

Whai Rawa NGĀI TAHU
Annual Report 2015



From the Kaiwhakahaere

Nine years on from its commencement, Whai Rawa continues to attract more whānau and more funds. With over 20,000 now enrolled as members, over \$43 million in funds, and over \$3 million already paid out in member withdrawals, the Whai Rawa waka is truly on its journey to delivering better education, housing and retirement outcomes to Ngāi Tahu whānau.

However, this is not the time to be complacent; too many whānau are yet to get on board. That's why the current review of Whai Rawa is important. It enables us to identify improvements that will mean Whai Rawa can better assist whānau to achieve financial independence.

I want to convey my special thanks to outgoing WRFL directors, Chair Diana Crossan and David Caygill, for their contributions to Whai Rawa since its inception. They have, along with the other Whai Rawa directors, worked closely with Te Rūnanga to create the strong and stable framework that Whai Rawa will continue to develop.

Again, thank you to all already on board the Whai Rawa waka. Please share these results with whānau so that all can know about the benefits available.

Tā Mark Solomon



From the Outgoing Whai Rawa Chair

WHAI RAWA FUND LIMITED CHAIR

Whai Rawa Fund Limited (WRFL) operates under a mandate from Te Rūnanga o Ngāi Tahu to manage Whai Rawa. It has been my privilege to be Chair of the WRFL Board since the launch of Whai Rawa in 2006.

Highlights for me from my nine years as Chair have been:

- the maintenance of good financial accounts and the development of sound systems contributing to confidence amongst whānau and other stakeholders;
- the positive returns achieved by the Fund year on year, even through the difficult years of the global financial crisis; and most importantly
- the steady growth of the fund and whānau membership, due first and foremost to the foresight of whānau enrolling their tamariki and saving for them.

My hope for the future is that more and more whānau will join Whai Rawa so that all Ngāi Tahu will be able to save and invest for better education, home ownership, and retirement.

Thank you to my fellow founding directors for their support and collective wisdom that has enabled Whai Rawa to develop to the point it is at today. Most of all, thank you to all whānau who have participated in Whai Rawa in any way, and for trusting me to hold the precious taonga that is Whai Rawa. It is a truly groundbreaking initiative that will continue to grow and deliver life changing benefits to Ngāi Tahu Whānui.

Diana Crossan



From the Incoming Whai Rawa Chair

It's my great honour and privilege to have been appointed as Chair of WRFL following in the footsteps of inaugural Chair Diana Crossan. The founding board, under Diana's leadership, has set a sound platform for the future. I, along with the other new directors, will do my utmost to ensure Whai Rawa continues to grow alongside the aspirations of Ngāi Tahu Whānui.

Along with my appointment as Chair, there have been a number of other changes in the makeup of the WRFL board. Following the departure of Tā Tipene O'Regan last year, we have this year farewelled Chair Diana Crossan, and another founding board member, David Caygill. In their place we have been fortunate to recruit some high calibre directors: Chris Murphy, Paul Mersi, and Martin Hawes. Together with the other directors, Fiona Pimm and Tim McGuinness, they ensure the Board has the necessary range of skills to ensure Whai Rawa continues to be well governed.

The past year also saw the appointment of David Tikao to oversee the day to day management of Whai Rawa. David has brought a new set of skills to the complex challenges of managing the day to day running of a savings programme with over 20,000 members. The Board works hand in hand with him to ensure the ongoing success of Whai Rawa.

Under my leadership we will continue our efforts to reach out and connect with whānau around the rohe and the motu. While meeting kanohi ki te kanohi can be more expensive than less direct forms of communication, we know whānau value the opportunity to build relationships with those entrusted with ensuring their funds are well managed.

We continue to work towards enabling whānau to make well informed decisions about their personal finance.

We are also continuing our work to look at options for providing investment choice to enable whānau to maximise the benefits of their Whai Rawa accounts.

The 2015 financial statements have once again had a clear audit and the statements are included in this annual report. We encourage members to contact the Whai Rawa team if they have any queries about these financial statements and/or any other matters relating to Whai Rawa.

Na reira kia kaha ra ki te Whakatōpū moni ahakoa ngā piki me ngā heke, me hangai ki te kaupapa oranga nei.

