

10062336087

**Christchurch Emergency
Services Credit Union**

Prospectus for the Offer of Debt Securities

Dated

19 December

2013

TABLE OF CONTENTS

KEY INFORMATION SECTION	1
Directory	3
1. MAIN TERMS OF OFFER.....	5
1.1. Name and Address of the Credit Union	5
1.2. Details of Registration of the Credit Union	5
1.3. Creditworthiness Not Rated	5
1.4. The Offer	5
1.5. Description of the Activities of the Credit Union	6
2. SHARES.....	6
2.1. Share Characteristics.....	6
2.2. Application for Shares	7
2.3. Voting Rights	7
2.4. Types of Meetings.....	7
2.5. Cessation of Membership.....	8
2.6. Death, Bankruptcy or Insolvency	8
3. SHARE ACCOUNTS.....	9
3.1. Types of Share Accounts	9
3.2. Returns.....	10
3.3. Withdrawals.....	10
3.4. Taxation.....	10
4. LOANS TO MEMBERS.....	11
5. RANKING OF SECURITIES.....	11
6. DETAILS OF TRUST DEED AND OTHER RESTRICTIONS ON THE CREDIT UNION.....	12
6.1. Trust Deed	12
6.2. Prudential Supervisor's Statement	16

6.3.	Other Restrictions on the Credit Union.....	16
7.	NAMES, ADDRESSES AND OTHER INFORMATION	17
7.1.	Directors	17
7.2.	Trustees	18
7.3.	Supervisory Committee.....	18
7.4.	Auditor.....	18
7.5.	Solicitors.....	18
8.	RESTRICTIONS ON DIRECTORS' POWERS.....	18
9.	OTHER TERMS OF OFFER AND SECURITIES	18
9.1.	Risks	18
9.2.	Surety and Insurance.....	22
9.3.	Other Terms	22
10.	NO GUARANTEE.....	22
11.	MATERIAL CONTRACTS.....	22
11.1.	Deed of Retirement and Appointment of New Prudential Supervisor	22
11.2.	Deed of Modification	22
11.3.	Deed of Amendment.....	22
12.	PENDING PROCEEDINGS.....	22
13.	ACQUISITION OF BUSINESS OR SUBSIDIARY	23
14.	SUMMARY FINANCIAL STATEMENTS	23
15.	FINANCIAL STATEMENTS.....	23
16.	OTHER MATERIAL MATTERS.....	23
16.1.	Securities Act (Credit Unions) Exemption Notice 2010.....	23
16.2.	Friendly Societies and Credit Unions Amendment Act 2012.....	23
16.3.	Not a Registered Bank	24
16.4.	Credit Rating Exemption.....	24

16.5. No Other Material Matters.....	24
17. PLACES OF INSPECTION OF DOCUMENTS	24
18. DIRECTORS' STATEMENT.....	24
19. INDEPENDENT AUDITORS' REPORT	25
Index of Matters Required to be Disclosed by the Second Schedule of the Securities Regulations 2009	27
SCHEDULE ONE	28
Summary Financial Statements.....	28
SCHEDULE TWO	29
Share Accounts.....	29
On-Call Accounts.....	29
SCHEDULE THREE	31
Independent Auditors' Report	31
SCHEDULE FOUR.....	32
Prudential Supervisor's Statement.....	32

KEY INFORMATION SECTION

The following is a brief summary of information which will be important in making a decision to invest in the Credit Union. It is intended to assist you in reading the Prospectus only. It is not intended as a substitute for the information contained in the Prospectus.

Credit Union

The Credit Union is a financial cooperative offering financial services to its customers who are called members.

Members who have accounts with the Credit Union are the owners of the Credit Union and they elect their board of directors.

The assets of the Credit Union are legally owned by its trustees, who are elected by the members of the Credit Union. The trustees hold the assets of the Credit Union for the use and benefit of the Credit Union and its members.

The Credit Union has appointed Corporate Trust Limited trading as Foundation Corporate Trust ("Prudential Supervisor") to act as statutory trustee for the members in accordance with the Securities Act 1978. For more information concerning the role of the Statutory Supervisor refer to paragraph 6 (Details of Trust Deed and Other Restrictions on the Credit Union).

Offer Terms

- This Prospectus provides important information concerning an offer of shares in the Credit Union.
- Shares are issued at \$1.00.
- Shareholders in the Credit Union are termed "members".
- Shares are not transferable. For more information concerning what happens to the shares on a member's death, and also to shares generally, see paragraph 2 (Shares) of this Prospectus.
- While shares are usually available for withdrawal on call (unless the terms and conditions of a share account provide otherwise) the Friendly Societies and Credit Unions Act ("Act") provides that a 60 day notice period for withdrawals may be required.
- No persons guarantee the repayment of the shares, or the payment of any returns on shares in the Credit Union.

Benefits

- The rate of return on shares depends on the type of share account which you invest and the terms and conditions of that share account, the rate of return currently offered on that account, the minimum amount of shares required to be held in that account, the term of the investment and the timing of repayment. The terms and conditions of share accounts are set out in Schedule 2 of the Prospectus.
- As a member you have a right to vote on certain matters relating to the Credit Union, for example the election of directors. On every matter determined by a vote, you will be entitled to one vote irrespective of the number of shares held by you.

Key Risks

There are a number of key risks of investing in the Credit Union. These include:

- **Liquidity Risk:** This is the risk that the Credit Union may encounter difficulties meeting its financial obligations (eg. to members wanting to withdraw money) because of lack of adequate cash reserves. The techniques that the Credit Union employs to manage this risk are described in paragraph 9.1 of this Prospectus.
- **Credit Risk:** This is the risk of people to whom the Credit Union has lent money not repaying their loans or making interest payments on time or the failure of organisations with which the Credit Union has deposited funds. Management of this risk includes assessment of the credit worthiness of borrowers, the value of any security given to support lending and further the lending is subject to defined criteria that is monitored and controlled by prudent credit measures.
- **Insolvency:** The Credit Union must remain solvent, meaning that its assets must exceed its liabilities and it must be able to meet its debts as they fall due. The Credit Union could become insolvent and/or be wound up if a significant amount of the loans due for repayment remain unpaid for an extended period of time, or if the Credit Union is for any reason unable to pay its debts as they fall due.

A more detailed statement of risks and management factors and techniques is set out on page 18 of this Prospectus.

Costs

- You must pay for your shares in the Credit Union. You will receive one share for every \$1 paid by you.
- You must hold at least one share in the Credit Union.
- In addition to the cost of shares, you may be required to pay account and membership fees and charges. The type of fees and charges that may be payable by you to the Credit Union at the date of this Prospectus are set out in Schedule 2 of this Prospectus.

Directory

Credit Union

(and place where Register of Members is kept)
Christchurch Emergency Services Credit Union
PO Box 13-728
Armagh
Christchurch 8141
Ph./Fax. 03 377-6463
Cell. 027-221-8564

Auditors

PricewaterhouseCoopers New Zealand
PO Box 5848
Dunedin 9058
Ph. (03) 470-3604 Fax. (03) 470-3601

Solicitors to the Credit Union

MDS Law
PO Box 185
Christchurch 8140
Attention: Mark Tutty
Ph. (03) 379-1930 Fax. (03) 366-8405

Prudential Supervisor

Corporate Trust Limited trading as
Foundation Corporate Trust
PO Box 25592
Featherston Street
Wellington 6146
Ph. (04) 901-4406 Fax. (04) 470-9623

Companies Office

Ministry of Business, Innovation and Employment
("MBIE")
Level 18, ASB Bank Centre
135 Albert Street
Private Bag 92-061
Auckland 1141
Ph. (0508) 266-726 Fax. (09) 912-7787

Directors of the Credit Union

Mr Michael Robert Gillon
54 Prestons Road
Christchurch

Director, Chairperson

Mr Paki Tipene Johnston
36 Oxley Street
Christchurch

Director, Secretary

Mr Stephen John Kennedy
16 Ravensdale Rise
Christchurch

Director, Treasurer
Securities Registrar

Ms Rhonda McNicol
1/63 Bridge Street
Christchurch

Director, Trustee

Mr Liam McLoughlin
F1 / 45 Dyers Pass Road Christchurch

Director, Trustee

Mr Chris Munro
5 Arnst Place
Christchurch

Director, Trustee

Mr Richard Tolan
18 Turners Road
Christchurch 8083

Director, Supervisor

Mr Gerald Wilson
15 Heybridge Lane
Christchurch

Director, Supervisor

The directors may be contacted through the Credit Union's registered office.

1. MAIN TERMS OF OFFER

1.1. Name and Address of the Credit Union

Name of Credit Union: Christchurch Emergency Services Credit Union
("Credit Union")

Registered Office: 200 Kilmore Street
Christchurch 8011

Postal Address: 200 Kilmore Street
Christchurch 8011

Business Hours: Wednesday: 10 am to 1 pm service

Contact: Ph/Fax. 03 377-6463
Cell. 027-221-8564

1.2. Details of Registration of the Credit Union

The Credit Union is a not-for-profit financial co-operative registered as a credit union under the Friendly Societies and Credit Unions Act 1982 ("Act"). The Credit Union was registered on 29 August 1980 (registration number 1802871). The Act, and all other legislation referred to in this Prospectus, are available on the New Zealand legislation website at www.legislation.govt.nz. The Credit Union is also registered on the Financial Service Providers Register under registration number FSP24421.

