

**WHAI RAWA UNIT TRUST**  
**Financial Statements**  
**For the Year Ended 31 March 2020**

**WHAI RAWA UNIT TRUST**  
**Financial Statements**  
**For the Year Ended 31 March 2020**

**INDEX**

Audit Report	Pages 1 to 2
Statement of Net Assets	Page 3
Statement of Comprehensive Income	Page 4
Statement of Changes in Unit Holder Funds	Page 5
Statement of Cash Flows	Page 6
Notes to the Financial Statements	Pages 7 to 14



## 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 2020, and the statement of comprehensive income, statement of changes in unit holder 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 3 to 14, present fairly, in all material respects, the financial position of the Trust as at 31 March 2020, 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.

#### Key audit matters

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

#### 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/assurance-standards/auditors-responsibilities/audit-report-2>

This description forms part of our auditor's report.

**Restriction on use**

This report is made solely to the 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*

**Paul Bryden, Partner  
for Deloitte Limited**  
Christchurch, New Zealand  
29 June 2020

WHAI RAWA UNIT TRUST  
Statement of Net Assets  
As at 31 March 2020

	Note	2020 NZ\$	2019 NZ\$
<b>ASSETS</b>			
Cash and cash equivalents			
- Cash at bank (New Zealand accounts)		546,817	91,717
- Cash at bank (Australian account)		11,784	1,929
Related party receivables	12	1,122,907	1,050,923
Other receivables		22,000	2,500
Financial assets at fair value through profit or loss	4	94,959,629	85,586,011
<b>Total Assets</b>		<u>96,663,137</u>	<u>86,733,080</u>
<b>Less LIABILITIES</b>			
PIE tax payable		304,285	380,705
Related party payables	12	44,918	16,917
<b>Total Liabilities</b>		<u>349,203</u>	<u>397,622</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>96,313,934</u>	<u>86,335,458</u>
<b>Represented by:</b>			
Unit holders' funds		96,313,128	86,334,662
Reserve funds		806	796
		<u>96,313,934</u>	<u>86,335,458</u>

These Financial Statements were authorised for issue by Whai Rawa Fund Limited, the Manager on 29 June 2020

Director C. D. King

29.06.2020

Director J. A. Pomeroy

29.06.2020



WHAI RAWA UNIT TRUST  
Statement of Comprehensive Income  
For the year ended 31 March 2020

		2020 NZ\$	2019 NZ\$
<b>INVESTMENT INCOME</b>			
Gains on financial assets at fair value through profit or loss	5	1,367,216	3,978,548
<b>OTHER INCOME</b>			
Interest income		2,187	2,433
Investment management fee rebate		150,024	30,106
Bank charges reimbursed	12	1,448	2,133
<b>Total Other Income</b>		<u>153,659</u>	<u>34,672</u>
<b>Total Operating Income</b>		1,520,875	4,013,220
<b>EXPENSES</b>			
Investment management fee		(571,123)	(381,584)
Bank charges		(1,448)	(2,133)
		<u>(572,571)</u>	<u>(383,717)</u>
<b>NET PROFIT</b>		<u>948,304</u>	<u>3,629,503</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>948,304</u>	<u>3,629,503</u>

WHAI RAWA UNIT TRUST  
Statement of Changes in Unit Holder Funds  
For the year ended 31 March 2020

	Note	Unit Holders' Funds NZ\$	Reserve Funds NZ\$	Total NZ\$
Balance as at 1 April 2019		86,334,662	796	86,335,458
Total Comprehensive Income		948,294	10	948,304
<i>add:</i>				
Contributions from unit holders		7,848,308	-	7,848,308
Ngāi Tahu annual distribution	12	3,009,083	-	3,009,083
Ngāi Tahu child bonus	12	497,797	-	497,797
Ngāi Tahu newborn distribution	12	34,490	-	34,490
Ngāi Tahu matched savings	12	2,621,591	-	2,621,591
<i>less:</i>				
PIE tax payable on behalf of unit holders		(305,864)	-	(305,864)
Redemptions by unit holders		(4,675,233)	-	(4,675,233)
Balance as at 31 March 2020		<u>96,313,128</u>	<u>806</u>	<u>96,313,934</u>

