30,238,226	(6,969,173)
OTHER REVENUES			
Other Income		-	3,158
Total Other Revenue		-	3,158
OTHER EXPENSES			
Administration Fees		(270,225)	(252,823)
Consulting Fees		(43,430)	(83,951)
Auditors' Remuneration	14	(56,074)	(52,900)
Tax Advisory Services	14	(28,405)	(28,290)
Trustee Fees		(93,301)	(88,819)
Trustee Liability Insurance		(25,598)	(22,333)
Legal Fees		(39,886)	(35,918)
FMA Fees/Levies		(48,843)	(39,738)
General Expenses		(10,875)	(10,601)
Total Other Expenses		(616,638)	(615,373)
Gain/(Loss) before taxation and membership activities		29,621,588	(7,581,388)
MEMBERSHIP ACTIVITIES			
Contributions			
Members' Contributions		7,622,626	7,033,818
Employers' Contributions		4,793,886	4,486,956
Unallocated Contributions		6,070	19,756
Transfers In		287,582	158,061
KiwiSaver Contributions		1,701,487	1,837,776
Total Contributions		14,411,651	13,536,367
Less:			
KiwiSaver Withdrawals		(2,049,548)	(1,214,983)
Disablement		(564)	(50,084)
Death		(2,376,883)	(1,298,568)
Additional Death		(165,452)	(303,790)
First Home Withdrawal		(538,086)	(76,407)
Financial Hardship		(546,167)	(566,933)
Retirement		(3,482,321)	(2,282,443)
Resignation		(4,787,407)	(6,562,791)
Redundancy		(688,412)	(411,250)
Full Withdrawals - Deferred Beneficiaries		(3,049,219)	(2,407,364)
Transfers Out		(27,107)	-
Partial Withdrawals - Deferred Beneficiaries		(2,796,600)	(2,602,912)
Partial Withdrawals - Other		(5,630,742)	(4,833,486)
Pensions		-	(402)
Group Life Premiums		(4,851)	(3,597)
		(26,143,359)	(22,615,010)
PIE Tax (Expense)/Credit	10	(1,377,146)	1,503,856
Net Membership Activities		(13,108,854)	(7,574,787)
Net Increase/(Decrease) in Net Assets During The Year		16,512,734	(15,156,175)
Net Assets Available for Benefits at Beginning of Year		207,653,446	222,809,621
Net Assets Available for Benefits at End of Year		224,166,180	207,653,446

The notes on pages 4 to 14 are an integral part of these financial statements.

Maritime Retirement Scheme
Statement of Cash Flows
For the year ended 31 March 2024
(All amounts are in NZD)

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Contributions from Members and Employers		14,411,747	13,536,275
Tax Refund		30,711	-
Other Income		29,838	8,188
		<u>14,472,296</u>	<u>13,544,463</u>
<i>Cash applied to</i>			
Benefits Paid		(25,893,562)	(22,133,408)
Other Expenses		(618,029)	(568,435)
Withholding Tax Paid		(8,798)	-
Net Cash Flows applied to Operating Activities	11	<u>(12,048,093)</u>	<u>(9,157,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash provided from</i>			
Sale of Investments		91,722,731	56,006,750
<i>Cash applied to</i>			
Purchase of Investments		(79,657,732)	(46,910,120)
Net Cash Flows from Investing Activities		<u>12,064,999</u>	<u>9,096,630</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		16,906	(60,750)
Cash at Beginning of Year		143,698	204,448
Cash at End of Year		<u><u>160,604</u></u>	<u><u>143,698</u></u>

The notes on pages 4 to 14 are an integral part of these financial statements.

Maritime Retirement Scheme

Notes to the Financial Statements For the year ended 31 March 2024

1. Scheme Description

The Maritime Retirement Scheme (the "Scheme") is a defined contribution scheme registered under the Financial Markets Conduct Act 2013 ("FMCA").

Details of membership as at 31 March 2024 were:

	Pensioners	Defined Contribution	Total
1 April 2023	0	1,505	1,505
New member	0	156	156
Retirements	0	(16)	(16)
Death	0	(8)	(8)
Withdrawal/Resignations	0	(133)	(133)
Ill Health	0	0	0
31 March 2024	0	1,504	1,504

The Scheme is domiciled in New Zealand and the address of its registered office is c/o Melville Jessup Weaver, Level 7, 20 Ballance Street, Wellington 6011. The Administration Manager is Melville Jessup Weaver which is incorporated and domiciled in New Zealand. The Custodian of the Scheme is Maritime Retirement Scheme Nominees Limited.