The Credit Union is a financial co-operative. The Credit Union is not a registered bank in terms of the New Zealand Reserve Bank Act 1989.

The Credit Union operates under rules prepared in accordance with the Act ("Rules") which are registered with the Registrar of Friendly Societies and Credit Unions ("Registrar"). Any person may upon request, during normal business hours, at the registered office of the Credit Union listed in the Directory, inspect copies of the Rules. The Credit Union will not charge an inspection fee for producing or photocopying the Rules.

A register of the members of the Credit Union is kept at the registered office of the Credit Union listed in the Directory. The register is open to inspection during ordinary office hours by any member of the Credit Union. The Credit Union will not charge an inspection fee for producing the register.

1.3. Creditworthiness Not Rated

The Credit Union has relied on the exemption contained in the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009 as the creditworthiness of the Credit Union is not rated by a rating agency approved by the Reserve Bank of New Zealand under section 157J of the Reserve Bank of New Zealand Act 1989 ("Reserve Bank Act").

1.4. The Offer

This Prospectus contains important information about the offer to subscribe for \$1.00 fully paid-up shares ("shares") in the Credit Union.

Shareholders in the Credit Union are called "members". The offer of the shares is an offer of debt securities under and subject to the terms of the Securities Act 1978.

The Credit Union has appointed the Prudential Supervisor as statutory trustee of the offer under this Prospectus for the purposes of the Securities Act 1978. The Prudential Supervisor is licensed to fulfil this role pursuant to the Securities Trustees and Statutory Supervisors Act 2011. Please refer to the paragraph headed "Details of Trust Deed and Other Restrictions on the Credit Union" on page 12, for further details on this appointment.

The offer of shares in the Credit Union is made to a section of the public, being:

- (a) Past and present paid staff of the New Zealand Fire Service (Christchurch) and the St John Ambulance Service (Christchurch);
- (b) Any person who is a member of the same household as and is a relative of a person who has been admitted to membership and who continues to qualify for membership, of the Credit Union under paragraph (a) above; and
- (c) For the purposes of paragraph (b) above, the term "relative" in relation to any person means:
 - (i) the spouse of that person including any former spouse or de facto spouse;
 - (ii) any linear ancestor, linear descendant, brother, sister, uncle, aunt, nephew, niece, or first cousin of that person or that person's spouse; or
 - (iii) the spouse (including any former spouse or de facto spouse) of any relative specified in sub-paragraph (ii) above.

1.5. Description of the Activities of the Credit Union

The Credit Union's objectives are the promotion of thrift amongst its members by the accumulation of their savings, the use and control of members' savings for their mutual benefit and the training and education of members in the wise use of money and management of their financial affairs.

The Credit Union's primary activity in the five years before the date this Prospectus was delivered to the Registrar of Companies for registration (the "Specified Date") has been to provide a co-operative saving facility for members to form a loan fund and to make loans to members from that fund.

The principal assets of the Credit Union are the loan receivables generated by lending money to its members. These loans are the principal assets that are charged as security pursuant to the Trust Deed. The Credit Union has not granted any other charges over the principal assets.

2. SHARES

2.1. Share Characteristics

Members contribute to the Credit Union by subscribing for shares. The shares offered under this Prospectus rank equally with all other shares issued or to be issued by the Credit Union.

The shares are of a fixed amount, being \$1.00, and cannot be allotted to a member until fully paid-up in cash. Payments for shares not in whole dollar amounts are treated as an advance payment for an additional share.

The Credit Union can decide how members will pay for shares that they subscribe for. This may include payment by:

- (a) Cash;

- (b) Personal or bank cheque;
- (c) Direct credit;
- (d) Automatic payment; or
- (e) Salary or wage deduction.

A member must hold at least one fully paid-up share in the Credit Union and a member cannot have, or claim an interest in, shares of the Credit Union exceeding \$40,000.00 or 10% of the total tangible assets.

Two or more members may hold shares jointly. The person named first in the Credit Union's register of members will be deemed to be the member to whom the shares were allotted.

Shares in the Credit Union are not transferable. However, a member may nominate a person to receive up to a maximum of \$2,000.00 of the member's shareholding on that member's death or any monies payable by the Credit Union to the member, at that time. However, any such nomination can only provide that a person receive that part of the member's shareholding, or monies payable by the Credit Union, up to a maximum of \$2,000.00. Furthermore, to be legally enforceable, any such nomination must be signed by the member and delivered or sent to the registered office of the Credit Union, or made in the register of members kept at the Credit Union's registered office.

The Credit Union does not issue share certificates to members. All deposits and withdrawals from a member's share account will be entered in the member's passbook. In addition, the Credit Union will, on request, and every three months during the period of membership, forward an account statement to the member of their shareholding in the Credit Union.

Members may use the Credit Union's telephone service to check the balance of their accounts.

2.2. Application for Shares

To apply for shares, prospective members must complete the Credit Union's standard application form. This form is available on request at the offices of the Credit Union. When applying the prospective member must provide proof of their identity and pay the initial share subscription.

The Credit Union will only accept applications from people who meet the membership criteria as described under "the Offer" above. The board of directors of the Credit Union (Board) reserves the right to decline any application without giving any reason.

The application form will also govern subsequent share subscriptions by the member. The minimum amount for subscribing for additional shares is \$1.00 per transaction.

2.3. Voting Rights

Each member has only one vote. This is the case regardless of the number of shares held by that member or whether the shares are held jointly with any other person(s).

2.4. Types of Meetings

- (a) Annual Meeting: The Annual Meeting is to be held no later than the 30th day of September in each year at such time and place as the Board may prescribe. At this meeting, members may vote on matters such as the election of directors and trustees and amendments to the Rules.

- (b) **Special Meeting:** A Special Meeting may be called by the Board, Trustees or Supervisory Committee and shall be called by the Chair of the Board on the receipt of a written application of members as follows:
 - (i) where the membership of the Credit Union does not exceed 1,000 members, an application made by one-tenth of the whole number of members; or
 - (ii) where the membership of the Credit Union exceeds 1,000 members, an application made by 100 members.
- (c) **Meeting called by Prudential Supervisor:** The Prudential Supervisor may call a meeting of members to raise and discuss any issue relating to the administration of the affairs of the Credit Union.
- (d) Members must be given notice of any meeting as prescribed by the Rules, the Trust Deed and the Securities Act (Credit Unions) Exemption Notice 2010.

2.5. Cessation of Membership

- (a) **Withdrawal:** A member may withdraw from membership of the Credit Union at any time.
- (b) **Expulsion:** A member may be expelled from membership by a two thirds majority vote of members present at a Special Meeting duly called for that purpose.
- (c) **Non-Qualifying Member:**
 - (i) If a member ceases to fulfil the qualifications for membership prescribed by the Rules, that member is deemed to be a "non-qualifying member". Subject to the Rules and the Act, a non-qualifying member may purchase shares and receive loans.
 - (ii) However, if the number of non-qualifying members exceeds 10% of the total membership of the Credit Union, the Board shall have the power to terminate the membership of as many non-qualifying members as are necessary to reduce the number of non-qualifying members back to 10% of the total members.

All amounts paid on shares, plus any returns owed and less all amounts due from the member to the Credit Union, will be paid to an expelled, withdrawing or non-qualifying member as funds become available.

The restrictions set out in the paragraph headed "Withdrawals" on page 10 will apply to payments made to withdrawing, expelled or non-qualifying members.

2.6. Death, Bankruptcy or Insolvency

- (a) **Death:** Where an individual member who was a sole holder of shares dies, the executors or administrators of the deceased member's estate will (subject to any applicable laws) be the only persons recognised by the Credit Union as having any right to the deceased member's shares.

When an individual member who was a joint holder of shares dies, the survivor or survivors of the joint shareholding will be the only persons recognised by the Credit Union as having title to the deceased member's interest in the shares.

- (b) **Bankruptcy:** If an individual member becomes bankrupt, that member's shares will come under the control of the Official Assignee in bankruptcy. There are restrictions on the amount that a bankrupt member can retain in his or her account and on a bankrupt member's ability to obtain credit.
- (c) **Insolvency:** Where an incorporated society or a charitable entity member winds up or becomes insolvent shares will be dealt with in accordance with the constitutional documents of that incorporated society or charitable entity and otherwise as prescribed by law.

Amounts representing share entitlements will only be paid out following a member's death, bankruptcy or insolvency on production of such evidence of death and/or entitlement to share proceeds, as may be required by the Board and under generally applicable laws. The payment of such proceeds will also be subject to the terms set out in the paragraph headed "Withdrawals" on page 10.

3. SHARE ACCOUNTS

Members' shares must be held in one or more of the share accounts operated by the Credit Union ("share accounts") and nominated by the member in writing.

Each share account may offer different terms and conditions as to:

- (a) Return;
- (b) Minimum number of shares required to be held in that account;
- (c) Term of investment;
- (d) Timing of repayment;
- (e) Methods of subscription;
- (f) Withdrawal; and
- (g) Fees and charges payable,

together the ("Terms and Conditions").

The Board reserves the right (subject to any restriction contained in the Act, Trust Deed, Rules or otherwise at law) to vary the terms and conditions of the share accounts. Notice of any such variation will be displayed at the Credit Union's head office.

