



Whai Rawa

NGĀI TAHU

Annual Report 2013



From the Whai Rawa Fund Limited Chair

Whai Rawa Fund Limited (WRFL) operates under a mandate from Te Rūnanga to manage Whai Rawa. It has been my privilege to

be the Chair of the WRFL Board since its inception and to help oversee its growth.

During the financial year covered by this annual report, the board commissioned an evaluation to gain a better understanding of the barriers deterring whānau from joining and saving with Whai Rawa. We've learnt from this, that the single biggest reason for people not having joined is that they haven't got around to it. That's why we're increasing our efforts to connect with potential members by undertaking more visits around the country. The evaluation has also confirmed that for some, availability of funds limits what, if anything, they can save. We will be working closely with Te Rūnanga to identify what changes, if any, we may need to make to Whai Rawa to ensure all whānau are able to derive significant benefit from it.

The financial statements are included in this annual report, I am delighted to report that once again we received a clean audit report. We have provided some explanatory text to make the financial statements easier to read however we appreciate they are complex. We therefore encourage members to contact the Whai Rawa team if they want to get a better understanding of the financial statements.

While we continue working to enrol new members, we are increasingly focusing on encouraging all members and whānau to consider what level of savings they can afford to make and how exactly this will contribute to their future goals. This ties in with our financial education initiatives. To be able to make good decisions about saving, people need to be clear about their budgets and their long-term plans.

We will also be working towards growing our understanding of the implications of investment choice, as the WRFL considers options for providing members with some investment choice.

The significance of Whai Rawa continues to grow both for Ngāi Tahu and the wider community. The real credit for this growth belongs with the members and whānau, who have made the effort to join and manage their money to save.

Diana Crossan



From the Kaiwhakahaere

It is very positive to see the continued growth in membership and savings through Whai Rawa.

We now have over 18,000 whānau members signed up and close to \$29 million in the fund that will ultimately be for whānau to use.

Whai Rawa is a key distribution mechanism for Te Rūnanga, supporting the growth of whānau wealth and ultimately, wellbeing, which is why it has always been supported from day one.

Over \$16 million has been paid by Te Rūnanga to members since the launch of Whai Rawa in 2006. Te Rūnanga also continues to meet almost all of the administrative costs of the fund.

It is very pleasing to see this investment in our people paying off. As the profiles in this report and on the Whai Rawa website show, many members are already using Whai Rawa to help them through university or polytech, to buy their first home, or to access funds to help them later in life. These profiles also provide inspiration and hope for the many other whānau who have signed themselves and their tamariki up with Whai Rawa and have started saving.

What of those yet to join or start saving? From what we know, it seems that most have simply not gotten around to it. We've all heard about the regrets people have later in life about failing to take up opportunities when they were presented; so I implore you all to talk to your whānau and friends to encourage them to make contact with the Whai Rawa team. The team are out around the motu more than ever now, so most people have a good opportunity to meet with them kanohi ki te kanohi. For those who can't meet with them, they are only a phone call away and they would love to hear from you.

It's about rangatiratanga; Whai Rawa is a key to our whānau, hapū and iwi being able to make more and better choices about the future and we need to awahi each other on the journey.

Sir Mark Solomon



He tangata whai rawa, he tūmanako hou
A person with assets is able to hope anew

Storm Uru (Ngāi Tūāhuriri) is off to Oxford University to complete an MBA. It's the latest chapter in his academic career and he's using his Whai Rawa savings to help meet the costs.

Storm already has a long list of qualifications to his name, having completed a Bachelor of Business Studies (Finance), a Postgraduate Diploma in Business (Management) and a Masters in International Business. He is also close to completing his chemistry degree.

He has balanced his study by dedicating equal focus to the successful rowing career that has made him a household name in New Zealand.

Storm and his brother, Jade, grew up in Murihiku, and are longstanding members of the Waihōpai Rowing Club. Thousands of hours of training from a young age have paid off with Storm, and rowing partner Peter Taylor, winning gold at the 2009 World Rowing Championships. Among their other successes are silver and bronze medals at other world championships, and a bronze medal at the 2012 London Olympics.

"I believe that obtaining the highest quality education possible is critical to my professional and personal development."

Asked what his secret is, Storm says "I am motivated and determined to reach my goals. It has taken a lot of hard work and I've made some very difficult choices but I never dreamed I would be in the position I am now. I am enjoying every minute of it."

While studying at Oxford will be expensive, Storm had little hesitation about the move, "I believe that obtaining the highest quality education possible is critical to my professional and personal development. This will provide me with opportunities that I otherwise would not have had, and it will provide a huge new challenge. I have always dreamed about studying at one of the world's foremost academic institutions. It will be a great investment in my future. I did manage to get a scholarship from the Woolf Fischer Trust that helped with my tuition fees."

