WHAI RAWA UNIT TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

INDEX

WHAI RAWA UNIT TRUST

Statement of Net Assets

As at 31 March 2018

	Notes	31/03/2018 NZ$	31/03/2017 NZ$
Assets			
Cash and cash equivalents:			
- Cash at bank (New Zealand account)		49,810	15,145
- Cash at bank (Australian account)		1,726	4,557
Related party receivables - Ngāi Tahu	11	999,191	869,370
Other receivables		2,015	4,257
Financial asset fair valued through profit or loss (on call Mercer conservative fund)	9	72,330,427	61,306,559
Total Assets		73,383,169	62,199,888
Less: Liabilities			
PIE tax payable		278,240	124,869
Benefits payable		142	142
Related party payables - Ngāi Tahu		15,329	4,932
Total Liabilities		293,711	129,943
Total Funds		73,089,458	62,069,945
Represented by:			
Unit holders' funds		73,088,830	62,069,287
Reserve funds		628	658
		73,089,458	62,069,945

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

The Manager approved the issue of these financial statements on

-- Date 21. 5. 2018

-- Date 21 · 5 · 2018

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Statement of Changes in Total Funds

for the year ended 31 March 2018

	Notes	Unit Holders' Funds	Reserve Funds	Total
Balance as at 1 April 2016		52,081,438	81	52,081,519
Comprehensive income for the period ended 31 March 2017		2,417,805	577	2,418,382
Plus:				
Contributions from unit holders		5,255,034	-	5,255,034
Ngāi Tahu annual distribution	11	2,086,467	-	2,086,467
Ngāi Tahu newborn distribution	11	14,864	-	14,864
Ngāi Tahu matched savings	11	2,048,760	-	2,048,760
Less:				
PIE tax payable on behalf of unit holders		(125,705)	-	(125,705)
Redemptions by unit holders		(1,709,376)	-	(1,709,376)
Balance as at 31 March 2017		62,069,287	658	62,069,945
Comprehensive income for the period ended 31 March 2018		2,868,448	(30)	2,868,418
Plus:				
Contributions from unit holders		5,619,340	-	5,619,340
Ngāi Tahu annual distribution	11	2,620,969	-	2,620,969
Ngāi Tahu child bonus	11	179,675	-	179,675
Ngāi Tahu newborn distribution	11	31,894	-	31,894
Ngāi Tahu matched savings	11	2,330,219	-	2,330,219
Less:				-
PIE tax payable on behalf of unit holders		(279,513)	-	(279,513)
Redemptions by unit holders		(2,351,489)	-	(2,351,489)
Balance as at 31 March 2018		73,088,830	628	73,089,458

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

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WHAI RAWA UNIT TRUST

Statement of Comprehensive Income

for the year ended 31 March 2018

	Notes	31/03/2018 NZ$	31/03/2017 NZ$
Investment Income			
Change in fair value of financial asset fair valued through profit or loss	3	3,167,587	2,674,581
Other Income			
Other interest		1,793	1,652
Investment management fee rebate		23,816	16,300
Bank charges reimbursed	11	2,513	326
Total Other Income		28,121	18,278
Expenses			
Investment management fee		(324,778)	(274,151)
Bank charges		(2,513)	(326)
		(327,291)	(274,477)
Net Profit before Taxation		2,868,418	2,418,382
Income tax expense		-	-
Net Profit after Taxation		2,868,418	2,418,382
Total Comprehensive Income		2,868,418	2,418,382