3.1. Types of Share Accounts

The Credit Union offers two different types of share accounts, being:

- (a) On Call and Notice of Withdrawal Accounts; and
- (b) Special Share Accounts.

Details of these share accounts, as at the date of this Prospectus, are set out in Schedule Two.

It is the Credit Union's policy not to make repayments prior to maturity. However, in the event of financial hardship or extraordinary circumstances, an application may be made to the Credit Union, which may exercise its sole discretion to repay the funds in whole or part. Any returns payable will be subject to adjustment in accordance with the terms of the share account.

3.2. Returns

Returns payable on a share account will be credited to the member's share accounts at such intervals as is provided for in the terms and conditions of that account.

The rate of return is largely dependent on annual surpluses being earned through the profitability of the Credit Union. The amount of any surplus available for distribution to members is subject to the obligation of the Credit Union to maintain reserves. The Trust Deed requires the Credit Union to maintain total reserves of at least 10% of the total assets of the Credit Union. These reserves cannot be used to pay returns without the consent of the Prudential Supervisor.

The obligation to maintain a general reserve is no longer required by the Act. The Board is reviewing the Rules currently and may remove this obligation from the Rules in due course (subject to the consent of the Prudential Supervisor).

3.3. Withdrawals

Subject to the provisions of the Act, members operate their share accounts in a similar manner to bank accounts. Shares are usually available to be withdrawn at call, however, the Rules and the Act provide that the Credit Union has the right at any time to require a 60-day notice period for withdrawal.

The methods of withdrawal that may be available in respect of each share account, as at the date of this Prospectus, are set out in Schedule Two.

Generally, withdrawals would not be available where such withdrawal of shares would reduce a member's paid-up share holding in the Credit Union to less than the member's total liability (including any contingent liability) to the Credit Union. If the Credit Union fails, on written demand, to pay money borrowed by it, it may neither make loans, nor permit withdrawals.

3.4. Taxation

The Credit Union is legally required to deduct Resident Withholding Tax ("RWT") from any returns paid or credited to any person resident in New Zealand and to account for this deduction to the Inland Revenue Department ("IRD"). For members who supply the Credit Union with their IRD number and nominate a RWT rate, RWT will be deducted at the rate nominated. In the event that an individual member:

- (a) Omits to notify the Credit Union of their IRD number, the Credit Union will deduct RWT at the "no declaration rate" prescribed by the IRD, or such other amount as required by law; or
- (b) Has notified the Credit Union of their IRD number, but omits to nominate the rate they wish RWT to be deducted, RWT will be deducted at the "no declaration rate" prescribed by the IRD or such other amount as required by law.

The Credit Union is not required to deduct RWT from any member who holds a valid Certificate of Exemption. Members who hold a valid certificate of exemption from RWT issued by the IRD are required to forward a copy to the Credit Union. Members who are charitable entities are exempt from income tax.

The Credit Union and its advisors do not accept responsibility nor do they give any undertaking or warranty that RWT deductions will not be made from any interest paid to any person who holds or is entitled to hold a valid Certificate of Exemption, where a copy of that Certificate has not been forwarded to the Credit Union.

An investment in shares in the Credit Union will have taxation implications. The effect of taxation will vary according to each member's personal circumstances. Prospective and existing members are encouraged to obtain independent professional advice on their personal tax circumstances.

4. LOANS TO MEMBERS

The Credit Union makes loans from the share capital or funds of the Credit Union to its members. The availability of loans to members is dependent upon the availability of funds to the Credit Union from its share capital at any particular time.

Loans to members will only be made in accordance with the Rules, the Act and the provisions of the Trust Deed, which may from time to time specify the maximum amount which may be loaned to any member, the maximum term of loans (currently five (5) years) or the lending to assets ratios to be observed by the Credit Union. For details of the conditions existing under the Rules and the Act at the date of application, please contact the Credit Union.

Loan applications must be made on the form prescribed by the Board from time to time. The member applying for the loan will be required to detail in the application form the purpose of the loan, any security offered and such other information as the Board may require. A loan application form and details on the Credit Union's terms and conditions of lending can be obtained from the Credit Union's office.

The Credit Union reserves the right to decline any application for a loan without giving any reason.

The Rules state that the indebtedness of a member to the Credit Union must not exceed 10% of the value of the assets of the Credit Union for secured loans, 5% for unsecured loans or such lesser amount as the Board may from time to time determine.

The Rules state that the maximum period within which a loan by the Credit Union to a member must be repaid shall be fixed by the Board but in any event must not exceed ten years, for secured loans or, five years for unsecured loans.

Restrictions on making loans to members are no longer included in the Act. However the restrictions above are still included in the Credit Union's Rules.

5. RANKING OF SECURITIES

The aggregate amount of securities, being the shares issued by the Credit Union to its existing members, that ranked in point of security equally with the shares offered by the Credit Union to potential and existing members pursuant to this Prospectus, was \$840,649.00 as at 30 June 2013. There are no securities ranking in priority with the shares offered by the Credit Union to potential and existing members pursuant to this Prospectus as at 30 June 2013. The repayment of monies owing on members' shares is principally secured to the extent permitted by law by a first ranking equitable assignment by way of security over the whole of the Credit Union's present and future undertaking, property, assets and revenues, including the proceeds received for the subscription of shares and unpaid share capital (if any). The equitable assignment by way of security has been granted in favour of the Prudential Supervisor under the Trust Deed, which has been registered with the Registrar of Friendly Societies and Credit Unions. Please refer to paragraph 6 below for further details of the Trust Deed.

As a consequence of and in addition to the first ranking equitable assignment by way of security, the Credit Union has granted to the Prudential Supervisor a security interest in all its present and after acquired personal property and the Prudential Supervisor has registered a financing statement under the Personal Property Securities Act 1999 in respect of the same. The grant of the security interest was recorded and confirmed in the Deed of Modification dated 25 October 2002, which has been registered with the Registrar of Friendly Societies and Credit Unions.

A claim by a member who had given notice of withdrawal of the shares prior to liquidation of the Credit Union would rank ahead of claims by any other creditors. However, if, at the time of the Credit Union being placed in liquidation, a member had not made a claim for withdrawal of the member's shares and the Prudential Supervisor had not exercised its powers under the Trust Deed to accelerate the repayment of the monies owing in respect of the shares then the member would be treated as a shareholder in the liquidation and would rank behind secured and unsecured creditors (if any). With the prior written consent of the Prudential Supervisor, the Credit Union may grant a security interest over or affecting all or any part of its assets, and any such security interests may take priority to the members' claims for withdrawal secured by the Trust Deed.

6. DETAILS OF TRUST DEED AND OTHER RESTRICTIONS ON THE CREDIT UNION

6.1. Trust Deed

The Credit Union has appointed the Prudential Supervisor as the statutory trustee of the offer of shares in this Prospectus, for the purposes of the Securities Act 1978. The Prudential Supervisor's appointment and the parties' respective rights and obligations are recorded in the Trust Deed dated 11 April 2001, as modified by the Deed of Modification dated 25 October 2002 ("Deed of Modification 2002") and the Deed of Modification dated 26 November 2010 ("Deed of Modification 2010") and the Deed of Amendment to Trust Deed dated 13 November 2012 ("Deed of Amendment 2012") and the Deed of Modification dated 19 April 2013 (Deed of Modification 2013) (together the "Trust Deed"). Corporate Trust Limited trading as Foundation Corporate Trust ("Foundation Corporate Trust") was appointed as the Prudential Supervisor by Deed of Retirement and Appointment dated 19 April 2013. Foundation Corporate Trust was appointed on the same terms and conditions as the previous prudential supervisor, Trustee Executors Limited.

The Credit Union's grant of a security interest in all its present and after acquired personal property, including all of the Credit Union's present and future accounts receivable as well as all rights in relation to such accounts receivable to the Prudential Supervisor is recorded in the Deed of Modification 2002. Please refer to paragraph 5 above for further information about the security interest in the Credit Union's personal property.

The Credit Union and Trustee Executors Limited (in its capacity as Prudential Supervisor of the Credit Union at the time) entered into the Deed of Modification 2010 to amend the Trust Deed in order to accommodate the legislative reforms enacted by the Reserve Bank of New Zealand Act 1989 (as amended by the Reserve bank of New Zealand Amendment Act 2009) and in particular the Deposit Takers (Credit Ratings, Capital Ratios and Related Party Exposures) Regulations 2010 and the Deposit Takers (Liquidity Requirements) Regulations 2010 (together "the Regulations").

The Credit Union and Trustees Executors Limited (in its capacity as Prudential Supervisor of the Credit Union at the time) entered into the Deed of Amendment 2012 on 13 November 2012 to modify the Trust Deed to accommodate matters required by the Securities Amendment Regulations (No 2) 2011.

The Credit Union and the Prudential Supervisor entered into the Deed of Modification on 19 April 2013 to modify the Trust Deed to provide for the Prudential Supervisor's remuneration and expenses and provisions relating to appointment and removal of the Prudential Supervisor.

A full copy of the Trust Deed can be obtained from the Credit Union or the Companies Office (see paragraph 17). A summary of the main provisions is set out in below.