	Note	Unit Holders' Funds NZ\$	Reserve Funds NZ\$	Total NZ\$
Balance as at 1 April 2018		73,088,830	628	73,089,458
Total Comprehensive Income		3,629,335	168	3,629,503
<i>add:</i>				
Contributions from unit holders		6,883,456	-	6,883,456
Ngāi Tahu annual distribution	12	2,793,320	-	2,793,320
Ngāi Tahu child bonus	12	341,301	-	341,301
Ngāi Tahu newborn distribution	12	29,449	-	29,449
Ngāi Tahu matched savings	12	2,498,476	-	2,498,476
<i>less:</i>				
PIE tax payable on behalf of unit holders		(380,817)	-	(380,817)
Redemptions by unit holders		(2,548,688)	-	(2,548,688)
Balance as at 31 March 2019		<u>86,334,662</u>	<u>796</u>	<u>86,335,458</u>

This statement is to be read in conjunction with the notes on pages 7 to 14.



WHAIRAWA UNIT TRUST  
Statement of Cash Flows  
For the year ended 31 March 2020

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash provided from</i>			
Interest received		2,187	2,433
Reimbursement of costs		250	2,489
Sale of investments		1,320,000	430,000
		<u>1,322,437</u>	<u>434,922</u>
<i>Cash applied to</i>			
Purchase of investments		(9,767,000)	(10,059,000)
Costs reimbursed		(1,448)	(2,487)
		<u>(9,768,448)</u>	<u>(10,061,487)</u>
<b>Net Cash Flows from Operating Activities</b>		<u>(8,446,011)</u>	<u>(9,626,565)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash provided from</i>			
Contributions from unit holders		7,876,308	6,884,070
Ngāi Tahu annual and newborn distributions and matched savings		6,092,175	5,611,786
		<u>13,968,483</u>	<u>12,495,856</u>
<i>Cash applied to</i>			
PIE tax payable on behalf of unit holders		(382,284)	(278,352)
Withdrawals		(4,675,233)	(2,548,829)
		<u>(5,057,517)</u>	<u>(2,827,181)</u>
<b>Net Cash Flows utilised by financing activities</b>		<u>8,910,966</u>	<u>9,668,675</u>
<b>Net Increase in Cash Held</b>		464,955	42,110
<b>Cash at Beginning of the Year</b>		93,646	51,536
<b>Cash at End of the Year</b>		<u>558,601</u>	<u>93,646</u>
Cash and cash equivalents for the purpose of the Statement of Cash Flows comprise of:			
- Cash at bank (New Zealand accounts)		546,817	91,717
- Cash at bank (Australian account)		11,784	1,929
		<u>558,601</u>	<u>93,646</u>



**WHAI RAWA UNIT TRUST**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**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 period ended 31 March 2020, 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 RST 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**

A replacement Trust Deed was issued effective 1 October 2020 to enable the Trust to be operated on a unitised basis.

**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. Basis of Preparation**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the requirements of the Financial Markets Conduct Act 2013 and other relevant legislative requirements as appropriate for For-profit entities.

**Statement of Compliance**

These financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities and also with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. The Trust is a FMC reporting entity.

The Trust has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Trust is a Tier 1 entity as it is publicly accountable.

**Functional and Presentation 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.

**Presentation of Assets and Liabilities**

Assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

**3. Summary of Significant Accounting Policies**

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

**Measurement of Financial Instruments at Fair Value Through Profit or Loss**

Financial assets and liabilities 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.

**WHAIRAWA UNIT TRUST**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**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.

**Financial Assets at Fair Value Through Profit or Loss**

The Trust classifies its investments as designated at Fair Value through Profit or Loss. The financial assets are recognised and derecognised on the trade date where a purchase or sale is under contract whose terms require delivery within the time frame established by the market concerned, initially measured at fair value. Subsequent to initial recognition all Financial Assets through Profit or Loss are measured at fair value.

Gains or losses arising from changes in fair value of the Financial Assets through Profit or Loss category are presented in the Statement of Changes in Net Assets when they arise. Interest and dividends related to Financial Assets at Fair Value through Profit or Loss are recognised as part of the gains and losses presented in the Statement of Changes in Net Assets.

The Fair Value of financial assets is determined using the last sale price ("exit" price) as calculated by the fund manager at balance date.