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

Statement of Cash Flows

for the year ended 31 March 2018

	Notes	31/03/2018 NZ$	31/03/2017 NZ$
Cash flows from operating activities			
Cash provided from:			
Interest received		1,793	1,652
Reimbursement of costs		2,033	1,561
Redemption of funds - Mercer		200,000	237,866
Unclaimed benefits		-	6
		203,826	241,085
Less: cash applied to:			
Application of funds - Mercer		(8,355,000)	(7,596,020)
Costs to be reimbursed		(2,513)	(326)
		(8,357,513)	(7,596,346)
Net cash outflow from operating activities	6	(8,153,687)	(7,355,261)
Cash flows from financing activities			
Cash provided from:			
Contributions received		5,626,045	5,255,034
Ngāi Tahu annual and newborn distributions and matched savings		5,037,107	3,980,108
		10,663,152	9,235,142
Less: cash applied to:			
Taxation paid on behalf of unit holders		(126,142)	(181,097)
Withdrawals		(2,351,489)	(1,709,376)
		(2,477,631)	(1,890,473)
Net cash inflow from financing activities		8,185,521	7,344,669
Net increase/(decrease) in cash held		31,834	(10,592)
Add cash at start of period		19,702	30,294
Cash and cash equivalents at end of period		51,536	19,702

Cash and cash equivalents for the purpose of the Statement of Cash Flows comprise:

		31/03/2018 NZ$	31/03/2017 NZ$
Cash at bank - New Zealand account		49,810	15,145
Cash at bank - Australian account		1,726	4,557
		51,536	19,702

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

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Notes to the Financial Statements for the year ended 31 March 2018

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 15 Show Place, Addington, 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 year ended 31 March 2018, 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 $100 newborn distribution (subject to Māori 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 period.

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. As a for profit entity 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 NZ generally accepted accounting practice ("GAAP") and the requirements of the Financial Markets Conduct Act 2013 (FMC Act). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting 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 Statement of Net Assets 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 of the investment. Purchases and sales of investments are accounted for at trade date.

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.

2 Summary of Significant Accounting Policies (Continued)

Measurement (Continued)

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 Cash Flows

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 Cash Flows:

(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 period.

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 cash flows 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 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 that the Trust Manager considers prudent to withhold.

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Notes to the Financial Statements for the year ended 31 March 2018

2 Summary of Significant Accounting Policies (Continued)

Distributions (Continued)
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
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 period 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 3 and 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 2018:

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 2018	31 March 2019

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

3 Change in Fair Value

	31/03/2018 NZ$	31/03/2017 NZ$
Mercer Conservative Fund	3,167,587	2,674,581

The Trust invests through the Mercer Conservative Fund which is made up of assets including Cash, Government Bonds, Global Bonds, NZ and Overseas Shares in a range of industries including 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 5.22% for the year ended 31 March 2018 (31 March 2017: 5.32%).

4 Total Operating Income

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

	31/03/2018 NZ$	31/03/2017 NZ$
Total Investment Income	3,167,587	2,674,581
Total Other Income	28,121	18,278
Total Operating Income	3,195,708	2,692,859

5 Income Tax

	31/03/2018 NZ$	31/03/2017 NZ$
Income tax is calculated as follows:		
Net Profit before tax	2,868,418	2,418,382
Non assessable income and expenditure	(2,868,418)	(2,418,382)
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.

Notes to the Financial Statements for the year ended 31 March 2018

5 Income Tax (Continued)

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

	31/03/2018 NZ$	31/03/2017 NZ$
Net Profit After tax	2,868,418	2,418,382
Add/(less) non-cash items:		
Unrealised (gains) on Mercer investment	(3,167,587)	(2,674,581)
Reimbursement of costs	2,033	1,561
Unclaimed benefits	-	6
Costs to be reimbursed	(2,513)	(326)
Investment manager's fees - (net of rebates)	300,962	257,851
Redemption of funds - Mercer	200,000	237,866
Application of funds - Mercer	(8,355,000)	(7,596,020)
Net cash outflow from operating activities	(8,153,687)	(7,355,261)

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,
(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 Trust 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 Trust 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 2018	Cash and cash equivalents	Loans and Receivables	Assets at fair value through profit or loss
Assets as per the Statement of Net Assets	NZ$	NZ$	NZ$
Cash and cash equivalents	51,536	-	-
Trade and other receivables	-	1,001,206	-
Financial assets at fair value through profit or loss	-	-	72,330,427
Total	51,536	1,001,206	72,330,427
Liabilities as per the Statement of Net Assets			
Other Payables	-	15,471	-
Total	-	15,471	-

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8 Financial Instruments and Risk Management (Continued)