The Trustees of the Scheme are:

David Young
Craig Harrison (resigned 3 April 2024)
Philippa Drury (appointed 25 July 2023)
Brodie Stevens
Ray Welson
Andrew Clark
Ray Fife
Carl Findlay
Russel Mayn
Walter Rushbrook

The Scheme is a Reporting Entity under the Financial Reporting Act 2013 and is registered under the Financial Markets Conduct Act 2013 ("FMCA").

Funding Arrangements

The Scheme is an employer subsidised, defined contribution scheme.

The Scheme receives contributions from members and their participating employers in accordance with their employment agreements. The Maritime KiwiSaver Scheme is a member of, and invests solely into, the Maritime Retirement Scheme and is referred to as the Maritime KiwiSaver Scheme on the financial statements.

The Waterside members who joined on or before 1 April 2016 can elect to apply all or part of the Members' benefit to the purchase of a life time pension of such amount as the Trustees shall determine on the advice of the actuary. There are currently no (2023: None) pensioners within the Scheme. The amount available to fund any future pensions is currently \$43,392 (2023: \$37,918). Due to the small number of pensioners and the nature of the pension benefits, actuarial information on the pension liability is not presented in these financial statements.

Retirement Benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings on these 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

During the year there were no changes to the Trust Deed (2023: Same). In February 2024 the Trustee approved a revised Statement of Investment Policy and Objectives ("SIPO"). This update to the previous SIPO was necessary to reflect the transfer of NZ Cash, NZ Bond and Global Equity (Hedged) investments from ANZ NZ Investments Ltd to Nikko AM New Zealand.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

2. Summary of Material Accounting Policy Information

Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand Equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable IFRS Accounting Standards, as appropriate for profit-oriented entities. The financial statements also comply with IFRS Accounting Standards (IFRS) as issued by The International Accounting Standards Board.

The Scheme is comprised of three investment choices, a Growth Portfolio, a Balanced Portfolio and a Conservative Portfolio. The financial statements have been prepared at the Scheme level as the liabilities of the individual investment choices are not limited to the assets of each investment choice.

There have been prior period comparatives which have been reclassified to make disclosure consistent with the current year.

Measurement Base

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

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.

Investment Income

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

Realised and Unrealised Gains and Losses

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

Expenses

All expenses are accounted for on an accruals basis.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance date. The Trustees periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations and established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Scheme qualifies as, and has elected to be, a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the members and is therefore shown as part of Net Membership Activities in the Statement of Changes in Net Assets. The Scheme itself has no tax expense.

Under the PIE regime, the Scheme attributes the taxable income of the Scheme to members in accordance with the proportion of their overall interest in the Scheme. The income attributed to each member is taxed at the member's Prescribed Investor Rate ("PIR") which is capped at 28%. The Scheme accounts for tax on behalf of natural persons and undertakes any necessary adjustments to the members' interests in the assets of the Scheme to reflect that the Scheme pays tax at varying rates on behalf of members.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Net Assets liability method. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Financial Instruments

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

(i) Classification

Investments at fair value through profit or loss are classified as financial assets at fair value through profit or loss and comprise investments in unlisted unit trusts.

These investments are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Trustees have not taken the option to irrevocably designate any equity securities at fair value through other comprehensive income.

Based on the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets, the Trustees have determined that all financial assets of the Scheme are classified at fair value through profit or loss with the exception of cash and cash equivalents, prepaid pensions and trade and other receivables, which are classified as financial assets at amortised cost.

Financial liabilities at amortised cost comprise trade and other payables, and benefits payable. These amounts are unsecured and are usually paid within 30 days from recognition.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date. Financial assets are derecognised when the right to receive cash flows from the assets have expired or the Scheme has transferred substantially all risks and rewards of ownership. All gains and losses on investments at fair value through profit or loss are recognised in the Statement of Changes in Net Assets.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

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

Financial Instruments (Cont'd)

(iii) Measurement

(1) Financial assets and liabilities at fair value through profit or loss

Investments held at fair value through profit or loss are measured initially at fair value excluding any transaction costs. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Changes in Net Assets.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of units held by the Scheme is determined by reference to published bid prices at the close of business on the reporting date being the redemption price established by the underlying fund manager.

(2) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or liability and subsequently measured at amortised cost.