Once he completes his MBA next year, Storm plans to either work towards competing in the Rio de Janeiro 2016 Olympics, or look for career opportunities in London.

Having used his Whai Rawa savings to help pay for his MBA, Storm says that once he starts working again he will continue to use Whai Rawa to save for his future, and also for his future children's education.

Storm believes that pursuing and achieving personal dreams is all about persistence, goal setting, and not being afraid to "give it a crack".

"Unfortunately that never happens quickly and many things take many years to achieve; you have to be persistent."





He tangata whai rawa, he tūmanako hou
A person with assets is able to hope anew

Bernadette McKinley (Ngāti Wheke) decided to train as a nurse after working at Tauranga hospital as an Administrator since early 2007.

"I looked at different avenues within my workplace to create greater job variety and more challenge, so joined various committees and became our administration delegate. This provided me with a lot of learning and development opportunities and I met some great people,

including some great nurses and nurse leaders that had an influence on me. I also wanted a degree, but not just any degree, it had to tick all the boxes. It had to relate well to my personality and natural skills, I obviously would have to enjoy it, there had to be a reasonable likelihood that I would gain employment at the completion of the degree and it had to offer variety. And there it was, jackpot, nursing! I am truly blessed to do what I actually love."

"Being able to make a Whai Rawa withdrawal saved me. Without it I am not sure how I would have been able to finish".

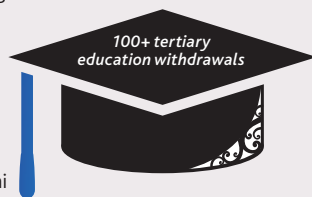
Bernie had saved for her studies and continued to work long hours. Unfortunately this meant she wasn't able to access student benefit entitlements until mid-2 and 3 year and she had used up her savings by the end of her first year.

In the final year of her degree Bernie was struggling to meet all her study related costs, and had exhausted her student loan options, so was very grateful to be able to call on her Whai Rawa savings to help get her through. "Being able to make a Whai Rawa withdrawal saved me. Without it I am not sure how I would have been able to finish". She was then able to complete her nursing degree, and get a placement as a kaupapa nurse, working in the Acute Mental Health Ward at Te Whare Maiangiangi, the Tauranga Hospital. The placement is part of her Postgraduate Certificate in Mental Health Nursing (Specialty Practice and Addiction).

"I have had a superb time during my placement and have received lots of manaakitanga which is really important given the challenging nature of the role. One of the processes in the ward involves asking Tangata Whaiora about their iwi which is a very empowering process for patients and staff; the sense of whanaungatanga, it creates changes in the relationship in a very positive way."

Through her work at the hospital Bernie has also made contact with the taurahere roopū in Tauranga and is looking forward to attending upcoming hui.

"Once I've finished my postgraduate study I hope to continue my mahi at the Tauranga Hospital. I'll then be able to continue saving with Whai Rawa and Kiwisaver to buy my first home for me and my kotiro".



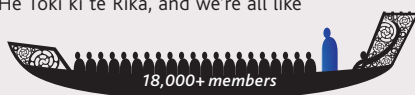


He tangata whai rawa, he tūmanako hou
A person with assets is able to hope anew

Michael Allan (Ngāti Huirapa, Ngāti Wheke, Ngāi Tūāhuriri, Ngāti Irakehu, Ngāi Te Ruahikihiki) took a while before he finally enrolled with Whai Rawa but is now on board. "My aunty had been telling me about it for a while, and that was why I joined."

This year Michael was accepted onto the He Toki ki te Rika trades training programme and he is enjoying learning new skills as part of a group. "I've met some amazing people at He Toki ki te Rika, and we're all like

one big whānau united in a common goal and supporting each other to succeed; probably a similar theme to Whai Rawa. The trades training is something I really love and I've now completed two out of the three modules.



"Once I am qualified I'll be able to get a good building job with lots of opportunities to further improve my skills and income in the future. When I'm working I'll also be able to do some serious saving for my own whare and yes, I'll be letting others know about Whai Rawa, as my Aunty has with me."

Dion and Elly Williams are happy to be secure in their own whare in Titahi Bay which they recently purchased using their Whai Rawa and KiwiSaver accounts. Dion (Awarua, Moeraki and Oraka Aparima), works at the Ministry of Health as Senior Contracts Manager, Minimising Gambling Harm, while Elly (Awarua and Ōtākou), is currently focused on caring for their three tamariki.