(a) Equitable Assignment by Way of Security

- (i) To secure the repayment of moneys owing on members' shares, to the extent permitted by law, the Credit Union has granted the Prudential Supervisor a first ranking equitable assignment by way of security ("Equitable Assignment") over all of the Credit Union's property (including the Credit Union's present and future undertaking, property, assets and revenues and the proceeds received for the subscription of shares and unpaid share capital (if any) ("Property").
- (ii) The Credit Union may exercise all rights, powers and remedies in relation to the Property for any purpose in the course of its ordinary business. However, the Credit Union's right to deal with the Property will be revoked upon the occurrence of an Enforcement Event or Review Event (as defined in the Trust Deed).
- (iii) The Credit Union has covenanted not to grant any charges or other security interests that rank ahead of, or equal to, the Equitable Assignment without the Prudential Supervisor's prior written consent.

(b) Security Interest In Personal Property

The Credit Union has also granted the Prudential Supervisor a security interest over all its present and after-acquired personal property.

(c) Prudential Reserve

The Credit Union must maintain a prudential reserve at 10% of Gross Earnings and shall be maintained thereafter by placing to the prudential reserve in each financial year an amount equal to 10% of the Gross Earnings until the 10% is reached.

(d) Financial Ratios

The Credit Union has covenanted, subject to the terms and conditions contained in the Trust Deed, not to:

- (i) permit its total liabilities to exceed 90% of its total tangible assets;
- (ii) permit its secured liabilities to exceed 1% of its total tangible assets;
- (iii) permit its liquid assets to be less than 8% of its total tangible assets;
- (iv) permit the total amount of interest or dividends paid in cash over a six (6) month period or more, to exceed cash actually received over the same period;
- (v) fail to ensure that it has sufficient assets at all times to discharge all debts as they fall due;
- (vi) permit the aggregate of its secured investments, unsecured investments and listed securities, to exceed 15% of its total tangible assets;

- (vii) permit the aggregate of its unsecured investments to exceed 1% of its total tangible assets; and
- (viii) borrow any monies except on terms and conditions to which the Prudential Supervisor has previously consented in writing. Such borrowing is not to exceed 15% of the Credit Union's total paid up share capital and reserves, unless the borrowing is to fund expenditure of a capital nature subject to the prior approval of the Prudential Supervisor.

The Credit Union has further covenanted pursuant to the Deed of Modification 2010 that:

- (i) if the Credit Union does not have a Credit Rating (as defined in the Regulations), the Credit Union shall ensure that at all times its Capital Ratio (as defined in the Trust Deed) is not less than 10%;
- (ii) if the Credit Union does have a Credit Rating, the Credit Union shall ensure that at all times its Capital Ratio is not less than 8%; and
- (iii) the Credit Union ensures that at all times the aggregate exposure of the Credit Union to all Related Parties (as defined in the Regulations) does not exceed a maximum limit ratio of 15% of capital calculated in accordance with the Regulations.

The Credit Union has purchased subordinated capital notes from the New Zealand Association of Credit Unions ("NZACU"). The Trustee Executors Limited (in its capacity as Prudential Supervisor of the Credit Union at the time) agreed \$20,000 worth of the total subordinated capital notes purchased can be excluded when calculating the ratio in paragraph 6.1 (d) (vii) above.

(e) Further Covenants

Under the Trust Deed, the Credit Union also gives other covenants to the Prudential Supervisor in order to better assure the performance of its obligations to its members. Some of the most important covenants which the Credit Union has given are:

- (i) to comply with the Act, its Rules and all applicable laws relating to governance matters;
- (ii) to meet all its registration, filing and reporting obligations;
- (iii) to provide copies of all communications to and from regulatory bodies;
- (iv) to meet all obligations to security holders;
- (v) to notify the Prudential Supervisor immediately it becomes aware that an event has occurred which would allow the Prudential Supervisor to review the Credit Union's compliance with the Trust Deed (Review Event), or to enforce its rights under the Trust Deed (Enforcement Event);
- (vi) to maintain its register of members, comply with all its obligations, pay its debts in a timely manner and conduct its business in a proper and efficient manner;
- (vii) to comply with the Prudential Standards Manual prepared by the Association with the approval of the Prudential Supervisor;

- (viii) not to declare dividends or (except with the consent of the Prudential Supervisor) issue shares while in breach of the Trust Deed or Securities Act 1978;
 - (ix) not to change its rules without prior consent of the Prudential Supervisor;
 - (x) not to acquire or dispose of any asset from or to, or engage the service of any Associated Person (including directors and trustees of the Credit Union) other than for full market value, on an arms length basis and in the ordinary course of the Credit Union's ordinary business and after having given not less than ten (10) business days' notice of its intention to do so, to the Prudential Supervisor;
 - (xi) to promptly provide to the Prudential Supervisor written notice of all present and after acquired serial numbered personal property and such other details as are necessary to enable the registration of a valid financing statement or financing change statement in respect of the Credit Union's personal property by the Prudential Supervisor; and
 - (xii) at all times, comply with a risk management programme that meets the requirements of the Reserve Bank of New Zealand Act 1989.
- (f) The Trust Deed gives the Prudential Supervisor wide ranging powers to enforce the Credit Union's obligations under the Trust Deed. Shareholders requiring further information as to the Credit Union's covenants, the enforcement powers of the Prudential Supervisor, are referred to the Trust Deed, a copy of which is lodged with the Registrar of Friendly Societies and Credit Unions at the Companies Office whose address is listed in the Directory.
- (g) On 22 August 2006 the Trustee Executors Limited (in its capacity as Prudential Supervisor of the Credit Union at the time) agreed to a waiver of clause 5.2(f) of the Trust Deed thereby allowing the Credit Union to issue loans to Associated Persons without having to give 10 business day's notice to the Prudential Supervisor provided that each loan is:
- (i) on the terms and conditions available to all members;
 - (ii) for full market value;
 - (iii) in the ordinary course of the Credit Union's ordinary business;
 - (iv) fully reported in the quarterly Directors' Certificate to the Prudential Supervisor; and
 - (v) for the amount of \$20,000 or less.
- (h) The Credit Union is also required to provide the Prudential Supervisor with:
- (i) half-yearly unaudited and annual audited financial statements prepared in accordance with generally accepted accounting practice; and
 - (ii) a quarterly certificate detailing the Credit Union's compliance with the ratios set out in the Trust Deed, whether any security interest has been created or permitted to exist in respect of the Credit Union's personal property and enclosing monthly internal accounts (except in respect of those months which end a quarter in respect of which a quarterly certificate is supplied). The Trust deed entitles the Prudential Supervisor to rely on Directors Quarterly Certificates in exercising its duties.

(i) Prudential Supervisor's Obligations

The Prudential Supervisor is appointed to act in the interests of the members of the Credit Union by monitoring the Credit Union's compliance with its obligations under this Prospectus, the Rules, the Trust Deed and the Act. The Prudential Supervisor is under a duty to exercise reasonable diligence to ascertain whether or not the Credit Union has:

- (i) committed any breach of the terms of the Trust Deed or any of the conditions of issue of the shares, in which case the Prudential Supervisor must do all the things that is empowered to do to cause any breach of those terms to be remedied (except if it satisfied that the breach will not materially prejudice the security of the shares); and
- (ii) sufficient assets to meet its obligations to members, as they fall due.

The Trust Deed gives the Prudential Supervisor wide ranging powers to enforce the Credit Union's obligations under the Trust Deed, including the power to appoint a receiver, following an Enforcement Event (as defined in the Trust Deed).

6.2. Prudential Supervisor's Statement

A statement by the Prudential Supervisor that the offer of shares in the Credit Union complies with any relevant provisions of the Trust Deed and that the Prudential Supervisor does not guarantee the repayment of shares in the Credit Union or interest payable on those shares, is set out in Schedule Four.

6.3. Other Restrictions on the Credit Union

The introduction of the Friendly Societies and Credit Unions Amendment Act 2012 has removed many of the restrictions placed upon credit unions in the areas listed below. However, many of the previous legislative restrictions are mirrored in the Rules and/ or Trust Deed and therefore the Credit Union must still comply with these restrictions unless the Rules and/or Trust Deed are amended.

(a) Borrowing

The Credit Union may only borrow money in accordance with and as authorised by its Rules and Trust Deed.

(b) Land and Buildings

The Credit Union may only hold an interest in land or buildings in accordance with and as authorised by its Rules and Trust Deed. There is no specific authorisation to allow this in the Credit Unions Rules and Trust Deed as at the Specified Date.

(c) Investment

The Credit Union may only invest its surplus funds in accordance with and as authorised by its Rules and Trust Deed or with the NZACU or a bank. As at the Specified Date the Rules and Trust Deed do not allow any other types of investment.

(d) Restrictions on Directors' Powers

The directors of the Credit Union have specific duties and obligations placed upon them by the Credit Union's Rules, which are registered pursuant to the Act. These duties and obligations place certain restrictions on the directors' powers (see Rule 30). A

copy of the Rules can be obtained directly from the Credit Union or from the Companies Office (as set out in paragraph 17).

7. NAMES, ADDRESSES AND OTHER INFORMATION

The names and contact details of the Credit Union's directors, trustees, audit committee members, auditor and solicitors are set out in the Directory on page 3.

7.1. Directors

The Rules require that the Credit Union have no less than nine and no more than twelve directors all of whom shall be members of the Credit Union. The directors elect from their number a Chair, Vice-Chair, Secretary, and Treasurer.