Kristen Kohere-Soutar



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

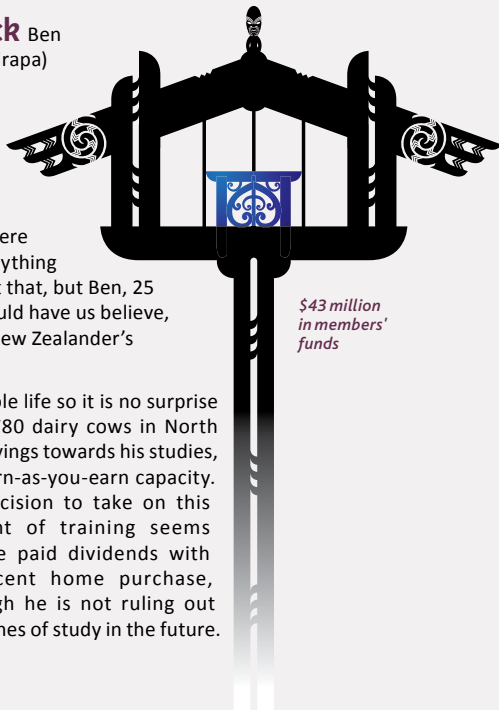
Ben Black Ben Black (Kāti Huirapa) withdrew his Whai Rawa savings a couple of years ago to purchase his first home. There may not be anything unusual about that, but Ben, 25

was one of the few bucking the trend that media would have us believe, by being a homeowner at an early age. On average New Zealander’s purchase their first home in their 30’s.

Ben has been exposed to the farming sector his whole life so it is no surprise he manages the 220 hectare whānau farm with 780 dairy cows in North Canterbury. He could have utilised his Whai Rawa savings towards his studies, but chose to undertake workplace training in a learn-as-you-earn capacity.

Ben, 25 was one of the few bucking the trend that media would have us believe, by being a homeowner at an early age.

The decision to take on this element of training seems to have paid dividends with his recent home purchase, although he is not ruling out other lines of study in the future.



\$43 million in members’ funds



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



Maurice Manawatu

Maurice (Ngāti Kuri) and wife Heather balance lots of values in running their successful business and interesting life.

Offering land-based eco-cultural tourism in and around the Kaikōura region, Māori Tours Kaikōura was established in 2001. Maurice's upbringing in Kaikōura and early work experiences, such as having to talk to a 1,000 people at Parihaka as an 18 year old, and guiding the Te Māori exhibition, provided the perfect background for the creation of the business.

14 years later Māori Tours Kaikōura continues to be a popular attraction. Feedback from guests who have been on the tours back that up, and Christmas cards still arrive from guests who went on the very first tours. The feedback from guests keeps Heather and Maurice focused and energised

reminding them that Maori Tours Kaikōura has, and is, making a difference in people's lives.

It's not only the guests who experience this difference; Māori Tours Kaikōura is a whānau friendly business.

“For those that are lucky enough to be Ngāi Tahu we make sure they know about the benefits of Whai Rawa.”

Heather and Maurice are also looking at adding to the benefits Whai Rawa provides by paying staff more if they are contributing to Whai Rawa somewhat like KiwiSaver employer contributions. As Heather explains “If they agree, we can pay their contribution directly to Whai Rawa. It's easy for us and them. It's also good for them to be thinking about whether they might want to do some

study or a trade at some time and about owning their own whare.”

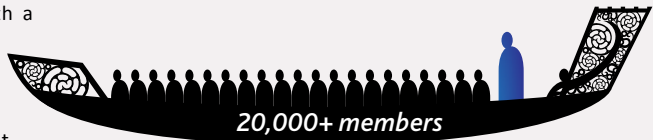
Meanwhile the business continues to develop and a new website showcases the Group Tours as well as facilitating online sales. Half of the business comes from the educational sector and new developments are designed to reinforce that relationship. The balance between traditional business and the unique values associated with a

Māori business

are real. It is a careful

balancing act and management of that aspect has bought the

business to its current level. Decision making is based upon traditional values and when apparent conflicts arise, negotiation and consensus are used to find a way forward. These traditional Māori values work well.





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

Ondine Grace “You WHAT?” This was the reaction when the then 20-year-old Ondine Grace (Ngāti Kuri) told her friends that she was buying her first whare. Even more shocking for some of her friends, who had see-money-and-spend-it tendencies, was that Ondine had saved \$22,000.