(iv) Impairment of Financial Assets

The Scheme recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Scheme expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Scheme applies a simplified approach in calculating ECLs. Therefore, the Scheme does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

Promised Retirement Benefits

The liability for promised retirement 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 retirement benefits are shown in Note 3.

Unallocated Contributions

The balance of Unallocated Contributions relates to contributions received from current and prior years not allocated to members account. These contributions are from members with incomplete documentation required to allocate their contributions.

Contributions and Benefits

Contributions and benefits are accounted for on an accruals basis. Contributions are recognised in the Statement of Changes in Net Assets when they become receivable, resulting in a financial asset.

Critical Accounting Estimates and Judgements

It is possible to determine the fair values of all financial assets through prices provided by the investment managers. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However, as with all investments their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustees have to apply their judgement as to what constitutes quoted price in an active market.

Changes in accounting policies

During the year there were no changes in accounting policies.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

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

Standards and Interpretations issued and adopted during the year.

There were no new Standards and Interpretations issued and adopted during the year.

3. Liability for Promised Retirement Benefits

Liability for promised retirement benefits is maintained through members' accounts, unallocated contributions and reserve accounts.

Member accounts are the accumulation of member contributions credited with interest and debited with member fees and benefit payments. Interest may either increase or decrease the member account depending on the interim rates available during the time of exit and the declared rates at year end approved by the Trustees.

The balance of employer accounts includes vested employer contributions in respect of the member and unvested employer contributions. The detailed vesting rules are set out in the Trust Deed.

Changes in promised retirement benefits as at 31 March 2024:

	Member Account \$	Employer Account \$	Reserve Accounts \$	Total \$
Balance 1 April 2023	129,118,869	70,729,604	7,804,973	207,653,446
Contributions	9,617,765	4,793,886	-	14,411,651
Benefits Paid	(17,098,848)	(8,874,209)	(170,303)	(26,143,360)
Forfeited Benefits	-	(84,370)	84,370	-
Distribution to Seafarer Members	-	-	-	-
Pension Payments	-	-	-	-
Net Income Allocated	16,678,616	10,573,065	992,762	28,244,443
Balance 31 March 2024	<u>138,316,402</u>	<u>77,137,976</u>	<u>8,711,802</u>	<u>224,166,180</u>

Changes in promised retirement benefits as at 31 March 2023:

	Member Account \$	Employer Account \$	Reserve Accounts \$	Total \$
Balance 1 April 2022	137,958,231	76,799,809	8,051,581	222,809,621
Contributions	8,554,558	4,959,399	19,756	13,533,713
Benefits Paid	(13,357,954)	(8,949,266)	(303,790)	(22,611,010)
Forfeited Benefits	-	(86,376)	86,376	-
Distribution to Seafarer Members	-	-	(2,279)	(2,279)
Pension Payments	-	-	(402)	(402)
Net Income Allocated	(4,035,966)	(1,993,962)	(46,269)	(6,076,197)
Balance 31 March 2023	<u>129,118,869</u>	<u>70,729,604</u>	<u>7,804,973</u>	<u>207,653,446</u>

Guaranteed Benefits

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

4. Vested Benefits

Vested benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date.

2024 \$	2023 \$
<u>213,513,869</u>	<u>187,346,294</u>

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

5. Reserve Account

(a) Changes in Reserve Accounts

	2024	2023
	\$	\$
Death Benefit 'A'		
Balance at beginning of year	5,614,753	5,947,083
Death Benefit	(119,803)	(224,765)
Net Income Allocated	728,739	(107,565)
Balance at end of year	<u>6,223,689</u>	<u>5,614,753</u>
Death Benefit 'B'		
Balance at beginning of year	2,071,980	2,102,660
Death Benefit	(45,649)	(79,025)
Forfeited Benefits	84,371	86,376
Transferred to Seafarer General Reserve	(26,624)	-
Net Income Allocated	245,948	(38,031)
Balance at end of year	<u>2,330,025</u>	<u>2,071,980</u>

The Death Benefit 'A' and 'B' accounts represent amounts available to pay the Waterfront Fund's additional death benefits. Each Additional Death Benefit is paid in proportional amounts from the two accounts. The 'A' account is funded by the participating employers. A formal actuarial valuation is undertaken every three years to determine the level of contribution required from the participating employers. The most recent valuation was completed as at 31 March 2022 and the actuary stated that the death benefit reserves are very likely to be adequate to cover the death benefit over the next 35 years. The actuary recommended that no additional contributions are required in respect of the death benefits until the next valuation as at 31 March 2025. The 'B' account is funded from the unvested portion of employer accumulations from Waterside members' leaving service benefits. Both accounts earn interest during the year.