**Income Recognition**

(i) Interest income is recognised as interest accrues using the effective interest method. Interest income is earned on cash and cash equivalents.

(ii) Gains or losses on Financial Assets at Fair Value through Profit or Loss are recognised in the Statement of Comprehensive Income as disclosed above.

(iii) Dividends and Distributions from unitised investments are recognised on a due and receivable basis.

Interest income, distribution income and other income from managed funds are recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be readily measured.

**Foreign Currencies**

Transactions in currencies other than NZ dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on balance date. Gains and losses arising on translation are included in the Statement of Comprehensive Income for the period.

**Expenses**

All expenses are accounted for on an accrual basis.

**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%.

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 period and tax the unit holders on the basis of their share of the taxable income at their prescribed investor tax rates.

**WHAI RAWA UNIT TRUST**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**3. Summary of Significant Accounting Policies (Continued)**

**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.

**Statements 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 Portfolios and borrowings of the Trust

**Receivables**

Financial assets measured at amortised cost are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any impairment loss. This because the business model is to collect contractual cashflow. All known bad debts are written off in profit and loss during the period.

The Trust measures the loss allowance for trade receivables at an amount equal to lifetime credit losses ("ECL"). The expected credit losses are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at operating date.

The Trust writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

**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 Benefits**

Contributions and benefits are accounted for on an accruals basis.

**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.

Distributions to unit holders comprise the income of the Trust to which unit holders are presently entitled. The distributions are payable on an annual basis at the end of March.

**Redemptions**

Redemptions from the Trust are recorded gross of any exit fees payable, if any, to the Trust's Manager. The redemption value is determined as the

WHAIRAWA UNIT TRUST  
Notes to the Financial Statements  
For the year ended 31 March 2020

3. Summary of Significant Accounting Policies (Continued)

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 4, 5, 8 (Hierarchy of fair value measurements) and 9.

Key Sources of Estimation Uncertainty

The preparation of the financial statements requires the Trustee to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. The Trustee has also used judgement in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13.

Application of Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2019. None of these have had a material effect on the financial statements of the Trust. There are also a number of new standards, amendments to standards and interpretations which are not yet effective but will not have a material effect on the financial statements of the Trust.

4. Financial Assets at Fair Value Through Profit or Loss	2020 NZ\$	2019 NZ\$
<i>Mercer Investment Trusts New Zealand</i>		
- Mercer Conservative Portfolio	-	85,586,011
- Mercer SR Conservative Portfolio	82,178,298	-
- Mercer SR Balanced Portfolio	5,628,396	-
- Mercer SR Growth Portfolio	7,152,935	-
<b>Total Financial Assets</b>	<b><u>94,959,629</u></b>	<b><u>85,586,011</u></b>

The Trust invested through the Mercer Conservative Portfolio up to 30 September 2019 and the Mercer SR Conservative Portfolio thereafter. The Mercer SR Balanced and Mercer SR Growth Portfolios were invested into from 25 February 2020, providing more options for members to invest. The fair values of the Portfolios are determined using the exit price as calculated by the Investment Manager at balance date.

The Whairawa Conservative Fund invests mostly in cash and fixed interest, with only some investment in shares and real assets

The Whairawa Balanced Fund invests in a wide range of assets and seeks to provide long-term capital growth by using a diversified portfolio with a slight bias towards growth assets.

The Whairawa Growth Fund invests mainly in shares and property related assets and seeks to provide long-term capital growth from a strong exposure to growth assets and lower investment in defensive assets.

5. Gains on Financial Assets at Fair Value Through Profit or Loss	2020 NZ\$	2019 NZ\$
<i>Mercer Investment Trusts New Zealand</i>		
- Mercer Conservative Portfolio	3,900,429	3,978,548
- Mercer SR Conservative Portfolio	(1,633,160)	-
- Mercer SR Balanced Portfolio	(328,021)	-
- Mercer SR Growth Portfolio	(672,032)	-
<b>Total Gains on Financial Assets at Fair Value Through Profit or Loss</b>	<b><u>1,367,216</u></b>	<b><u>3,978,548</u></b>

The Mercer Conservative Portfolio achieved a before tax and investment management fees return of 4.63% for the 6 months ended 30 September 2019 (12 months to 31 March 2019: 5.43%). The Mercer SR Conservative Portfolio earned a return of -2.45% for the period 1 October 2019 to 31 March 2020. Mercer SR Balanced Portfolio and the Mercer SR Growth Portfolio earned returns of -9.37% and -11.95% respectively for the period 25 February 2020 to 31 March 2020. The significant negative returns of these portfolios was the result of a market downturn in March 2020 due to the world-wide COVID-19 outbreak. See note 13 for further information.

WHAI RAWA UNIT TRUST  
Notes to the Financial Statements  
For the year ended 31 March 2020

6. Reconciliation of Increase in Net Assets to Net Cash Flows from Operating Activities

	2020 NZ\$	2019 NZ\$
Total Comprehensive Income	948,304	3,629,503
<b>Non-Cash Items</b>		
Gains on Fair Value Through Profit or Loss	(1,367,216)	(3,978,548)
Reimbursement of costs	250	2,489
Costs to be reimbursed	(1,448)	(2,487)
Investment manager's fees (net of rebates)	421,099	351,478
Redemption of funds	1,320,000	430,000
Application of funds	(9,767,000)	(10,059,000)
<b>Net Cash Flows from Operating Activities</b>	<u>(8,446,011)</u>	<u>(9,626,565)</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,
- (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 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

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.

Categories of Financial Instruments - 31 March 2020

FINANCIAL ASSETS	Fair Value Through Profit or Loss \$	Financial Assets at Amortised Cost \$	Financial Liabilities at Amortised Cost \$	Total \$
<i>Mercer Investment Trusts New Zealand</i>				
- Mercer SR Conservative Portfolio	82,178,298	-	-	82,178,298
- Mercer SR Balanced Portfolio	5,628,396	-	-	5,628,396
- Mercer SR Growth Portfolio	7,152,935	-	-	7,152,935
Cash at Bank	-	558,601	-	558,601
Trade and other receivables	-	1,144,907	-	1,144,907
<b>Total Financial Assets</b>	<u>94,959,629</u>	<u>1,703,508</u>	<u>-</u>	<u>96,663,137</u>
<b>FINANCIAL LIABILITIES</b>				
Other Payables	-	-	44,918	44,918
<b>Total Financial Liabilities</b>	<u>-</u>	<u>-</u>	<u>44,918</u>	<u>44,918</u>

WHAI RAWA UNIT TRUST  
Notes to the Financial Statements  
For the year ended 31 March 2020

8. Financial Instruments (Continued)

Categories of Financial Instruments - 31 March 2019

FINANCIAL ASSETS	Fair Value Through Profit or Loss \$	Financial Assets at Amortised Cost \$	Financial Liabilities at Amortised Cost \$	Total \$
<i>Mercer Investment Trusts New Zealand</i>				
- Mercer Conservative Portfolio	85,586,011	-	-	85,586,011
Cash at Bank	-	93,646	-	93,646
Trade and other receivables	-	1,053,423	-	1,053,423
<b>Total Financial Assets</b>	<b>85,586,011</b>	<b>1,147,069</b>	<b>-</b>	<b>86,733,080</b>
<b>FINANCIAL LIABILITIES</b>				
Other Payables	-	-	16,917	16,917
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>16,917</b>	<b>16,917</b>

Hierarchy of Fair Value Measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial value at fair value, grouped into levels 1 to Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on

31 March 2020

Description	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets at Fair Value Through Profit or Loss				
<i>Mercer Investment Trusts New Zealand</i>				
- Mercer SR Conservative Portfolio	-	82,178,298	-	82,178,298
- Mercer SR Balanced Portfolio	-	5,628,396	-	5,628,396
- Mercer SR Growth Portfolio	-	7,152,935	-	7,152,935
<b>Total</b>	<b>-</b>	<b>94,959,629</b>	<b>-</b>	<b>94,959,629</b>

Effective 1 October 2019, the Trust wound up its investments in the Mercer Conservative Portfolio and switched into the Mercer SR Conservative portfolio. The financial assets above have been classified as level 2 as they are unit trusts with fair values derived from quoted prices in active markets. There were no transfers between levels in the period.

31 March 2019

Description	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets at Fair Value Through Profit or Loss				
<i>Mercer Investment Trusts New Zealand</i>				
- Mercer Conservative Portfolio	-	85,586,011	-	85,586,011
<b>Total</b>	<b>-</b>	<b>85,586,011</b>	<b>-</b>	<b>85,586,011</b>

The financial asset above has been classified as level 2 as it is a unit trust with a fair value derived from a quoted price in an active market. There were no transfers between levels in the period.

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 Trusts 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.

WHAI RAWA UNIT TRUST  
Notes to the Financial Statements  
For the year ended 31 March 2020

8. Financial Instruments (Continued)

**Concentration of Credit Risk**

The majority of the Trust's assets are invested in the Mercer SR Conservative Portfolio, Mercer SR Balanced Portfolio and the Mercer SR Growth Portfolios which are Portfolio Investment Entities. The Portfolios are 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 unitholdings 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 unitholdings 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 unitholdings. The Trust is indirectly exposed to underlying equities. The Investment Manager tracks 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 unitholdings.

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.

**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 SR Conservative Portfolio, Mercer SR Balanced Portfolio and Mercer SR Growth Portfolio 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. Sensitivity Analysis

A one percent movement in the unit prices of the Trust's investments in Mercer Investment Trusts New Zealand would have an impact on the value of the Trust's assets of \$950,000 (2019: \$856,000).



WHAI RAWA UNIT TRUST  
Notes to the Financial Statements  
For the year ended 31 March 2020

10. Reconciliation of Unit Holdings

The following units in Mercer Investment Trusts New Zealand were bought and sold over the period.

31 March 2020

	Opening Balance	Applications	Rebates	Redemptions	Closing Balance
	Units	Units	Units	Units	Units
<b>Mercer Investment Trusts New Zealand</b>					
Mercer Conservative Portfolio	53,574,968	945,918	17,053	(54,537,939)	-
Mercer SR Conservative Portfolio	-	89,587,247	93,366	(12,336,333)	77,344,280
Mercer SR Balanced Portfolio	-	5,106,435	76	-	5,106,511
Mercer SR Growth Portfolio	-	6,941,810	91	-	6,941,901
<b>Total</b>	<b>53,574,968</b>	<b>102,581,410</b>	<b>110,586</b>	<b>(66,874,272)</b>	<b>89,392,692</b>

31 March 2019

	Opening Balance	Applications	Rebates	Redemptions	Closing Balance
	Units	Units	Units	Units	Units
<b>Mercer Investment Trusts New Zealand</b>					
Mercer Conservative Portfolio	47,448,457	6,387,575	19,101	(280,165)	53,574,968
<b>Total</b>	<b>47,448,457</b>	<b>6,387,575</b>	<b>19,101</b>	<b>(280,165)</b>	<b>53,574,968</b>

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 \$2,621,591 (31 March 2019: \$2,498,476). TRONT also made an annual distribution of \$3,009,083 (31 March 2019: \$2,793,320) for the period on behalf of the members. TRONT also made an annual newborn distribution and child bonus of \$532,287 (31 March 2019: \$370,750). \$1,121,344 has been accrued at balance date in relation to the contributions of this nature (31 March 2019: \$1,050,473). The beneficiaries of TRONT are eligible to participate in Whai Rawa Unit Trust. As at 31 March 2020, TRONT reimbursed the Trust for bank fees of \$1,448 (31 March 2019: \$2,133).

As at 31 March 2020, unallocated distributions received from TRONT amounted to \$348 (31 March 2019: \$5,000). Prepaid contributions at 31 March 2020 were \$45,734 (31 March 2019: \$16,917).

Whai Rawa Fund Limited paid audit fees amounting to \$22,500 (31 March 2019: \$14,500) and other assurance fees to the auditors amounting to \$3,500 (31 March 2019: \$3,500) on behalf of Whai Rawa Unit Trust.

12. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 31 March 2020 (2019: Nil).

13. Events After Balance Date

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The disease has affected financial markets and economic activity across the world. Subsequent to 31 March 2020, some volatility in financial markets remained. As at 31 May 2020, the estimated value of financial assets in the Trust was \$99,787,627, an increase of 5.1% from 31 March 2020.

Given the nature of the Trust, COVID-19 will likely not have an impact on the Trust's ability to continue as a going concern. Any impact is limited to the valuation as described.