Ondine’s mātua had always told their tamariki to buy property as soon as they could. When the whānau returned to Aotearoa in 2008 from three years living in France, the whānau all opened KiwiSaver accounts.

Ondine began topping up her KiwiSaver account before she even started working full time – thanks in part to a KiwiSaver housing deposit subsidy, which is a KiwiSaver benefit for first-home owners. When she started a full-time job Ondine diverted eight per cent of her salary plus an extra \$30 to \$50 a week into KiwiSaver. Her employer also contributed.

Ondine had other tricks to ratchet up her savings. Every day or two she would check her bank balance and transfer small amounts into her savings. If for example there was \$123 in her account, she’d transfer the \$23 to her savings “to help save a wee bit more”.

“I always bought second-hand clothes and I didn’t have a car until a few years ago,” she adds. Even when she bought a car, she tried to drive it as little as possible.

Whānau do it by saving hard, and thinking outside of the square. The “it’s impossible to buy a median-priced home” attitude never got anyone into their own whare.



51 first home home withdrawals for the year

Over the four years from 2008 to 2012 Ondine also saved nearly \$4,800 into Whai Rawa. With matched savings, annual distributions and accumulated earnings, she withdrew nearly \$7,000 towards the cost of the \$182,000 property.



203 Retirement withdrawals

Ondine is living proof that it’s not impossible in Aotearoa for young people to buy a whare and gain the financial stability that comes with it. Whānau do it by saving hard, and thinking outside of the square. The “it’s impossible to buy a median-priced home” attitude never got anyone into their own whare.

– report by Diana Clement

Diana Clement is a freelance journalist who writes on personal finance, and property investing.



WHAI RAWA UNIT TRUST

Financial Statements For The Year Ended 31 March 2015

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WHAI RAWA UNIT TRUST

Balance Sheet

as at 31 March 2015

	Notes	2015 NZ\$	2014 NZ\$
ASSETS			
Cash and Cash equivalents:	This represents funds held on call		
- Cash at Bank (New Zealand Account)		12,156	39,183
- Cash at Bank (Australian Account)	This represents amounts committed by Te Rūnanga to match savings made by members in the first quarter of 2015 (to be distributed in 2016)	6,911	993
Related Party Receivable - Ngāi Tahu		724,275	670,164
Other Receivables		6,125	12,151
Financial Asset Fair Valued Through Profit (on call Mercer Conservative Fund)	9	43,824,311	35,480,679
Total Assets		44,573,778	36,203,170
less: 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	361,136	484,087
Benefits Payable		135	133
Prepaid Contributions			531
Related Party Payables - Ngāi Tahu		257,546	326,196
Total Liabilities		618,817	810,947
TOTAL FUNDS		43,954,961	35,392,223
Represented by:			
Unit Holders' Funds		43,954,509	35,391,793
Reserve Funds		452	430
		43,954,961	35,392,223

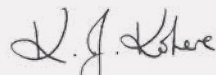
The accompanying notes form an integral part of these financial statements.

The Manager approved the issue of these financial statements on ...



.....
Diana Crossan

Date.....25 May 2015.....



.....
Kristen Kohere-Soutar

Date.....25 May 2015.....

WHAIRAWA UNIT TRUST

Statement of Changes in Total Funds

for the year ended 31 March 2015

	Unit Holders' Funds	Reserve Funds	Total
Balance as at 1 April 2013	29,153,381	574	29,153,955
Comprehensive income for the year ended 31 March 2014	2,132,088	(144)	2,131,944
Plus:			
Contributions from Unit Holders	3,100,893	–	3,100,893
Ngai Tahu annual distribution	607,313	–	607,313
Ngai Tahu newborn distribution	10,641	–	10,641
Ngai Tahu matched savings	1,685,194	–	1,685,194
Less:			
PIE tax payable on behalf of unit holders	(484,038)	–	(484,038)
Redemptions by Unit Holders	(813,679)	–	(813,679)
Balance as at 31 March 2014	35,391,793	430	35,392,223
Comprehensive income for the year ended 31 March 2015	3,423,907	22	3,423,929
Plus:			
Contributions from Unit Holders	3,626,228	–	3,626,228
Ngai Tahu annual distribution	1,006,050	–	1,006,050
Ngai Tahu newborn distribution	4,483	–	4,483
Ngai Tahu matched savings	1,740,927	–	1,740,927
Less:			
PIE tax payable on behalf of unit holders	(361,500)	–	(361,500)
Redemptions by Unit Holders	(877,379)	–	(877,379)
Balance as at 31 March 2015	43,954,509	452	43,954,961

This is the amount contributed by members

These are the amounts contributed by Te Rūnanga to member accounts

This represents member withdrawal payments

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.