	2024	2023
	\$	\$
Seafarer General Reserve		
Balance at beginning of year	74,644	65,087
Forfeited Seafarer Benefits	26,624	5,641
Unallocated Contributions	(30,911)	7,281
Distribution to Seafarer Members	-	(2,279)
Net Income Allocated	8,685	(1,086)
Balance at end of year	<u>79,041</u>	<u>74,644</u>

The Seafarer General Reserve is funded from the unvested portion of employer accumulations from Seafarer members' leaving service benefits and from contributions that are received but are unable to be allocated to members due to insufficient paperwork. Distributions are made from this account from time to time to Seafarer members only.

	2024	2023
	\$	\$
Pension		
Balance at beginning of year	37,918	39,043
Benefits allocated during the year	-	(402)
Net Income allocated	5,474	(723)
Balance at end of year	<u>43,392</u>	<u>37,918</u>

The Pension Reserve Account represents amounts available to pay Waterfront Fund's pensioners. A formal actuarial valuation is undertaken every three years to determine the level of reserves required to fund the pension payments. The most recent valuation was completed as at 31 March 2022 and the actuary stated that the current level of the pension reserve account was sufficient to meet the expected pension payments to the remaining pensioners. At balance date there were no current pensioners. However, the Trustees' policy is to maintain this reserve account while there remains the possibility for an exiting member to elect to receive a pension.

	2024	2023
	\$	\$
Income Reserve		
Balance at beginning of year	5,678	(102,292)
Capital Movements during the year	-	106,507
Net Income Allocated	29,977	1,463
Balance at end of year	<u>35,655</u>	<u>5,678</u>

(b) Pursuant to the Trust Deed the Trustees shall establish a Income Reserve account for Maritime Retirement Scheme which shall be credited with the following:

- (a) any earnings allocated as per section 11 of the Trust Deed;
- (b) any unclaimed benefits;
- (c) any amount where the Member ceases to have the right to receive;
- (d) any moneys arising which are not required to pay the Member's benefits;
- (e) any income or gains not included in earnings allocated as per Section 11 of the Trust Deed.

The Trustees may, at their discretion, apply any part or the whole of the Income Reserve account to:

- (a) augmenting the rate of earnings allocated under section 11 of the Trust Deed;
- (b) payment of expenses of the Scheme;
- (c) increasing the retirement benefits of all Members on an equitable basis;
- (d) providing benefits other than retirement benefits for all Members on an equitable basis;
- (e) providing personal benefits for Members or their Dependants in the case of hardship;
- (f) payment of all or any part of a Participating Employers' contributions of the Scheme if they have suspended or terminated their contributions;
- (g) payment of all or part of the contributions of all Members in any year on an equitable basis; and/or
- (h) payment of any benefit paid later than seven days after the date on which it becomes due.

Maritime Retirement Scheme

**Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2024**

6. Financial Assets at Fair Value Through Profit or Loss

	2024	2023
	\$	\$
Mercer New Zealand		
Mercer Overseas Shares Index Portfolio	49,101,649	42,181,958
Nikko Asset Management		
Global Bond Fund	11,468,022	11,887,714
Multi Strategy Fund	18,293	16,291
Wholesale Global Equity Hedged Fund	45,191,476	-
Wholesale NZ Bond Fund	25,001,384	-
Wholesale NZ Cash Fund	13,055,300	-
ANZ Investments Limited		
NZ Cash Fund	-	11,949,520
ANZ NZ Fixed Interest	-	24,861,357
ANZ Global Equity	-	41,380,917
Fisher Funds		
Fisher Institutional Australian Equity Fund	13,540,533	10,727,602
Fisher Institutional Trans Tasman Equity Fund	6,750,587	5,743,925
Hunter Investment		
Global Fixed Interest Fund	49,478,760	46,951,378
Salt Investment		
Core Equity Fund	10,978,724	10,740,137
Total	224,584,729	206,440,799

7. Gains/(Losses) on Investments

	2024	2023
	\$	\$
Total net gains/(losses) on investments held at fair value through profit or loss	27,085,614	(8,878,390)

Broken down as follows:

Mercer New Zealand		
Mercer Overseas Shares Index Portfolio	12,347,424	2,291,258
Nikko Asset Management		
Global Bond Fund	214,701	(897,276)
Multi Strategy Fund	2,002	17,724
Wholesale Global Equity Hedged Fund	9,616,067	-
Wholesale NZ Bond Fund	1,076,787	-
Wholesale NZ Cash Fund	89,403	-
ANZ Investments Limited		
NZ Cash Fund	307,179	3,433,800
ANZ NZ Fixed Interest	(405,814)	(325,529)
ANZ Global Equity	(505,102)	(6,108,711)
ANZ Global Equity (No. 5 Fund)	-	(2,729,224)
Fisher Funds		
Fisher Institutional Australian Equity Fund	2,869,171	720,813
Fisher Institutional Trans Tasman Equity Fund	1,036,173	(589,346)
Hunter Investment		
Global Fixed Interest Fund	465,572	(4,418,435)
Salt Investment		
Core Equity Fund	(27,948)	(273,466)

8. Contributions Receivable

	2024	2023
	\$	\$
Contributions Receivable	-	95
	-	95

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

9. Other Payables

	2024	2023
	\$	\$
Creative Marketing	-	73
Audit fees	56,074	52,900
Tax Adviser fees	2,530	5,636
TIMG -archive storage and cataloguing	643	335
MJW - consulting fees	4,244	7,329
MJW - administration	22,980	21,540
Trustee fees	6,250	5,700
Trustee expenses	3,655	-
Legal fees	965	366
	<u>97,340</u>	<u>93,879</u>

10. Income Tax

The Scheme invests in a number of funds that are PIEs. For these investments, the Scheme can elect to apply a PIR of either 0% or 28%. Taxable income calculated within the investments to which a 0% PIR is applied is taxable directly within the Scheme, with the resultant tax charge present on the face of the Statement of Changes in Net Assets as income tax expense/(credit). Taxable income calculated within the investments to which a 28% PIR is applied is taxable within those investments, with any tax deducted/credited reflected in the valuation of investments at year end, with investment returns shown gross of tax.

	2024	2023
	\$	\$
Current Tax	2,746,036	(2,988,981)
Deferred Tax	(1,368,890)	1,485,125
	<u>1,377,146</u>	<u>(1,503,856)</u>

The total charge for the year can be reconciled to the change in net assets as follows:

Change in Net Assets before Membership Activities	29,621,588	(7,581,388)
Income Tax @ 28%	8,294,045	(2,122,789)
Tax effect of:		
Non Assessable Investment Gains and Losses	(6,399,688)	541,146
Prior period adjustment	-	(26,026)
Tax Credits	(376,079)	(76,660)
Members with PIRs less than the maximum rate	(141,132)	58,723
Tax at 0% PIR	-	121,750
Income Tax Expense	<u>1,377,146</u>	<u>(1,503,856)</u>

Current Tax

Balance brought forward	(30,711)	(11,980)
Tax received / (paid)	30,711	-
Prior period adjustment	-	(18,731)
Tax Payable / (Receivable)	<u>-</u>	<u>(30,711)</u>

Deferred Tax Asset

Opening balance	1,610,027	124,902
Prior Period Adjustment	-	7,295
Current Deferred Tax Expense	(1,368,890)	1,477,830
Deferred Tax Asset	<u>241,137</u>	<u>1,610,027</u>

As the Scheme is a PIE, tax payable is determined with reference to each individual member's PIR, rather than being payable by the Scheme at a flat rate of 28%.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

11. Reconciliation of Net Cash Flows from Operating Activities to Change in Net Assets

	2024	2023
	\$	\$
Increase/(Decrease) in Net Assets	16,512,734	(15,156,175)
Non-cash Items		
Unrealised (Gains)/Losses on Fair Value Through Profit and Loss Assets	(27,085,614)	8,878,390
Distribution Income	(3,789,393)	(2,691,182)
Investment Management Fees	819,030	918,434
Investment Management Rebates	(152,953)	(131,439)
Movements in Other Working Capital Items		
Decrease/(Increase) in Deferred Tax	1,368,890	(1,485,125)
Decrease in Prepayments	-	22,333
Increase in Benefits Payable	244,946	478,004
Decrease/(Increase) in Accounts Receivable	95	(95)
Increase in Accounts Payable	3,461	28,206
Decrease/(Increase) in Tax Receivable	30,711	(18,731)
Net Cash Flows from Operating Activities	<u>(12,048,093)</u>	<u>(9,157,380)</u>

12. Financial Risk Management

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

The Trustees have approved a SIPO which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustees and asset reallocations undertaken as required.