"Because we had previously owned a home when we lived in Invercargill we weren't sure if we'd be able to use our Whai Rawa and KiwiSaver accounts to help buy a whare in Wellington," says Dion. "However because we had only a little equity from our place in Invercargill, we still met the KiwiSaver first home buyer criteria which in turn meant we qualified for a special circumstances Whai Rawa home purchase withdrawal."

"Whai Rawa requires minimal effort. The combination of Ngāi Tahu matching our base savings, providing distributions and meeting most of the running costs is great. Add to that the investment returns and it's a fantastic opportunity."

For Elly, owning a home provides a sense of soundness and completeness. "We can now make a whānau home that is our place – for us. Renting has many benefits in terms of flexibility, but you never feel fully settled. We are now settled and we can stamp our own mark on the place and make it ours. It will help us creating more lasting memories for the children. It provides us with security and the comfort of knowing we have made an investment in us and our children."

The focus for Dion and Elly is now on ensuring their kids continue to save to allow them the same and better opportunities in education and housing. While they are also contributing to their own accounts saving for retirement, they also know Whai Rawa will allow them to

transfer funds to their tamariki when they need it to buy a home or for tertiary study. "Having that flexibility is great and is one of the many great Whai Rawa benefits. Whai Rawa requires minimal effort" says Elly. "The combination of Ngāi Tahu matching our base savings, providing distributions and meeting most of the running costs is great. Add to that the investment returns and it's a fantastic opportunity." As Dion adds "Little amounts can make a big difference."



He tangata whai rawa, he tūmanako hou A person with assets is able to hope anew

Meredith Ryan, who affiliates to Awarua, works as a graduate surveyor with Bonisch Consultants in Invercargill and recently brought her first home with some help from her Whai Rawa account.

"I made my decision to buy a house because I was tired of shifting around and being unable to turn a house into a home. Being at the mercy of landlords and having to deal with flatmates who weren't always ideal was tiring and I

really wanted a place to call my own – a place to put some roots down. In 2012, I shifted house four times, so I was well and truly over being transient."

Meredith moved home for a few months while she searched for the right place. "I was pretty lucky to be able to do this and save a bit of extra money while I was at it. It took about four months to find the right place within my budget and now it feels pretty good. I can redecorate and add my own touches, so I've really been able to turn it into a home."



Meredith recognises that being able to own her own home is a responsibility but believes it's worth it for the security of having somewhere stable to live. "I can finally have a home rather than a room in a house, and being back close to my whānau is an added bonus.

"Whai Rawa is pretty easy to use. Small contributions add up and the matched saving scheme really does encourage me to ensure I at least save that minimal amount. The process of using my savings to top up my house deposit was also pretty straightforward and when you're scratching around to find a house deposit, having any additional savings available for it is awesome. The Whai Rawa team were great to deal with and helped me to sort a last minute complication with only two days to go before the settlement date. That was such a relief."

Meredith doesn't make massive contributions to her Whai Rawa account, but she finds having an automatic payment means it's easy to save without thinking about it.



"Whai Rawa is pretty easy to use. Small contributions add up and the matched saving scheme really does encourage me to ensure I at least save that minimal amount."

"I'll keep my AP going because any form of forced saving is going to benefit me in the long run. Saving is hard enough but being able to put small amounts away without easy access can only be a good thing. Now that I have my house, I guess the next step is to save towards retirement. I'm not naive enough to think I don't need to save for this and while I might not be able to save a lot, any small amount will help."

Whai Rawa Unit Trust

Financial Statements for the year ended 31 March 2013

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WHAI RAWA UNIT TRUST

Balance Sheet

for the year ended 31 March 2013

	Notes	2013 NZ\$	2012 NZ\$
CURRENT ASSETS			
Cash and Cash equivalents:			
- Cash at Bank (New Zealand Account)	This represents funds held on call	31,052	7,918
- Cash at Bank (Australian Account)		1,688	3,253
Related Party Receivable - Ngāi Tahu	This represents amounts committed by Te Rūnanga to match savings made by members in the first quarter of 2013 (to be distributed in 2014)	647,766	551,884
Contributions Receivable		-	254
Other Receivables		10,097	7,649
Financial Asset Fair Valued Through Profit (on call Mercer Defensive Fund)	8, 9	28,607,336	22,993,456
Total Current Assets		29,297,939	23,564,414
less: CURRENT LIABILITIES			
PIE Tax Payable	These are the funds placed on investment with Mercer and are made up of member and Te Rūnanga contributions plus earnings minus withdrawals	143,259	248,318
Benefits Payable		3	3
Related Party Payables - Ngāi Tahu		722	5,103
Total Current Liabilities		143,984	253,424
TOTAL FUNDS		29,153,955	23,310,990
Represented by:			
Unit Holders' Funds		29,153,381	23,310,626
Reserve Funds		574	364
		29,153,955	23,310,990

The accompanying notes form an integral part of these financial statements.