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

Statement of Comprehensive Income

for the year ended 31 March 2015

	Notes	2015 NZ\$	2014 NZ\$
Investment Income			
Change in fair value of financial asset fair valued through profit	3	3,598,577	2,285,407
OTHER INCOME			
Other interest		2,224	1,334
Investment management fee rebate		59,299	45,435
Bank charges reimbursed	11	1,815	2,307
Total Other Income		63,338	49,076
EXPENSES			
Investment management fee		(236,171)	(200,232)
Bank charges		(1,815)	(2,307)
		(237,986)	(202,539)
Net Profit before Taxation		3,423,929	2,131,944
Income tax expense		–	–
Net Profit after Taxation		3,423,929	2,131,944
Total Comprehensive Income		3,423,929	2,131,944

This represents the increase of the undistributed earnings on funds invested

This represents expenses met by Te Rūnanga. See note 11 for more information

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

Statement of Cash Flows

for the year ended 31 March 2015

	Notes	2015 NZ\$	2014 NZ\$
Cash flows from operating activities			
Cash provided from:			
Interest received		2,224	1,334
Reimbursement of costs		230	60
Redemption of funds - Mercer		770,000	250,000
less: cash applied to:			
Application of funds - Mercer		(5,686,000)	(4,994,687)
Net cash (outflow) from operating activities	6	(4,913,546)	(4,743,293)
Cash flows from financing activities			
Contributions received		3,622,146	3,102,488
Ngāi Tahu annual and newborn distributions and matched savings		2,632,118	2,605,000
		6,254,264	5,707,488
less: cash applied to:			
Taxation paid on behalf of unit holders		(484,606)	(144,096)
Withdrawals		(877,221)	(812,663)
		(1,361,827)	(956,759)
Net cash inflow from financing activities		4,892,437	4,750,729
Net (decrease)/increase in cash held		(21,109)	7,436
Add cash at start of period		40,176	32,740
Cash and cash equivalents at end of period		19,067	40,176
Cash and Cash Equivalents for the purpose of the Statement of Cash Flows comprise:			
Cash at bank - New Zealand Account		12,156	39,183
Cash at bank - Australian Account		6,911	993
		19,067	40,176

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

Notes to the Financial Statements

for the year ended 31 March 2015

1. Trust Description

Whai Rawa Unit Trust (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 Rōnanga o Ngai Tahu (TRONT) match the contributions to a certain value. For the year ended 31 March 2015, 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 Maori authority tax credits and RSCT deductions). The maximum contribution from TRONT is presently \$200 per Unit Holder plus any annual distribution.

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

Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP") and the requirements of the Financial Reporting Act 1993. 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") as issued by the International Standards Board.

Basis of Preparation

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 and Functional 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. Investment fund values are supplied by the Investment Manager Mercer Investment Trust New Zealand. Investments are classified at fair value through profit or loss. Financial assets classified at fair value through profit or loss, are measured at subsequent reporting dates at fair value, which is the exit price at which the investment is quoted. Purchases and sales of investments are accounted for at trade date.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2015

2. Summary of Significant Accounting Policies (Cont'd)

Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

When measuring the fair value of an asset or liability, the Trust uses market observable data as far as possible.

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 measurement is based on the presumption that the transaction to sell the asset or transfer a liability takes place either:

- In the principal market of the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or most advantageous market must be accessible by the Trust.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming market participants act in their economic best interests.

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 Funds and borrowings of the Trust.

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 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.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2015

2. Summary of Significant Accounting Policies (Cont'd)

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 accrual basis.

Investment Income

Interest income, distribution income & 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 Trust and the income can be readily measured.

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 Trust's manager. The redemption value is determined as the current value of the Trust 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 certain financial assets 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 through prices provided by the investment manager . 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 prices in an active market." For further details please refer to note 9 (Fair Value).

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 2015:

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 2017	31 March 2018

The Manager does not anticipate the adoption of NZ IFRS 9 to have a significant impact on the Trust.