Financial Instruments by Category

As at 31 March 2024

	Financial Asset At Amortised Cost	Financial Assets At Fair Value Through Profit or Loss
	\$	\$
Assets as per Statement of Net Assets		
Financial Assets At Fair Value Through Profit or Loss	-	224,584,729
Cash and Cash Equivalents	160,604	-
Total	<u>160,604</u>	<u>224,584,729</u>
	Financial Liabilities At Fair Value Through Profit or Loss	Financial Liabilities At Amortised Cost
Liabilities as per Statement of Net Assets	\$	\$
Other Payables	-	97,340
Benefits Payable	-	722,950
Total	<u>-</u>	<u>820,290</u>

As at 31 March 2023

	Financial Asset at Amortised Cost	Financial Assets At Fair Value Through Profit or Loss
	\$	\$
Assets as per Statement of Net Assets		
Financial Assets At Fair Value Through Profit or Loss	-	206,440,799
Cash and Cash Equivalents	143,698	-
Contributions Receivable	95	-
Total	<u>143,793</u>	<u>206,440,799</u>
	Financial Liabilities At Fair Value Through Profit or Loss	Financial Liabilities At Amortised Cost
Liabilities as per Statement of Net Assets	\$	\$
Other Payables	-	93,879
Benefits Payable	-	478,004
Total	<u>-</u>	<u>571,883</u>

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

Credit Risk

Credit Risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Scheme to credit risk consist of cash, receivables and investments in unitholdings. The maximum credit exposure to credit risk is the carrying value of these financial instruments.

The Trustees manage and monitor credit risk by setting benchmark asset allocations and appointing investment managers to manage each asset class, thereby diversifying the Scheme's assets. The Trustees, with advice of Melville Jessup Weaver, perform due diligence of all investment managers before appointment. The Trustees regularly invite investment managers to attend Trustees meetings to discuss performance and risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, currency risk and interest rate risk. The Scheme is exposed indirectly to foreign exchange risk and interest rate risk through its investments in unitholdings. The Scheme is exposed directly and indirectly to other price risks through its investments in unitholdings.

Due to the unitholdings nature of the investment it is not practical to determine the sensitivity of the unit price to changes in foreign exchange rates, interest rates or other market factors. Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustees.

Risk management activities are undertaken by the Trustees to manage the market risks outlined below. The Trustees use the services of Melville Jessup Weaver to actively manage the Scheme's cash flow according to benchmark asset allocations. The Trustees review the overall asset allocation and assets are rebalanced within defined tolerance levels as required. The Trustees regularly invite investment managers to attend Trustee meetings to discuss performance and risk. In addition, Melville Jessup Weaver's services are used to produce investment monitors that report on and assess investment manager performance against benchmarks set in the Statement of Investment Policy and Objectives (the "SIPO").

Other Price Risk

Other price risk is the risk that the value of the Scheme's investments will increase or decrease due to a change in the unit prices of the Scheme's investments.

A 10% (2023: 10%) decrease in the unit prices of the Scheme's investments would have an adverse impact on the value of the Scheme's assets of \$22,458,473 (2023: \$20,644,080). Conversely, a 10% (2023: 10%) increase in the unit prices of the Scheme's investments would have a positive impact on the value of the Scheme's assets of \$22,458,473 (2023: \$20,644,080). The maximum exposure to other price risk is the carrying value of these financial instruments.

Currency Risk

Some of the Scheme's assets are invested overseas. Returns on assets held overseas can be affected by changes in the value of the New Zealand dollar and overseas currencies. The Scheme's overseas investments have different amounts of currency hedging depending on the asset class and the hedging policy. Most asset classes have hedging except for New Zealand and Australian investments.

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

Interest Rate Risk

The Scheme is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in unitholdings products which invest in cash and fixed interest investments. There is no maturity period for unitholdings investments.

Interest rate risk management activities are undertaken by the investment managers in accordance with the investment mandates set by the Trustees.

Liquidity Risk

Liquidity risk is the risk that the Scheme will encounter difficulty in raising funds to meet its obligations to pay members. However, to control liquidity risk, the Scheme invests in financial instruments. The Scheme's investments, with the exception of the Multi Strategy Fund, are considered to be readily realisable. The Multi Strategy portfolio invests in non-traditional investments such as infrastructure and commodities and are therefore less liquid than traditional asset classes.

For the remaining investments, 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 investment managers. The investment managers do reserve the right to limit redemptions under extreme market conditions, but the Trustees spread this risk by investing across multiple asset classes and the investment managers further spread this risk by investing across multiple securities within those classes.

Capital Management

Net assets available to pay 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.

Maritime Retirement Scheme

Notes to the Financial Statements (Cont'd) For the year ended 31 March 2024

13. Fair Value

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

The Scheme classifies fair value measurements of financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Valuation techniques using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

The following tables analyses within the fair value hierarchy the Scheme's financial assets and non-financial assets measured at fair value:

31 March 2024

Assets	Level 1	Level 2	Level 3	Total Balance
	\$	\$	\$	\$
Mercer Overseas Shares Index Portfolio	-	49,101,649	-	49,101,649
Nikko Global Bond Fund	-	11,468,022	-	11,468,022
Nikko Multi Strategy Fund	-	-	18,293	18,293
Nikko Wholesale Global Equity Hedged Fund	-	45,191,476	-	45,191,476
Nikko Wholesale NZ Bond Fund	-	25,001,384	-	25,001,384
Nikko Wholesale NZ Cash Fund	-	13,055,300	-	13,055,300
Fisher Institutional Australian Equity Fund	-	13,540,533	-	13,540,533
Fisher Institutional Trans Tasman Equity Fund	-	6,750,587	-	6,750,587
Hunter Global Fixed Interest Fund	-	49,478,760	-	49,478,760
Salt Core Equity Fund	-	10,978,724	-	10,978,724
Total Assets	-	224,566,436	18,293	224,584,729

31 March 2023

Assets	Level 1	Level 2	Level 3	Total Balance
	\$	\$	\$	\$
Mercer Overseas Shares Index Portfolio	-	42,181,958	-	42,181,958
Nikko Global Bond Fund	-	11,887,714	-	11,887,714
Nikko Multi Strategy Fund	-	-	16,291	16,291
ANZ NZ Cash Fund	-	11,949,520	-	11,949,520
ANZ NZ Fixed Interest	-	24,861,357	-	24,861,357
ANZ Global Equity	-	41,380,917	-	41,380,917
Fisher Institutional Australian Equity Fund	-	10,727,602	-	10,727,602
Fisher Institutional Trans Tasman Equity Fund	-	5,743,925	-	5,743,925
Hunter Global Fixed Interest Fund	-	46,951,378	-	46,951,378
Salt Core Equity Fund	-	10,740,137	-	10,740,137
Total Assets	-	206,424,508	16,291	206,440,799

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

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

At the end of each accounting financial year the Trustees review the Fair Value Hierarchy and associated disclosures based on information available at that point in time and considers the reasonableness of the disclosures or if any transfers between levels need to be made.

There were no transfers between level 1, 2 or 3 in the year.

Maritime Retirement Scheme

**Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2024**

14. Auditor's Remuneration - Audit Fees

	2024	2023
	\$	\$
Audit of financial statements - Deloitte Limited	(56,074)	(52,900)
Tax advisory services - Deloitte Limited	(28,405)	(28,290)
Total	<u>(84,479)</u>	<u>(81,190)</u>

15. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding at 31 March 2024 (2023: Nil).

16. 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 the receipt of employer contributions of \$4,793,886 (2023: \$4,486,956).

The Scheme pays fees to some of the Trustees, trustee liability insurance and reimburses the Trustees' costs for travelling, etc. During the year, the Trustee fees were \$93,301 (2023: \$88,819). Trustees that are members of the Scheme contribute on the same basis and have the same rights as other members of the Scheme.

During the year the Scheme paid \$25,598 (2023: \$22,333) in premiums for trustee liability insurance.

17. Events after Balance date

There were no events after balance date (2023: Nil).

Independent Auditor's Report

To the Members of Maritime Retirement Scheme

Opinion

We have audited the financial statements of Maritime Retirement Scheme (the 'Scheme'), which comprise the statement of net assets as at 31 March 2024, and the statement of changes in net assets and statement of cash 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 1 to 14, present fairly, in all material respects, the financial position of the Scheme as at 31 March 2024, 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 advice, 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 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Deloitte Limited

Hamish Anton, Partner
for Deloitte Limited
Wellington, New Zealand
31 July 2024