The Manager approved the issue of these financial statements on 17 June 2013



Tim McGuinness



Diana Crossan

Statement of Changes in Total Funds

for the year ended 31 March 2013

	Notes	Unit Holders' Fund NZ\$	Reserve Funds NZ\$	Total NZ\$
Balance as at 1 April 2011		18,075,945	-	18,075,945
Comprehensive income for the year ended 31 March 2012		1,246,593	364	1,246,957
Plus:				
Contributions from Unit Holders	This is the amount contributed by members	2,403,904	-	2,403,904
Ngāi Tahu annual distribution		757,642	-	757,642
Ngāi Tahu newborn distribution	These are the amounts contributed by Te Rūnanga to member accounts	8,409	-	8,409
Ngāi Tahu matched savings		1,482,681	-	1,482,681
Less:				
PIE tax payable on behalf of unit holders		(248,702)	-	(248,702)
Redemptions by Unit Holders	This represents member withdrawal payments	(415,846)	-	(415,846)
Balance as at 31 March 2012		23,310,626	364	23,310,990
Comprehensive income for the year ended 31 March 2013		1,637,359	210	1,637,569
Plus:				
Contributions from Unit Holders		2,602,866	-	2,602,866
Ngāi Tahu annual distribution		665,690	-	665,690
Ngāi Tahu newborn distribution		8,017	-	8,017
Ngāi Tahu matched savings		1,589,964	-	1,589,964
Less:				
PIE tax payable on behalf of unit holders		(143,584)	-	(143,584)
Redemptions by Unit Holders		(517,557)	-	(517,557)
Balance as at 31 March 2012		29,153,381	574	29,153,955

This represents the money left over after the fourth quarterly allocation of earnings to members. This will be added to the earnings to be allocated to members in next quarter.

WHAI RAWA UNIT TRUST

Statement of Comprehensive Income

for the year ended 31 March 2013

	Notes	2013 NZ\$	2012 NZ\$
Investment Income			
Change in fair value of financial asset fair valued through profit	3	1,731,182	1,246,547
Total Investment Income		<u>1,731,182</u>	<u>1,246,547</u>
OTHER INCOME			
Other interest		812	410
Use of Money Interest		1	-
Investment management fee rebate		37,010	28,704
Investment management fee reimbursed		28,629	95,681
Bank charges reimbursed		11,319	13,391
Total Other Income		<u>77,771</u>	<u>138,186</u>
EXPENSES			
Investment management fee		(160,065)	(124,385)
Bank charges		(11,319)	(13,391)
		<u>(171,384)</u>	<u>(137,776)</u>
Net Profit before Taxation		<u>1,637,569</u>	<u>1,246,957</u>
Income tax expense	5	-	-
Net Profit after Taxation		<u>1,637,569</u>	<u>1,246,957</u>
Total Comprehensive Income		<u>1,637,569</u>	<u>1,246,957</u>

This represents the increase of the undistributed earnings on funds invested

This represents expenses met by Te Rūnanga. See note 8 for more information

The accompanying notes form an integral part of these financial statements.

WHAI RAWA UNIT TRUST

Statement of Cash Flows

for the year ended 31 March 2013

	Notes	2013 NZ\$	2012 NZ\$
Cash flows from operating activities			
Cash provided from:			
Interest received		812	410
Use of Money Interest		1	-
Reimbursement of costs		56,419	103,920
Redemption of funds - Mercer		150,000	110,000
less: Cash applied to:			
Application of funds - Mercer		(4,158,200)	(4,374,000)
Net cash outflow from operating activities	6	(3,950,968)	(4,159,670)
Cash flows from financing activities			
Contributions received		2,598,738	2,398,634
Ngāi Tahu annual distribution and matched savings		2,140,000	2,200,000
		4,738,738	4,598,634
less: Cash applied to:			
Taxation paid on behalf of unit holders		(248,757)	(31,765)
Withdrawals		(517,444)	(415,481)
		(766,201)	(447,246)
Net cash inflow from financing activities		3,972,537	4,151,388
Net increase/(decrease) in cash held		21,569	(8,282)
Add cash at start of period		11,171	19,453
Cash and cash equivalents at end of period		32,740	11,171
Cash and Cash Equivalents for the purpose of the Statement of Cash Flows comprise of:			
Cash at bank - New Zealand Account		31,052	7,918
Cash at bank - Australian Account		1,688	3,253
		32,740	11,171

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2013

1. Trust Description

The Trust is a unit trust formed under the Unit Trust Act 1960 to operate for the benefit of members by way of encouraging savings for retirement and other benefits. The Trust is domiciled in New Zealand and the address of its registered office is 71 Corsair Drive, Wigram, Christchurch. The Trust was established in 2006 and under the Trust Deed the Trust is to be wound up 80 years from its establishment date.