WHAI RAWA UNIT TRUST

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2015

3. Change in Fair Value	2015 NZ\$	2014 NZ\$
Mercer Conservative Fund	3,598,577	2,285,407

The Trust invests through the Mercer Conservative Fund which is made up of assets including Cash, Government Bonds, Global Bonds, NZ and Overseas Shares, NZ and Overseas Property. The fair value of the Fund is determined using the exit price as calculated by the investment manager at balance date. The Mercer Conservative Fund achieved a before tax and investment management fees return of 10.33% for the year ended 31 March 2015 (12 Months to 31/03/2014: 8.07%).

4. Total Operating Income

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

	2015 NZ\$	2014 NZ\$
Total Investment Income	3,598,577	2,285,407
Total Other Income	63,338	49,076
Total Operating Income	3,661,915	2,334,483

5. Income Tax

Income tax is calculated as follows:

	2015 NZ\$	2014 NZ\$
Net Profit before tax	3,423,929	2,131,944
Non assessable income and expenditure	(3,423,929)	(2,131,944)
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.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2015

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

	2015 NZ\$	2014 NZ\$
Net Profit After tax	3,423,929	2,131,944
Add/(less) non-cash items:		
Unrealised (Gains)/Losses on Mercer Investment	(3,598,577)	(2,285,407)
Reimbursement of Costs	230	60
Investment Manager's Fees - (Net of rebates)	176,872	154,797
Redemption of funds - Mercer	770,000	250,000
Application of funds - Mercer	(5,686,000)	(4,994,687)
Net cash (outflow) from operating activities	<u>(4,913,546)</u>	<u>(4,743,293)</u>

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 and Risk Management

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 2015	Loans and Receivables NZ\$	Assets at fair value through profit or loss NZ\$
Assets as per the Balance Sheet		
Trade and other receivables	730,400	-
Financial assets at fair value through profit or loss	-	43,824,311
Total	<u>730,400</u>	<u>43,824,311</u>
Liabilities as per the the Balance Sheet		
Other Payables	257,681	-
Total	<u>257,681</u>	<u>-</u>

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2015

8. Financial Instruments and Risk Management (Cont'd)

As at 31 March 2014

Assets as per the Balance Sheet	Loans and Receivables NZ\$	Assets at fair value through profit or loss NZ\$
Trade and other receivables	682,315	-
Financial assets at fair value through profit or loss	-	35,480,679
Total	682,315	35,480,679
Liabilities as per the the Balance Sheet		
Other Payables	326,860	-
Total	326,860	-

The Trust's risk management is carried out in accordance with policies set by the Trustees. These policies provide clear structure for managing key financial risks. While their review is ongoing, the Trustees formally review the major risks faced by the Trust on a quarterly basis.

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 Mercer Investment Trust New Zealand (its "Investment Manager"), 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. The Trustees manage and monitor credit risk by agreeing on target asset allocations for the Trust and diversifying the Trust's investment portfolio over a range of investment products.

Concentration of Credit Risk

The majority of the Trust's assets are invested in the Mercer Conservative Fund which is a Portfolio Investment Entity. The Fund is managed by Mercer Investment Trusts New Zealand whose ultimate holding company is Marsh & McLennan Companies Inc, a company incorporated in the United States of America.

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. 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. The Trust is indirectly exposed to market risk in that future currency movements will affect the valuation of investments in unithised products which invest in foreign denominated investments. Risk management activities are undertaken by the Trust's Investment Manager to operate within the guidelines provided by the Trustees.

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.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2015

8. Financial Instruments and Risk Management (Cont'd)

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 uninvested 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 \$438,000. (31/03/2014: \$355,000). Any such change in the Trust's assets would be recognised in the Statement of Comprehensive Income.

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. The Trust's holdings in the Mercer Defensive Fund are considered to be readily realisable. There are no restrictions on the redemption of units as they may be redeemed for cash at any time, subject to the approval of the Trustees. Other financial liabilities of the Trust comprising of accounts payable and accrued expenses and other current liabilities have no contractual maturity date but are typically settled within 30 days or within the timeframe as set out in the Trust Deed.

Capital Risk

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. The Trust's objectives when managing capital risk are to safeguard its ability to continue as a going concern in order to provide returns to its members and to maximise the Trust's members value.