It is the responsibility of the directors to determine, promulgate and implement the policies of the Credit Union. The directors are also responsible for the general management of the affairs and records of the Credit Union.

The directors are elected by members at the annual meeting. The directors serve a term of each director is two years or until the election and qualification of successor.

The Rules provide that the directors may appoint associate directors. Associate directors are entitled to attend and speak at Board meetings but do not have voting rights and are not counted in the quorum of a meeting of the Board. There are no associate directors as at the date of this Prospectus.

No director of the Credit Union is also an employee of the Credit Union.

Below is a summary of each directors relevant skills, experience and expertise.

Directors Name	Qualifications	Skills, Experience and Expertise
Mr Michael Robert Gillon Director, Chairperson	Level 4 Certificate Fire Service Operations.	CESCU Director 20 years CESCU Chair 8 years
Mr Paki Tipene Johnston Director, Secretary	Level 4 Certificate Fire Service Operations.	CESCU Director 20 years CESCU Secretary 15 years
Mr Stephen John Kennedy Director, Treasurer Securities Registrar	Institution of Fire Engineers Member Qualification. Level 5 Diploma Fire Service Operations. Graduate Diploma Emergency Management (Massey Uni current study)	CESCU Director, Treasurer and Acting Manager 10 years. NZFS Assistant Area Manager Managing Director Fire & Hazard Training Ltd
Ms Rhonda McNicol Director, Trustee		CESCU Director 8 years CESCU Trustee 6 years
Mr Liam McLoughlin Director, Trustee		CESCU Director 2 years CESCU Trustee 2 years
Mr Chris Munro Director, Trustee		CESCU Director 11 years CESCU Trustee 11 years NZFS Operations Manager

Mr Richard Tolan
Director, Supervisor

Level 4 Certificate Fire
Service Operations.

CESCU Director 20 years
CESCU Supervisor

Mr Gerald Wilson
Director, Supervisor

Institution of Fire Engineers
Graduate Qualification.
Level 5 Diploma Fire
Service Operations.

CESCU Director 20 years
CESCU Supervisor 15 years
CESCU Trustee 5 years

7.2. Trustees

The Rules require that the Credit Union have three trustees. Trustees are elected by the members from the Board at the annual general meeting. Trustees must be aged 20 years or older. The Credit Union's secretary and treasurer cannot be trustees.

Trustees serve a two year term. No trustee may be elected for a term exceeding their remaining term as director.

All property belonging to the Credit Union is vested in the trustees for the use and benefit of the members. The trustees are responsible for supervising all loans made by the Credit Union to members.

7.3. Supervisory Committee

The Rules require the Credit Union to have a supervisory committee comprising of three members who shall be elected at the Annual Meeting. The supervisory audit committee monitors the trustees' and directors' compliance with the Act, the Rules and all other applicable operating procedures and legislation.

7.4. Auditor

The Credit Union has appointed PWC Dunedin as its auditor. PWC Dunedin auditor's report, together with its consent to the report appearing in this Prospectus, is attached as Schedule Three. As at the date of this Prospectus, the Auditor has obtained a transitional registration and the Auditors' partners share either a transitional licence or a full licence under the Auditor Regulation Act 2011. Other than in their capacity as the Auditor, the Auditor has no relationship with, or interest in, the Credit Union.

7.5. Solicitors

The Credit Union's solicitors involved in the preparation of this Prospectus are MDS Law.

8. RESTRICTIONS ON DIRECTORS' POWERS

The directors of the Credit Union have specific duties and obligations placed upon them by the Credit Union's Rules, which are registered pursuant to the Act. These duties and obligations place certain restrictions on the directors' powers (see Rule 30). The principal restriction imposed on the Directors is to comply with all relevant provisions of the Act. A copy of the Rules can be obtained directly from the Credit Union or from the Companies Office (as set out in paragraph 17 of this Prospectus).

9. OTHER TERMS OF OFFER AND SECURITIES

9.1. Risks

The principal risks for a member investing in shares in the Credit Union, which are not disclosed elsewhere in this Prospectus, are as follows:

(a) Liquidity Risk

This is the risk that the Credit Union may encounter difficulties meeting its financial obligations. This issue can arise from a mismatch in the maturity of monetary assets and liabilities. It is the policy of the Credit Union that adequate cash reserves and committed credit facilities are maintained to meet member withdrawal demands.

The Credit Union manages liquidity risk by:

- (i) producing a regular maturity cash flow reports;
- (ii) reviewing and monitoring maturity profiles of financial assets and liabilities; and
- (iii) forecasting trend and expected cyclical liquidity requirements.

(b) Credit Risk

Credit risk is the risk of members not repaying their loans or making interest payments on the due date.

The Credit Union takes security over assets to secure most of the loans it makes. If a member fails to repay a loan on the due date and the value of the secured asset is insufficient to cover the outstanding payments, or if the loan is unsecured, the Credit Union may make a loss on that loan. This may adversely affect the Credit Union's profitability, and if a large number of loans are defaulted on could reduce the value of members' shares.

The Credit Union has a credit and lending policy that is used to manage its exposure to the credit risk. As part of this policy credit evaluations are made on members who wish to borrow the limits on exposure set, lending is subject to defined criteria and is monitored and controlled by prudent credit measures.

(c) Members' Returns

The rate of return on members' shares is dependent on annual surpluses being earned through the ongoing profitability of the Credit Union. The rate of return on the members' shares is therefore dependent on the ability of the Board and senior management to prudently manage the Credit Union and generate an operating surplus for its members. Should the Credit Union's profitability be threatened then the Credit Union may reduce or remove the rate of return on members' shares or reduce the value of members' shares.

(d) Competition

The Act restricts the class of persons to whom the Credit Union may offer shares, to those who fall within the Credit Union's criteria (as set out in the paragraph headed "The Offer" on page 5).

As the Credit Union is competing with banks and other financial institutions operating in the national savings and loans market, restrictions on membership may affect the Credit Union's profitability and the returns payable to members.

(e) Compliance Risk

Compliance risk is the risk of legislative or regulatory changes impacting on the Credit Union. Every time the Credit Union has to make changes to comply with new legislation this increases the Credit Union's compliance costs, which could affect the Credit

Union's profitability and the returns payable to members. In particular, the Credit Union has been impacted upon by the costs of complying with the Financial Advisers Act 2008, Financial Service Providers (Registration and Dispute Resolution) Act 2008 and the Securities Amendment Act 2011.

The Credit Union may also be impacted by the cost of complying with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 which provides (among other things) for the implementation of a compliance programme and a more rigorous customer due diligence process.

See paragraph 16 for further information regarding new legislation and proposed legislation that the Credit Union must comply with.

(f) Government Policy Risk

Policies and decisions of the Government and other local or national regulatory bodies may also impact on the Credit Union's potential and existing membership or saving and borrowing habits with a consequential flow-on-effect on the growth and profitability of the Credit Union.

(g) General Market Risk

The Credit Union will be affected by the state of the New Zealand and international economies. The current economic slowdown and global recession will likely have a negative impact on potential and existing members' saving and borrowing habits, which may have a consequential flow-on effect on the growth and profitability of the Credit Union.

In particular, if a high number of members become unemployed, or otherwise unable to meet their loan repayment obligations, this would likely affect the profitability and solvency of the Credit Union.

(h) Insolvency

The Credit Union must remain solvent, meaning that its assets must exceed its liabilities and it must be able to meet its debts as they fall due.

The Credit Union could become insolvent and/or be wound up if a significant amount of the loans due for repayment remain unpaid for an extended period of time, or if the Credit Union is, for any reason, unable to pay its debts as they fall due.

If the Credit Union becomes insolvent:

- (i) members will not be required to pay any additional money, other than that already owing to the Credit Union;
- (ii) the Credit Union is legally obliged to reject all requests for withdrawals from members' share accounts, and shall not be entitled to make any further loans;
- (iii) all members' claims will rank equally (including those who invest under a later prospectus); and
- (iv) some specific claims will rank ahead of members' claims, for example, employees' unpaid wages insolvency costs and Prudential Supervisor's fees.

(i) Winding Up

On a dissolution or winding up of the Credit Union, members will receive no more than \$1.00 per share plus any returns owed. Members do not share in any surplus arising from the sale of the Credit Union's assets. Such surplus will be applied in accordance with the Rules and paid to either another credit union, the NZACU or, subject to members' votes, be applied to charitable purposes.

(j) Credit Rating

The Credit Union is not rated by a rating agency approved by the Reserve Bank of New Zealand under section 157J of the Reserve Bank of New Zealand Act 1989 ("the Reserve Bank Act") as it is operating under an exemption from the requirement under the Reserve Bank Act to have a credit rating. The general nature and effect of the exemption is that unnecessary compliance costs are avoided. If the Credit Union were required to obtain a credit rating from an agency approved by the Reserve Bank of New Zealand then the substantial costs involved would cause a significant reduction in the rate of dividend or interest returns to members. The exemption applies because the Credit Union has consolidated liabilities as at 1 October 2011 of less than \$20 million. It would therefore be unduly onerous and burdensome to comply with the requirement to have a credit rating.