Funding Arrangements

Under the Trust Deed, contributions are made by Trust unit holders and Te Rūnanga o Ngāi Tahu (TRONT) match the contributions to a certain value. For the period ended 31 March 2013, TRONT have matched unit holder contributions at the rate of \$4 for every \$1 contributed by child unit holders, and \$1 for every \$1 contributed by adult unit holders. Each member enrolled with Whai Rawa before their first birthday is entitled to a \$60 newborn distribution (subject to Māori authority tax credits and RSTC deductions). The maximum contribution from TRONT is presently \$200 per Unit Holder.

Termination Terms

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

Changes in the Trust Deed

There have been no amendments to the Trust Deed during the year.

Nature of Operations

The Trust obtains funding from its members and TRONT who provide an annual distribution and matched savings distribution on behalf of the members of the Trust. The Trust then invests these funds in highly liquid investments to derive investment income for the members of the Trust.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Reporting Act 1993.

Statement of Compliance

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

Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of investments categorised as financial assets fair valued through profit or loss which are measured at fair value at balance date.

Presentational Currency

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

Classification of Assets and Liabilities

Assets and liabilities are disclosed in the Balance Sheet in an order that reflects their relative liquidity.

Accounting Policies

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

Investments

Investments are recognised and derecognised on the trade date and are initially measured at fair value. Investments are categorised as fair value through profit or loss. As the Trust's business is investing in financial assets with a view to profiting from their total return in the form of interest, distributions or increases in fair value investments are designated as fair value through profit or loss on initial recognition. Financial assets designated as at fair value through profit or loss, are measured at subsequent reporting dates at fair value, which is the bid price at which the investment is quoted.

Taxation

On 1 October 2007, the Trust became a Portfolio Investment Entity (PIE) and is taxed at prescribed unit holder tax rates rather than a flat rate of 28%.

Unit Holders' Funds

The unit holders' funds represent entitlements to unit holders and have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

Statement of Cashflows

The cash flows of the Trust do not include those of the investment manager.

The following are the definitions of the terms used in the Statement of Cashflows:

- (a) Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.
- (b) Operating activities include all transactions and other events that are not financing or investing activities. This includes all interest and dividends.
- (c) Financing activities include activities that result in changes in the size and composition of the contributed equity and borrowings of the Trust.
- (d) Investing activities include application and redemption of investment funds.

The presentation of the cash flow statement has been amended from the prior year financial statements to reclassify the application and redemption of investment funds to operating activities as this is the principal activity of the Unit Trust and as such provides a more faithful representation.

Loans and Receivables

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any impairment losses. All known bad debts are written off in profit and loss during the financial year.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows from the asset have been impacted. The amount of the impairment is the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Payables

Trade payables and other accounts payable are initially measured at fair value and are subsequently measured at amortised cost. Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

Guaranteed Benefits

No guarantees have been made in respect of any part of the unit holders' funds.

Goods and Services Tax (GST)

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

Contributions and Withdrawals

Contributions and withdrawals are accounted for on an accruals basis.

Investment Income

Interest income, distribution income and other income from managed funds are recognised in the Statement of Comprehensive Income to the extent that it is probable that the economic benefits will flow to the Fund and the income can be readily measured.

Impairment Policy

The carrying amounts of tangible assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in Profit or Loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2013

Distributions

In accordance with the Trust Deed the Trust, at the Trust Manager's discretion, may distribute to unit holders by way of cash or reinvestment into the Trust its distributable income. Distributable income equals all income after deduction of fees, expenses, taxes and any amount the manager considers prudent to withhold. Distributions to unit holders comprise the income of the Trust to which unit holders are presently entitled. The distributions are payable on a quarterly basis at the end of June, September, December and March.

Redemptions

Redemptions from the Fund are recorded gross of any exit fees payable, if any, to the Fund's manager. The redemption value is determined as the current value of the Fund account less any transaction costs, if any, plus any additional net earnings entitlements.

Critical Judgement and Accounting Estimates

The Trustees have applied their judgement in selecting the accounting policy to designate financial assets and financial liabilities through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as quoted market prices are readily available. 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 in an active market.' For further details please refer to note 9 (Fair Value).