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 is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. 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 "observable" requires significant judgement by the Trustees. The Trust considers "observable" 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.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2015

9. Fair Value (Cont'd)

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

31 March 2015:

Assets - Fair Value Measurement	Level 1	Level 2	Level 3	Total Balance
Unitised Investment Fund:				
<i>Mercer Investment Trust New Zealand</i>				
- Mercer Conservative Portfolio*	-	43,824,311	-	43,824,311
Total Assets	-	43,824,311	-	43,824,311

31 March 2014:

Assets - Fair Value Measurement	Level 1	Level 2	Level 3	Total Balance
Unitised Investment Fund				
<i>Mercer Investment Trust New Zealand</i>				
- Mercer Conservative Portfolio*	-	35,480,679	-	35,480,679
Total Assets	-	35,480,679	-	35,480,679

* During the year the Mercer Conservative Portfolio changed its name from the Mercer Defensive Portfolio.

Investments have been classified as Level 2 as they are unlisted based on prices provided by the Investment Manager.

The Trust invests in managed funds, which are not directly quoted in active markets. The fair value is based upon the unit prices calculated by the Investment Manager.

The unit price is based upon a Net Asset Valuation ("NAV") using observable inputs such as quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The NAV 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 NAV may also have adjustments to reflect fees associated with the Fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

10. Reconciliation of Unit Holding in Mercer Conservative Portfolio

	2015 Units	2014 Units
Opening Balance 1 April	29,070,609 .63	25,091,952 .87
Plus: Applications	4,349,230.09	4,160,855.74
Rebates	51,885.66	37,018.91
	33,471,725.38	29,289,827.52
Less: Redemptions	629,766 .08	219,217.89
Closing Balance 31 March	32,841,959 .30	29,070,609.63

11. Related Parties

Te Runanga o Ngai Tahu (TRONT) make contributions under a matched savings program in accordance with a prospectus dated 22 September 2009, for the current period these matched savings were \$1,740,927 (31/03/2014: \$1,685,194). \$723,640 (31/03/2014: \$669,398) has been accrued at balance date. TRONT also made an annual distribution of \$1,006,050 (31/03/2014: \$607,313) for the period on behalf of the members. TRONT also made an annual newborn distribution of \$4,483 (31/03/2014: \$10,641). The beneficiaries of TRONT are eligible to participate in Whai Rawa Trust. As at 31 March 2015, TRONT reimbursed the Trust for bank fees of \$1,815 (31/03/2014: \$2,307). This cost is included in TRONT's annual accounts.

As at 31 December 2014, unallocated distributions received from TRONT amounted to \$257,546 (31/03/2014: \$326,196). Whai Rawa Fund Limited paid audit fees amounting to \$9,000 (31/03/2014 : \$8,750) and other assurance fees to the auditors amounting to \$11,500 (31/03/2014: \$11,000) on behalf of Whai Rawa Unit Trust.

12. Contingent Liabilities and Commitments

There are no significant contingent liabilities and commitments. (31/03/2014: Nil)

13. 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 UNIT HOLDERS OF WHAI RAWA UNIT TRUST

Report on the Financial Statements

We have audited the accompanying financial statements of Whai Rawa Unit Trust (the "Trust") on pages 8 to 19, which comprise the balance sheet as at 31 March 2015, 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 unit holders, as a body. Our audit has been undertaken so that we might state to the Trust's unit holders 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 unit holders as a body, for our audit work, for this report, or for the opinions we have formed.

Manager's Responsibility for the Financial Statements

The Board of Directors of the Manager is responsible for the preparation of financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and 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.

In addition to our audit, our firm carries out other assurance engagements for the

This audit report relates to the financial statements of Whai Rawa Unit Trust for the year ended 31 March 2015 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 May 2015 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.



Trust including the audit of the unit holders register and the prospectus. Other than the audit and these assignments the firm has no other relationship with or interests in the Trust. These services have not impaired our independence as auditor of the Trust. The firm has no other relationship with, or interest in, Whai Rawa Unit Trust.

Opinion

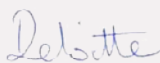
In our opinion, the financial statements on pages 8 to 19:

- comply with New Zealand Equivalents to International Financial Reporting Standards and 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 2015, 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 2015:

- we have obtained all the information and explanations we have required; and
- 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 May 2015
Christchurch, New Zealand

DIRECTORS

WHAI RAWA FUND LIMITED BOARD

Kristen Kohere-Soutar (Ngāi Tūāhuriri, Ngāti Waewae, Ngāti Huirapa, and Ngāti Rakiamō)

Kristen is the Chair of Whai Rawa and has been a member of the WRFL board since 2012. Kristen's previous governance experience includes an eight year tenure as trustee and director of ASB Community Trust, it's ancillary companies, investment committee and distribution panels. She was also a director of Aotearoa Credit Union the second largest and only Maori led credit union operating in NZ. Kristen is currently also a director of Te Rūnanga o Ngāti Porou Holding Company.

Kristen's management roles include the Head of Specialist Markets and Development at Kiwibank and is currently working for New Zealand Trade and Enterprise helping coalitions of NZ export companies to grow their international revenue better, bigger and faster.

Kristen's education was at Queen Victoria Maori Girls School and Auckland University (BA/LLB) and commenced work with KPMG and Minter Ellison in the earlier stages of her career.

Kristen has a passion for iwi and whānau economic development, kapa haka and mōteatea – having tutored and judged secondary and regional adult haka competitions. Kristen is married to Barry Soutar and they have five tamariki between them; Kaakataarau, Tuhaka, Atahu, Ramari and Te Huiarei.

Paul Mersi

Paul is currently an Independent Non-Executive Director of the Wellington Regional Economic Development Agency, and was previously Chair of Grow Wellington Limited and a director of Brook Asset Management. Paul also runs his own consultancy practice specialising in strategic, regulatory and governance matters. He was

a senior Financial Services & Tax Partner at PricewaterhouseCoopers, advising large local businesses and multinationals, predominantly in the finance sector (fund managers, banks, life insurers) as well as being closely involved with major regulatory reform in the tax and performance disclosure fields.

Chris Murphy (Ngāi Tūāhuriri, Ngāti Waewae)


Chris graduated from the University of Canterbury in 1995 and began his professional career as a Business Analyst for Dun & Bradstreet, before joining QBE Trade Credit as Business Development Manager in 2003. While at QBE, Chris completed a Post Graduate Diploma in Business at the University of Auckland.

In 2010, Chris established the New Zealand agency of COFACE which insures Exporters for payment risk and is Managing Director of this business. In 2012, Chris became a Director and Shareholder of surety bond intermediary Bonded NZ. Through the Manawa Nui programme Chris has developed his governance experience as an Associate Director for Ngai Tahu Tourism and Ngai Tahu Holdings.

Tim McGuinness

Tim has held Board and Trustee positions with substantial New Zealand based superannuation and other investment funds for the last 15 years. Prior to that he built up extensive relevant specialist knowledge and experience through involvement with managing investment funds for over 20 years.

Tim 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, the Police Superannuation Scheme, the Westpac New Zealand Staff Superannuation Scheme and the RioTinto New Zealand Retirement Plan.



Tim 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. He holds a license from the Financial Markets Authority as a Licensed Independent Trustee.

Fiona Pimm (Kati Huirapa)

Fiona has worked in the health sector for over 30 years originally as a Nuclear Medicine Technologist and then moving into health service management. She has extensive health sector networks across Aotearoa.

Fiona also has many years' experience in governance roles and is currently on the Board of several education and workforce training organisations and the NZ Parole Board.

Fiona holds a Postgraduate Diploma in Public Health from the University of Otago, an MBA from Massey University and a Diploma in Applied Science, Nuclear Medicine from Royal Melbourne Institute of Technology (RMIT).

Martin Hawes

Martin Hawes is an Authorised Financial Adviser. He has written over 20 books on personal finance, writes a column in the Sunday Star Times each week and frequently comments in the media on financial matters. Martin regularly presents at seminars and is on the Board of New Zealand Income Guarantee Ltd and the Code Committee for Financial Advisers. Martin was born in Timaru, lived many years in Christchurch and currently lives in Queenstown with his partner Joan Baker.



Te Rūnanga o NGĀI TAHU

WhaiRawa NGĀI TAHU

Whai Rawa Fund Limited
Te Waipounamu House
15 Show Place
Christchurch, New Zealand
Tel 0800 WHAI RAWA (942 472)
Fax +64 3 341 6792
whairawa@ngaitahu.iwi.nz
www.whairawa.com

Cover image: Te Pātaka: The storehouse raised upon posts, pantry, larder. The Whai Rawa account is symbolic of and can represent your financial storehouse.