(k) Security Position Risk

The Credit Union may take security from a member for loan advances to him or her. To the extent that the Credit Union does not take security or takes security that ranks subsequent in priority to another party's security then, in a default situation:

- (i) the ability of the Credit Union to realise the member's assets may be restricted or prohibited by the terms of any prior ranking security; and
- (ii) where the member's assets are realised, the member may be unable to repay some or all of the funds advanced by the Credit Union.

The Credit Union may incur losses in the above circumstances, which may affect its profitability and returns payable to members. Notwithstanding this, the Credit Union makes provision for doubtful debts in its financial statements in accordance with industry standards to minimise this risk.

(l) Security Pricing Risk

Before making a loan the Credit Union assessed the debt servicing ability of the members and any security offered by him or her for a loan advance. Where security is taken for a loan advance, the value of securities taken may fluctuate due to market prices for the same. If the market price of a security has decreased then it is possible that the Credit Union will not recover all moneys owed to it by a member in a default situation where it seeks to realise that security.

(m) Risk and Return

Before making an investment in shares, members and prospective members should consider the special trade factors and risks for that investment against the returns offered. Investors should be aware that there is a direct relationship between the risks of the investment and the return offered.

(n) Taxation

An investment in shares in the Credit Union will have taxation implications. The effect of taxation will vary according to each member's personal circumstances. Prospective

and existing members are encouraged to obtain independent professional advice on their personal circumstances.

9.2. Surety and Insurance

The Act requires that the Credit Union be insured against fraud or dishonesty and that the officers of the Credit Union give security for the proper performance of their duties. Both of these matters are covered by the Credit Union's insurance policy with.

9.3. Other Terms

All the terms of the offer of shares in the Credit Union are set out in this Prospectus, other than those terms implied by law or set out in a document that is referred to in this Prospectus, registered with a public official and available for public inspection.

10. NO GUARANTEE

No persons guarantee the repayment of the value of the shares, or the payment of any returns payable on shares held in the Credit Union.

11. MATERIAL CONTRACTS

The following material contracts ("Material Contracts") were entered into by the Credit Union in the two years preceding the Specified Date:

11.1. Deed of Retirement and Appointment of New Prudential Supervisor

A Deed of Retirement and Appointment was entered into on 19 April 2013 between Trustee Executors Limited, Corporate Trust Limited (trading as Foundation Corporate Trust) and the Credit Union in order to retire Trustee Executors Limited as Prudential Supervisor and appoint Corporate Trust Limited (trading as Foundation Corporate Trust) as the new Prudential Supervisor. A copy of the Deed of Retirement and Appointment has been filed with the Companies Office.

11.2. Deed of Modification

A Deed of Modification to the Trust Deed was entered into on 19 April 2013 between the trustees of the Credit Union and the Prudential Supervisor in order to modify the terms of the Trust Deed relating to the Prudential Supervisor including remuneration and expenses and removal and appointment. A copy of the Deed of Modification has been filed with the Companies Office.

11.3. Deed of Amendment

A Deed of Amendment to Trust Deed was entered into and dated 13th November 2012 in order to modify the Trust Deed to include matters required by the Securities Amendment Regulations (No.2) 2011. A copy of the Deed of Amendment to Trust Deed has been filed with the Companies Office.

12. PENDING PROCEEDINGS

There are no pending legal proceedings or arbitrations at the date of this Prospectus that may have a material adverse affect on the Credit Union.

13. ACQUISITION OF BUSINESS OR SUBSIDIARY

The Credit Union has not acquired a business, and no entity has become a subsidiary of the Credit Union, during the two years preceding the Specified Date.

14. SUMMARY FINANCIAL STATEMENTS

A summary of the financial statements of the Credit Union in respect of the five consecutive accounting years ended 30 June 2013, being the date of the last audited financial statements of the Credit Union, are set out in Schedule One.

15. FINANCIAL STATEMENTS

The most recent audited financial statements of the Credit Union are for the financial year ended 30 June 2013. The audited financial statements were registered under and comply with the Financial Reporting Act 1993 on 5 November 2013.

16. OTHER MATERIAL MATTERS

16.1. Securities Act (Credit Unions) Exemption Notice 2010

In registering this Prospectus, the Credit Union has relied on the exemptions contained in the Securities Act (Credit Unions) Exemption Notice 2010. Under this exemption notice, and subject to the conditions set out in the notice, the Credit Union is exempted from compliance with sections 37A(1)(d), 51, 52 and 54 of the Securities Act 1978, clauses 1(3) and 12 of Schedule 2 of the Securities Regulations 2009 and regulation 40 of the Securities Regulations 2009 (insofar as that regulation deems clauses 1(2) and 3 of the Schedule 15 of the Securities Regulations 2009 to be contained in the Credit Union's Trust Deed).

16.2. Friendly Societies and Credit Unions Amendment Act 2012

This Act came into force on 31 August 2012. The amendments made by the Act include:

- (a) Removing the maximum limit on members' shareholdings.
- (b) Removing the requirement that credit unions only accept deposits by way of subscription for shares and enabling credit unions to issue other types of securities.
- (c) Removing statutory restrictions on the ability of credit unions to borrow money, but linking these to such restrictions as may be in the Rules and the Trust Deed.
- (d) Removing the limitations on the amount and the term of the loans credit unions make to their members.
- (e) Removing the restriction that credit unions may only hold land for the purposes of conducting their business.
- (f) Requiring the provisions dealing with the investment of surplus funds to be as prescribed by a credit union's rules and trust deed.
- (g) Removing the requirement to maintain a general reserve.

As referred to previously, a number of these restrictions are still contained in the Rules or the Trust Deed.

16.3. Not a Registered Bank

The Credit Union is not a registered bank in terms of the Reserve Bank Act.

16.4. Credit Rating Exemption

Under Reserve Bank Act, every deposit taker, including credit unions, is required to have a current rating of its creditworthiness given by an approved rating agency (unless otherwise exempted).

The Credit Union is not required to obtain a credit rating as it operates under the exemption contained in the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009. The creditworthiness of the Credit Union is therefore not rated by an approved rating agency under the above Act. The Exemption Notice applies to the Credit Union because it has liabilities of less than \$20 million and it would be unduly onerous and burdensome for the Credit Union to comply with the requirements to have a credit rating.

The exemption is conditional on the Credit Union providing to the Reserve Bank, annually prior to March in each year a statement from the directors of the Credit Union that the Credit Union meets the requirements of the exemption and that the Credit Union will be operating on the basis of the exemption for that forthcoming year. Figures supporting the directors statement must be attached to the statement.

16.5. No Other Material Matters

Other than those set out in this Prospectus, there are no material matters relating to the offer of shares under this Prospectus.

17. PLACES OF INSPECTION OF DOCUMENTS

Copies of the Rules, this Prospectus, the Trust Deed, the Material Contracts and the Credit Union's audited financial statements are included in the public file relating to the registration of the Credit Union, which can be viewed online on the Companies Office website www.business.govt.nz/companies under "Search Other Registers". Copies may also be obtained (a fee may be payable) by telephoning the MBIE Business Service Centre on (0508) 266-726.

Copies of these documents, along with the register of the members of the Credit Union, are also available for inspection or copying, free of charge, at the Credit Union's registered office during office hours.

18. DIRECTORS' STATEMENT


In the opinion of the directors, after due enquiry by them, none of the following has materially and adversely changed during the period between the balance date of the latest financial statements referred to in this Prospectus, being 30 June 2013, and the date of registration of this Prospectus:

- (a) The trading or profitability of the Credit Union;
- (b) The value of the Credit Union's assets; or
- (c) The ability of the Credit Union to pay its liabilities due within the next twelve months.

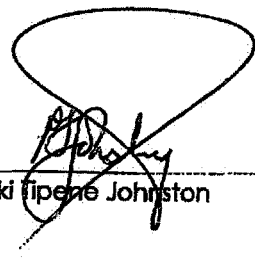
19. INDEPENDENT AUDITORS' REPORT

The Independent Auditors Report in terms of clause 22 of the Securities Regulations 2009 is included in the Third Schedule to this Prospectus. The Auditors' Report was not modified in any respect.

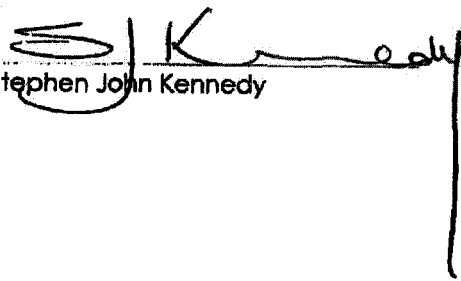
THIS PROSPECTUS has been duly signed by each of the directors of Christchurch Emergency Services Credit Union or by their agent authorised in writing.