Adoption of new and revised Standards and Interpretations

The Trust has adopted all new standards issued by the New Zealand External Reporting Board which are effective for the current year, however these standards have had no impact on these financial statements.

Standards and Interpretations in issue not yet adopted

The following are the new or revised Standards or Interpretations in issue, of relevance to the Trust, that are not yet required to be adopted by entities preparing financial statements for periods ending on 31 March 2013:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 9 'Financial Instruments'	1 January 2015	31 March 2016
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	31 March 2014

3. Change in Fair Value

	2013 NZ\$	2012 NZ\$
Mercer Defensive Fund - unrealised	1,731,182	1,246,547

The Trust invests through the Mercer Defensive Fund which was made up of assets including Cash, Government Bonds, Global Bonds, NZ and Overseas Shares, NZ and Overseas Property. The Mercer Defensive Fund achieved a before tax and investment management fee return of 7.71% for the year ended 31 March 2013. (2012: 7.16%).

4. Total Operating Income

Total operating income is calculated as the sum of total investment income and other income.

	2013 NZ\$	2012 NZ\$
Total Investment Income	1,731,182	1,246,547
Total Other Income	77,771	138,186
	<u>1,808,953</u>	<u>1,384,733</u>

5. Income Tax

Income tax is calculated as follows:

Net Profit	1,637,569	1,246,957
Non assessable income and expenditure	(1,637,569)	(1,246,957)
Taxable profit	-	-

The Trustees elected for the Trust to become a Portfolio Investment Entity (PIE) with effect from 1 October 2007.

As a PIE, the Trust allocates income on a daily basis to each investor and deducts tax from that allocated income at the prescribed investor rate for each investor. The tax that is paid to the Inland Revenue is not shown as income tax in the profit or loss, rather it is part of the distribution to Unit Holders. PIE tax payable by the Trust, on behalf of the members, is recognised in the balance sheet at amortised cost. The Investment Manager calculates the Trust's return on a gross basis (pre tax) rather than a net basis (tax paid). The Trust will calculate the total taxable income for the year and tax the unit holders on the basis of their share of the taxable income at their prescribed investor tax rates.

6. Reconciliation of Net Profit After Tax to Net Cash Flows from Operating Activities

	2013 NZ\$	2012 NZ\$
Net Profit After Tax	1,637,569	1,246,957
Add/(less) non-cash items:		
Unrealised (Gains)/Losses on Mercer Investment	(1,731,182)	(1,246,547)
Reimbursement of Costs	56,419	-
Investment Manager's Fees - (Net of rebates and refunds)	94,426	103,920
Redemption of funds - Mercer	150,000	110,000
Application of funds - Mercer	<u>(4,158,200)</u>	<u>(4,374,000)</u>
Net cash outflow from operating activities	(3,950,968)	(4,159,670)

7. Reserve Account

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

- (a) An initial contribution of \$ 10 as the minimum issue price for a Unit; and
- (b) Credited Earnings as calculated pursuant to clause 18; and
- (c) Unclaimed benefits; and
- (d) Allocations to Savings Accounts, Third Party Accounts, Transfer Accounts, Distribution Accounts, Matched Savings Accounts and Corporate Accounts; and
- (e) Any unclaimed monies that can properly be paid to external parties; and
- (f) Meeting any expenses of the Trust; and
- (g) Any amounts forfeited to the Trust; and
- (h) Any other amounts that can properly be credited or debited to the account;

provided that if there are insufficient funds in the Reserve Account to meet the expenses of the Trust or if the Trust or any Portfolio has incurred a negative earning rate pursuant to clause 18 then the Manager may determine that such expenses or negative earnings be debited to Members' Accounts in proportion to these account balances or in the case of a negative earning rate incurred in respect of a Portfolio then on such proportionate basis as the Manager considers equitable having regard to any relevant Portfolio Elections.

8. Financial Instruments

The Trust 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.

Financial Instruments by Category	As at 31 March 2013		As at 31 March 2012	
	Loans and Receivables	Assets at fair value through profit or loss	Loans and Receivables	Assets at fair value through profit or loss
	NZ\$	NZ\$		
Assets as per the balance sheet				
Trade and other receivables	657,863	-	559,787	-
Financial assets at fair value through profit or loss	-	28,607,336	-	22,993,456
Cash and cash equivalents	<u>32,740</u>	<u>-</u>	<u>11,171</u>	<u>-</u>
Total	690,603	28,607,336	570,958	22,993,456
Liabilities as per the balance sheet				
Other payables	<u>725</u>	<u>-</u>	<u>5,106</u>	<u>-</u>
Total	725	-	5,106	-

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2013

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 Trust to credit risk consist of cash and cash equivalents and receivables. The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparty of the Trust is its investment manager (Mercer Investment Trust New Zealand), which the Trustees consider to be a financial institution of high quality. The investments are held in trust by the investment manager for the benefit of the Trust. The Trust does not require collateral or other security to support financial instruments with credit risk.