As at 31 March 2017 Assets as per the Statement of Net Assets	Cash and cash equivalents	Loans and Receivables	Assets at fair value through profit or loss
	NZ$	NZ$	NZ$
Cash and cash equivalents	19,702	-	-
Trade and other receivables	-	873,627	-
Financial assets at fair value through profit or loss	-	-	61,306,559
Total	19,702	873,627	61,306,559
Liabilities as per the Statement of Net Assets			
Other Payables	-	5,074	-
Total	-	5,074	-

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, receivables and financial assets at fair value through profit or loss. 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 and comprise investments in cash, fixed income, shares and real estate assets. The credit risk is predominantly on the cash and fixed income assets and real estate assets. 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 unitised 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 unitised 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 unitised 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 unitised 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.

Notes to the Financial Statements for the year ended 31 March 2018

8 Financial Instruments and Risk Management (Continued)

Sensitivity Analysis

A 1% increase/decrease in the unit price of the Mercer Conservative Fund would have a positive/adverse impact on the value of the Trust's assets by $723,000 (31 March 2017: $613,000). Any such change in the value of the Mercer Conservative Fund 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 highly liquid. There are no significant financial liabilities.

The Trust's holdings in the Mercer Conservative 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.

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

31 March 2018:

Assets - Fair Value Measurement	**Level 1**	**Level 2**	**Level 3**	**Total Balance**
Unitised Investment Fund:				
Mercer Investment Trust New Zealand				
- Mercer Conservative Portfolio	-	72,330,427	-	72,330,427
Total Assets	**-**	**72,330,427**	**-**	**72,330,427**

31 March 2017:

Assets - Fair Value Measurement	**Level 1**	**Level 2**	**Level 3**	**Total Balance**
Unitised Investment Fund				
Mercer Investment Trust New Zealand				
- Mercer Conservative Portfolio	-	61,306,559	-	61,306,559
Total Assets	**-**	**61,306,559**	**-**	**61,306,559**

Notes to the Financial Statements for the year ended 31 March 2018

9 Fair Value (Continued)

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

	31/03/2018 Units	31/03/2017 Units
Opening Balance 1 April	42,068,592	36,975,256
Plus: Applications	5,497,779	5,252,085
Rebates	17,451	10,914
	47,583,822	42,238,255
Less: Redemptions	(135,365)	(169,663)
Closing Balance	47,448,457	42,068,592

11 Related Parties

Te Rūnanga o Ngāi 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 $2,330,219 (2017: $2,048,760). TRONT also made an annual distribution of $2,620,969 (2017: $2,086,467) for the period on behalf of the members. TRONT also made an annual newborn distribution and child bonus of $211,569 (2017: $14,864). $998,385 has been accrued at balance date in relation to the contributions of this nature (2017: $869,043). The beneficiaries of TRONT are eligible to participate in Whai Rawa Unit Trust. As at 31 March 2018, TRONT reimbursed the Trust for bank fees of $2,513 (2017: $326). This cost is included in TRONT's annual accounts.

As at 31 March 2018, unallocated distributions received from TRONT amounted to $329 (2017: $4,932).

Whai Rawa Fund Limited paid audit fees amounting to $17,000 (2017: $13,500) and other assurance fees to the auditors amounting to $3,500 (2017: $6,400) on behalf of Whai Rawa Unit Trust.

12 Contingent Liabilities and Commitments

There are no significant contingent liabilities and commitments (2017: 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.

Deloitte.

Independent Auditor's Report

To the unit holders of Whai Rawa Unit Trust

Opinion

We have audited the financial statements of Whai Rawa Unit Trust (the 'Trust'), which comprise the statement of net assets as at 31 March 2018, and the statement of comprehensive income, statement of changes in total funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 1 to 11, present fairly, in all material respects, the financial position of the Trust as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors of the Manager is responsible on behalf of the Trust for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available and consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors of the Manager and consider further appropriate actions.

Manager's responsibilities for the financial statements

The Board of Directors of the Manager is responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, 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.

In preparing the financial statements, the Board of Directors of the Manager is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

This description forms part of our auditor's report.

Restriction on use

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.

Deloitte Limited

Mike Hoshek, Partner
for Deloitte Limited
Christchurch, New Zealand
21 May 2018