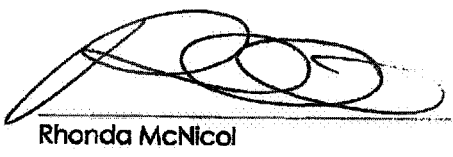
Michael Robert Gillon



Paki Tipene Johnston



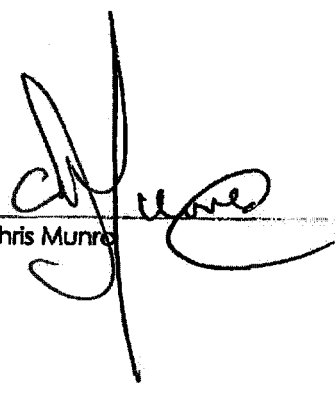
Stephen John Kennedy



Rhonda McNicol



Liam McLoughlin



Chris Murray



Richard Talan



Gerald Wilson

**Index of Matters Required to be Disclosed by the
Second Schedule of the Securities Regulations 2009**

Clause		Page
1	Main Terms of Offer	5
2	Name and Address of Offeror	5
3	Details of Registration of Issuer	5
4	Guarantors	22
5	Names, Addresses and Other Information	3 & 17
6	Restrictions on Directors' Powers	18
7	Description of the Activities of the Borrowing Group*	6
8	Summary Financial Statements	23
9	Acquisition of Business or Subsidiary	22
10	Material Contracts	22
11	Pending Proceedings	22
12	Issue Expenses	N/A
13	Ranking of Securities	11
14	Provisions of Trust Deed and Other Restrictions on the Borrowing Group*	12
15	Other Terms of Offer and Securities	18
16-18	Requirements in Respect of Financial Statements	23
19	Places of Inspection of Documents	24
20	Other Material Matters	23
21	Directors' Statement	24
22	Independent Auditors' Report	25

* The "Borrowing Group" comprises only the Credit Union

SCHEDULE ONE

Summary Financial Statements

Schedule One
Summary Financial Statements
Christchurch Emergency Services Credit Union

Statement of Financial Position as at 30 June (In \$)

	2013 (NZIFRS)	2012 (NZIFRS)	2011 (NZ IFRS)	2010 (NZ IFRS)	2009 (NZ IFRS)
Members Funds	303,229	302,088	297,339	292,671	276,402
Represented by:					
Assets					
Cash & cash equivalents	745,116	685,341	570,272	424,225	438,394
Trade & other receivables	3,319	4,114	2,564	4,102	1,185
Loans to members	387,649	446,967	494,090	508,056	483,954
Capital notes	21,096	21,096	21,096	21,096	21,096
Property, plant and equipment	137	263	97	186	359
Total Assets	1,157,317	1,157,781	1,088,119	957,665	944,988
Liabilities					
Trade and other payables	13,439	10,196	10,935	8,069	11,414
Members deposits	840,649	845,497	779,845	656,925	657,172
Total Liabilities	854,088	855,693	790,780	664,994	668,586
Net Assets	303,229	302,088	297,339	292,671	276,402

Statement of Comprehensive Income for the year ended 30 June (in\$)

	2013 (NZIFRS)	2012 (NZIFRS)	2011 (NZ IFRS)	2010 (NZ IFRS)	2009 (NZ IFRS)
Interest revenue	69,484	74,717	74,268	68,213	72,251
Other revenue	3,845	2,698	3,959	14,062	12
Total Revenue	73,329	77,415	78,227	82,275	72,263
Interest expenditure	14,449	15,823	13,475	12,676	12,204
Other expenditure	57,613	56,655	59,994	53,157	50,286
Depreciation Expenditure	126	188	90	172	282
Total Expenditure	72,188	72,666	73,559	66,005	62,772
Profit for the year attributable to members	1,141	4,749	4,668	16,270	9,491
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period attributable to members	1,141	4,749	4,668	16,270	9,491

Statement of Cash Flows for the year ended 30 June (in\$)

	2013 (NZIFRS)	2012 (NZIFRS)	2011 (NZ IFRS)	2010 (NZ IFRS)	2009 (NZ IFRS)
Net cash provided by operating activities	5,305	1,695	10,162	10,181	14,597
Net cash provided by investing activities	59,318	47,722	12,965	(24,101)	(15,146)
Net cash provided by financing activities	(4,848)	65,652	122,920	(249)	57,391
Total net increase (decrease) in cash held	59,775	115,069	146,047	(14,169)	56,842
Cash and cash equivalents at the beginning of the financial period	685,341	570,272	424,225	438,394	381,552
Cash at the end of the financial period	745,116	685,341	570,272	424,225	438,394

Statement of Changes in Equity for the year ended 30 June (in\$)

	2013 (NZIFRS)	2012 (NZIFRS)	2011 (NZ IFRS)	2010 (NZ IFRS)	2009 (NZ IFRS)
Retained Earnings					
Balance at start of year	170,771	166,022	161,354	145,084	135,593
Profit for the period	1,141	4,749	4,668	16,270	9,491
Balance at end of year	171,912	170,771	166,022	161,354	145,084
General Reserve					
General reserve brought forward	131,317	131,317	79,717	79,717	79,718
Transfers to / (from) General Reserve	0	0	51,600	0	0
General Reserve carried forward	131,317	131,317	131,317	79,717	79,718
Office Reserve					
Office Reserve brought forward	0	0	51,600	51,600	51,600
Transfers to / (from) Office Reserve	0	0	(51,600)	0	0
Office Reserve carried forward	0	0	0	51,600	51,600
Total Reserves					
Balance at start of year	302,088	297,339	292,671	276,401	266,911
Profit for the period	1,141	4,749	4,668	16,270	9,491
Balance at end of year	303,229	302,088	297,339	292,671	276,402

Notes to Summary Financial Statements

1. This Summary Financial Statements was authorised for issue, by the Board, on the date of this Prospectus.
2. The specific disclosures included in this Summary Financial Statements have been extracted from the full financial statements for each relevant period.
3. The full financial statements for each relevant period have been audited and each auditors report is unqualified. There has not been any reference in the independent auditors reports in the last 5 years to an emphasis of matter of fundamental uncertainty and they are not modified in any way.
4. The full financial statements have been authorised for issue as follows;
 - Year ended 30 June 2013 on 20 September 2013.
 - Year ended 30 June 2012 on 26 September 2012.
 - Year ended 30 June 2011 on 09 September 2011.
 - Year ended 30 June 2010 on 16 September 2010.
 - Year ended 30 June 2009 on 21 September 2009.
5. The full financial statements have been prepared in accordance with NZ GAAP (New Zealand Generally Accepted Accounting Practice).
6. The Credit Union is a public benefit entity.
7. Statement of compliance with NZ IFRS:
 - a. The full financial statements for the year ended 30 June 2013, on page 5 state that the financial statements comply with the NZ IFRS ("New Zealand equivalent of International Financial Reporting Standards") and other applicable Financial reporting standards, as appropriate for public-benefit entities.
 - b. The full financial statements for the year ended 30 June 2012, on page 5 state that the financial statements comply with the NZ IFRS ("New Zealand equivalent of International Financial Reporting Standards") and other applicable Financial reporting standards, as appropriate for public-benefit entities.
 - c. The full financial statements for the year ended 30 June 2011, on page 5 state that the financial statements comply with the NZ IFRS ("New Zealand equivalent of International Financial Reporting Standards") and other applicable Financial reporting standards, as appropriate for public-benefit entities.
 - d. The full financial statements for the year ended 30 June 2010, on page 5 state that the financial statements comply with the NZ IFRS ("New Zealand equivalent of International Financial Reporting Standards") and other applicable Financial reporting standards, as appropriate for public-benefit entities.
 - e. The full financial statements for the year ended 30 June 2009, on page 5 state that the financial statements comply with the NZ IFRS ("New Zealand equivalent of International Financial Reporting Standards") and other applicable Financial reporting standards, as appropriate for public-benefit entities.
8. The presentation currency is \$NZ.
9. The Summary of Financial Statements do not include all of the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.
10. Please refer to the paragraph headed "Places of inspection of documents" on page 24 for details of how to obtain a copy of the full financial statements.
11. These Summary Financial Statements have been prepared in accordance with *FRS-43 Summary Financial Statements*.
12. There are no abnormal items that derive from the ordinary activities of the Credit Union.
13. There are no extraordinary items that derive from events outside the ordinary activities of the Credit Union.
14. No amounts have been provided for or credited by way of taxation as the Credit Union income is exempt under section CW44 of the Income Tax Act 2007.
15. There are no contingent liabilities.

SCHEDULE TWO

Share Accounts

The terms and conditions of each share account are set out on application and as generally described in this Prospectus. The rate of return for each share account will be that rate set by the Credit Union from time to time. Details of the current rate of return for each share account are available from the Credit Union (refer to the directory on page 3 for contact details).

The Board reserves the right (subject to any restriction contained in the Act, the Trust deed, the Rules or otherwise at law) to vary the rate of return, the terms and conditions of each account, or the timing of repayments.

The rules of the Credit Union provide for a 60-day notice period for the withdrawal of shares. Ordinarily this would only apply if there was a run on shares or liquidity difficulties.

On-Call Accounts

Primary Share Account (01)	
Rate of Return (or method of calculation):	1.75% per annum. Calculated on a monthly basis and is credited on 30 June each year or upon termination of account.
Minimum Deposit:	\$1.00
Timing of Repayment:	On demand
Method of Withdrawal:	Office cheque or electronic funds transfer.
Fees and Charges:	\$1.00 entry fee to establish account. No other fees or charges.
Share Account (02)	
Rate of Return (or method of calculation):	1.75% per annum. Calculated on a monthly basis and is credited on 30 June each year or upon termination of account.
Minimum Deposit:	\$1.00
Timing of Repayment:	On demand
Method of Withdrawal:	Office cheque or electronic funds transfer.
Fees and Charges:	\$1.00 entry fee to establish account. No other fees or charges.
Jimmy Jumper Account (04) (for children 0-11 years)	
Rate of Return (or method of calculation):	1.75% per annum. Calculated on a monthly basis and is credited on 30 June each year or upon termination of account.
Minimum Deposit:	\$1.00
Timing of Repayment:	On demand
Method of Withdrawal:	Office cheque or electronic funds transfer.
Fees and Charges:	\$1.00 entry fee to establish account. No other fees or charges.