Market Risk

Market risk is the risk that market factors such as interest rates, equity prices, unit prices or foreign exchange rates will affect the Trust's income or the fair value of the investments. It is not the Trust's policy to hedge its exposures to market risk. The Trust has specific policies and procedures for identifying and evaluating investment opportunities.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust is exposed to currency risk in that future currency movements will affect the valuation of foreign currency denominated investments. The Trust is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unithised products which invest in foreign currency denominated investments. Risk management activities are undertaken by the Trust's Investment Manager to operate within the guidelines provided by the Trustees.

Other Price Risk

Other price risk is the risk that the value of the Trust's investments will increase or decrease due to a change in the unit prices of the Trust's managed funds. The Trust is exposed to other price risk through its investments in unithised trusts. The Trust is indirectly exposed to underlying equities. The Investment Managers track these underlying equities on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns. The Trustees in conjunction with the asset consultant receive monthly reports from the Investment Manager which are reviewed in detail and assessed against relevant asset allocation profiles and performance targets.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in managed funds which invest in cash and fixed interest investments. There is no maturity period for unithised investments.

The Trust's interest rate risk is monitored on a daily basis by the Investment Manager in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Trustees monitor interest rate risk on a monthly basis by monitoring of asset allocation and performance against relevant asset allocation profiles and performance targets.

Sensitivity Analysis

A 1% increase/decrease in the unit price of the Mercer Defensive Fund would have a positive/adverse impact on the value of the Trust's assets by \$286,000. (2012: \$230,000). Any such change in the Trust's assets would be recognised in profit or loss.

Liquidity Risk

Liquidity risk represents the risk that the Trust may not have the financial ability to meet its contractual obligations. The Trust evaluates its liquidity requirements on an ongoing basis. All financial assets at fair value through profit and loss are on call. There are no significant financial liabilities.

Capital Management

The Trust's Capital includes Unit Holders Funds. The Trust's policy is to maintain a strong capital base so as to maintain members and creditors confidence and sustain future growth of the Trust. There have been no material changes to the Trust's management of capital during the period.

9. 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 Trust's accounting policies. The Trust 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).
- 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "quoted in an active markets" requires significant judgement by the Trustees. The Trustees consider "quoted in an active markets" to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market, based on which the Trustees believe the Trust's investments should be classified as level 2 investments.

The following table analyses within the fair value hierarchy the Trust's financial assets and liabilities (by class) measured at fair value:

March 2013:

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	28,607,336	-	28,607,336
Total Assets	-	28,607,336	-	28,607,336

March 2012:

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets designated at fair value through profit or loss	-	22,993,456	-	22,993,456
Total Assets	-	22,993,456	-	22,993,456

10. Related Parties

Te Rūnanga o Ngāi Tahu (TRONT) make contributions under a matched savings programme in accordance with a prospectus dated 20 September 2012, for the current period these matched savings were \$1,589,964 (31/03/12: \$1,482,681). \$626,839 (2012: \$523,168) has been accrued at balance date. TRONT also made an annual distribution of \$665,690 (31/03/12: \$757,642) for the period on behalf of the members. TRONT also made an annual newborn distribution of \$8,017 (31/03/12: \$8,409). The beneficiaries of TRONT are eligible to participate in Whai Rawa Trust. From 1 July 2012, Whai Rawa Trust began paying the investment management fee with TRONT paying the remaining administration costs of the Trust and of the Whai Rawa Scheme as a whole. All of these costs are included in TRONT's annual accounts. All related party transactions are at arms length.

11. Contingent Liabilities and Commitments

There are no significant contingent liabilities and commitments. (31/03/12: Nil)

12. Events After Balance Date

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WHAI RAWA UNIT TRUST

Report on the Financial Statements

We have audited the financial statements of Whai Rawa Unit Trust on pages 8 to 17, which comprise the balance sheet as at 31 March 2013, and the statement of comprehensive income, statement of changes in total funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the trust's members, as a body, in accordance with Section 11 of the Unit Trust Act 1960. Our audit has been undertaken so that we might state to the trust'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 trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Managers' Responsibility for the Financial Statements

The Board of Directors of the Manager is responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand, and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Directors of the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Other than in our capacity as auditor we have no relationship with or interests in Whai Rawa Unit Trust.

Opinion

In our opinion, the financial statements on pages 8 to 17:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Whai Rawa Unit Trust as at 31 March 2013, and its financial performance and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2013:

- we have obtained all the information and explanations we have required
- in our opinion proper accounting records have been kept by Whai Rawa Unit Trust as far as appears from our examination of those records.



Chartered Accountants
25 June 2013
Christchurch, New Zealand

This audit report relates to the financial statements of Whai Rawa Unit Trust for the year ended 31 March 2013 included on Whai Rawa Unit Trust's website. The Manager is responsible for the maintenance and integrity of Whai Rawa Unit Trust's website. We have not been engaged to report on the integrity of the Whai Rawa Unit Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 25 June 2013 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS

WHAI RAWA FUND LIMITED DIRECTORS

Whai Rawa Fund Limited manages Whai Rawa. It is a company wholly owned by Te Rūnanga o Ngāi Tahu. The directors of Whai Rawa Fund Limited are:

Diana Crossan (Chair)

After graduating from Otago University and the University of Wales, Diana has worked extensively in the business and public sectors and has held numerous voluntary and community roles. Her financial services industry experience began with AMP in New Zealand and the UK.

Diana has held several senior roles in the public service and has been on many boards including New Zealand Post and Mighty River Power Limited. Prior to her current position at Wellington Free Ambulance as CEO, she was the Retirement Commissioner, a position she held for 10 years.

Sir Tipene O'Regan (Kaiārahi)

Sir Tipene was the long serving Chairman of the Ngāi Tahu Māori Trust Board and led the Ngāi Tahu Treaty Settlement process which concluded in 1998.

He has held a wide variety of company directorships and chairmanships in both the public and private sectors in New Zealand and Australia and is a Distinguished Fellow of the Institute of Directors.

Sir Tipene was the founding Chairman of the Māwhera Incorporation, the Ngāi Tahu Holdings Corporation and the reconstituted Sealord Group Ltd. He is currently on the Advisory Board for the University of Otago Business School and Chairs Ngā Pae o Te Maramatanga, (CORE) University of Auckland.

He holds honorary degrees from the University of Canterbury, Lincoln University and Victoria University of Wellington.

Hon. David Caygill

David served on the Christchurch City Council for three terms (1971-80).

In 1978 he was elected to Parliament and was a Member of Parliament for 18 years, including six years (1984-90) as a Minister of the Crown. During the Lange and Palmer governments he held a number of ministerial portfolios, including Minister of Trade and Industry (1984-88), Minister of Health (1987-88) and Minister of Finance (1989-90).

Following his retirement from politics in 1996, he returned to his former profession as a lawyer, joining

Buddle Findlay as a partner specialising in public law.

In December 2003 he left Buddle Findlay and was appointed Deputy Chair of the Commerce Commission and subsequently, Chair of the Electricity Commission.

David has held a number of governance roles in both public and private sectors. He is currently Deputy Chair of the Environment Canterbury Commissioners.

Tim McGuinness

Tim has held senior executive and board / trustee positions with substantial New Zealand based investment management organisations and funds for over 15 years, and has extensive specialist knowledge and experience built up through involvement with managing investment funds for over 25 years.

He is currently Chairman of Trustees of the Dairy Industry Superannuation Scheme and Fonterra Superannuation Scheme and a trustee of the New Zealand Fire Service Superannuation Scheme, and the Police Superannuation Scheme. He is also a director of Union Medical Benefits Society Limited ('Unimed').

He was on the Board of the Government Superannuation Fund Authority for 10 years (including three as Chair) and Board of the Earthquake Commission for eight years.

These positions followed senior fund management positions with Royal & Sun Alliance and Norwich Union / State Insurance.

Kristen Kohere-Soutar

Kristen is Head of Specialist Markets at Kiwibank. Her duties entail an enterprise wide role across key divisions of the bank. Her work has a particular focus in business markets, providing specialist integrated planning for the bank to assist Māori and iwi enterprises with their capital requirements and asset management.

Other positions she currently holds include: Director of the Ngāti Porou Holdings Company, Director of Aotearoa Credit and Trustee of her whānau farm, Rangiatā Ahuwhenua Trust.

Kristen was previously a Trustee on the ASB Community Trust. She graduated from Auckland University with a BA/LLB.



Te Rūnanga o **NGĀI TAHU**

WhaiRawa NGĀI TAHU

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Cover photo: *He Toki ki te Rika*
Māori trade trainees and Whai
Rawa members Michael Allan
and Matene Frost on the job.