Xmas Club Account (09)	
Rate of Return (or method of calculation):	1.75% per annum. Calculated on a monthly basis and is credited on 30 November each year. If funds are withdrawn prior to 1 December, in each calendar year, the dividend / interest rate shall be reduced to 1.5% per annum.
Minimum Deposit:	\$1.00
Timing of Repayment:	On demand
Method of Withdrawal:	Office cheque or electronic funds transfer.
Fees and Charges:	No other fees or charges.

Loan Provider Account (10)	
Rate of Return (or method of calculation):	1.75% per annum. Calculated on a monthly basis and is credited on 30 June each year or upon termination of account.
Minimum Deposit:	Funds locked in to value as required by the terms and conditions of the members loan agreement.
Timing of Repayment:	As the loan balance reduces or is fully repaid.
Method of Withdrawal:	Office cheque or electronic funds transfer.
Fees and Charges:	No other fees or charges.

SCHEDULE THREE

Independent Auditors' Report



The Directors
Christchurch Emergency Services Credit Union
PO Box 13728
CHRISTCHURCH 8141

19 December 2013

Dear Directors

Independent Auditors' Report for Inclusion in the Prospectus

As auditors of Christchurch Emergency Services Credit Union ("the Credit Union") we have prepared this report pursuant to clause 22 of Schedule 2 of the Securities Regulations 2009 for inclusion in a prospectus issued by the Credit Union to be dated 19 December 2013 ("the Prospectus").

The Prospectus includes summary financial statements in Schedule One which comprise the summary statement of financial position as at 30 June 2013, the summary statement of comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the years then ended. The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore is not a substitute for reading the audited financial statements of the Credit Union.

This report is made solely to the Directors of the Credit Union in accordance with clause 22 of Schedule 2 to the Securities Regulations 2009. Our work has been undertaken so that we might state to the Directors and the Credit Union as a body those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law and subject to section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the Directors and members of the Credit Union, as a body, for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the prospectus not specifically mentioned in our report.

Directors' Responsibilities

The Credit Union's Directors are responsible for the preparation and presentation of:

- (a) the financial statements prepared in accordance with generally accepted accounting practice in New Zealand which give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and prepared in accordance with the Financial Reporting Act 1993;
- (b) the summary financial statements of the Credit Union for the years ended 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013 as required pursuant to clause 8 of Schedule 2 of the Securities Regulations 2009;
- (c) disclosure of acquisitions of businesses or subsidiaries as required pursuant to clause 9 of Schedule 2 of the Securities Regulations 2009; and
- (d) the ranking of securities of the Credit Union as at 30 June 2013 as required pursuant to clause 13 of Schedule 2 of the Securities Regulations 2009.

Auditors' Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The scope of our audit of the financial statements is defined in our engagement letter dated 8 July 2013.



We are responsible for reporting, in accordance with clause 22(1)(h) of Schedule 2 of the Securities Regulations 2009, on the following matters which have been prepared and presented by the Directors:

- (a) the amounts included in the summary financial statements for the years ended 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013;
- (b) amounts disclosed as required pursuant to clause 9 (2) and (3) of Schedule 2 of the Securities Regulations 2009 where there has been an acquisition of a business or subsidiary; and
- (c) the amounts included in the ranking of securities as at 30 June 2013, as required pursuant to clause 13 of Schedule 2 of the Securities Regulations 2009.

We have undertaken procedures pursuant to clause 22(1)(h) of Schedule 2 of the Securities Regulations 2009. Our engagement has been conducted to provide reasonable assurance that, in all material respects, the amounts set out in the summary financial statements included in the Prospectus have been correctly taken from the audited financial statements of the Credit Union.

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

Other than in our capacity as auditors we have no relationships with, or interests in, Christchurch Emergency Services Credit Union.

Opinion on the Financial Statements

Our audit of the financial statements for the year ended 30 June 2013 was completed on 24 October 2013 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those financial statements from the date of the completion of our audit.

Opinion on the Summary Financial Statements

In our opinion, and pursuant to clause 22(1)(h) of Schedule 2 of the Securities Regulations 2009, the summary financial statements in Schedule One of the Prospectus and taken from the audited financial statements of the Credit Union for the years ended 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013:

- are consistent, in all material respects, with those audited financial statements; and
- have been correctly taken from the audited financial statements of the Credit Union for those periods from which they were extracted.

Opinion on the Ranking of Securities

In our opinion, and pursuant to clause 22(1)(h) of Schedule 2 of the Securities Regulations 2009, the amounts included in the ranking of securities, on pages 11 and 12 of the Prospectus, and taken from the audited financial statements of the Credit Union for the year ended 30 June 2013:

- are consistent, in all material respects, with those audited financial statements; and
- have been correctly taken from the audited financial statements of the Credit Union for the year ended 30 June 2013 from which they were extracted.

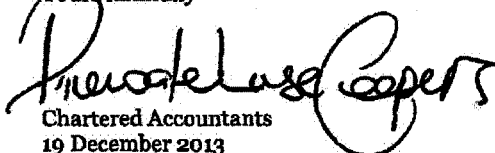
Other Matter

Pursuant to clauses 9(2) and 9(3) of Schedule 2 of the Securities Regulations 2009 there are no disclosures on which to report.

Restriction on Use

This report has been prepared for inclusion in the prospectus for the purpose of clause 22 of Schedule 2 of the Securities Regulations 2009. We disclaim any responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared.

Yours faithfully


Chartered Accountants
19 December 2013

Auckland

SCHEDULE FOUR

Prudential Supervisor's Statement

Foundation
CORPORATE
TRUST

19 December 2013

The Trustees and Members
Christchurch Emergency Services Credit Union
PO Box 13-728
Armagh
CHRISTCHURCH

PRUDENTIAL SUPERVISOR STATEMENT FOR PROSPECTUS DATED 19 DECEMBER 2013


In accordance with the requirements of clause 14(3) of Schedule 2 to the Securities Regulations 2009 we confirm that in the Prudential Supervisor's opinion, the offer of debt securities (the 'Offer') as set out in this prospectus complies with the relevant provisions of the Trust Deed.

In connection with this opinion note that:

1. The Issuer is responsible for the content of the disclosures in the Prospectus.
2. Our responsibility is to express an opinion on the Offer's compliance with the provisions of the Trust Deed, based on our supervisory role under the Securities Act 1978. Our supervisory role involves supervision of the issuer's performance of its statutory functions and any other functions set out in the Trust Deed. We do not provide any guarantees or assurances about the repayment of any Securities or the payment of interest thereon.
3. We have obtained sufficient assurance from undertaking our supervisory activities to provide a basis for our opinion. However, there are inherent limitations in performing a supervisory role and we cannot provide an absolute assurance regarding the Offer's compliance with the Trust Deed.
4. We have disregarded any matter which we consider to be immaterial to investors in the debt securities.

The inclusion of this Prudential Supervisor's statement in the Prospectus should not be taken to imply that the Prudential Supervisor has responsibility for the material in this Prospectus other than the Prudential Supervisor's statement.

Yours sincerely


Stephanie McGreevy
Regional Manager - Southern
FOUNDATION CORPORATE TRUST

DIRECTORS CERTIFICATE

CHRISTCHURCH EMERGENCY SERVICES CREDIT UNION

We the undersigned directors of the credit union hereby certify that after due enquiry all the directors of the credit union are of the opinion that:

- (a) the credit union has taken all necessary action under its rules to authorise the execution and performance by the credit union of the transaction documents and its obligations thereunder; and
- (b) there are no charges or other security interests other than those, if any, listed in the schedule to this certificate that are secured over the assets of the credit union.


In this certificate the transaction documentation means:

The Prospectus dated *19 December* 2013

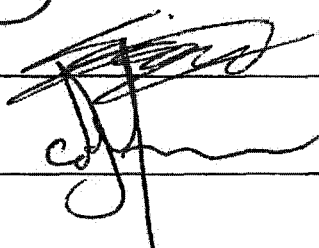
SCHEDULE
Charges and Security Interests

Nil

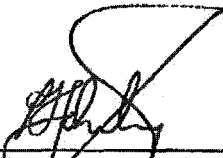
Dated this *19* day of *December* 2013




S J Kearney



[Signature]





R P L

G G Wilson



The Directors
Christchurch Emergency Services Credit Union
PO Box 13728
CHRISTCHURCH 8141

19 December 2013

Christchurch Emergency Services Credit Union Prospectus dated 19 December 2013

Dear Directors

In terms of Regulation 18(1)(c)(ii) of the Securities Regulations 2009, we hereby give consent to the inclusion in your prospectus to be dated 19 December 2013 of our auditors' report dated 19 December 2013 in the form in which it appears.

We have not made or purported to have made any statement in the prospectus other than in our audit report and we expressly disclaim responsibility for any other statements in the prospectus.

We have not been involved in the preparation of any part of the prospectus other than our auditors' report, and we have not authorised or caused the issue of the prospectus.

Yours faithfully

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants