

ASX Announcement

Westpac TPS Trust (WCTPA)

Total pages: 29

27 November 2014

Appendix 4E – Report for the year ended 30 September 2014

Please find enclosed the following documents:

- A. Results for announcement to the market
- B. Commentary on the results
- C. Financial report for the year ended 30 September 2014
- D. Independent auditor's report

For further enquiries, please contact:

Linda La Hood
Company Secretary
Westpac RE Limited

A. Results for announcement to the market

Westpac TPS Trust financial results

The table below summarises the Westpac TPS Trust (the Trust) financial results for the year ended 30 September 2014.

	Change from previous corresponding period		Year to 30 September 2014 (\$'000)	Year to 30 September 2013 (\$'000)
Revenues from ordinary activities ⁽¹⁾	Down 12.87%	to	21,528	24,709
Finance costs ⁽²⁾	Down 12.87%	to	(21,528)	24,709
Net profit/(loss) from operating activities	No change		-	-
Net profit/(loss) for the year ⁽³⁾	No change		-	-

⁽¹⁾ Represents interest from Notes issued by Westpac Banking Corporation (Westpac).

⁽²⁾ Represents distributions to Westpac Trust Preferred Securities (Westpac TPS) holders and the ordinary unitholder.

⁽³⁾ Net profit of the Trust for the year ended 30 September 2014 is \$0 (30 September 2013: \$0). This is because interest income received on the Notes issued by Westpac is subsequently paid to Westpac TPS holders and the ordinary unitholder and these payments are classified as finance costs. In addition, all other expenses of the Trust are paid by Westpac.

A. Results for announcement to the market (continued)

Distributions to Westpac TPS holders

The table below summarises the distributions to Westpac TPS holders for the year ended 30 September 2014.

Distributions	Year to 30 September 2014	Year to 30 September 2013
December 2013 quarter distribution	\$4,786,178	\$5,773,160
Distribution per security – fully franked	\$0.6275	\$0.7569
Record date to determine entitlement to distribution	12 December 2013	12 December 2012
Payment date for December distribution	31 December 2013	31 December 2012
March 2014 quarter distribution	\$4,745,753	\$5,278,906
Distribution per security – fully franked	\$0.6222	\$0.6921
Record date to determine entitlement to distribution	14 March 2014	14 March 2013
Payment date for March distribution	31 March 2014	2 April 2013
June 2014 quarter distribution	\$4,863,214	\$5,391,029
Distribution per security – fully franked	\$0.6376	\$0.7068
Record date to determine entitlement to distribution	13 June 2014	14 June 2013
Payment date for June distribution	30 June 2014	1 July 2013
September 2014 quarter distribution	\$4,945,590	\$5,124,071
Distribution per security – fully franked	\$0.6484	\$0.6718
Record date to determine entitlement to distribution	15 September 2014	13 September 2013
Payment date for September distribution	30 September 2014	30 September 2013

There is no Distribution Reinvestment Plan currently in operation for the Westpac TPS.

A. Results for announcement to the market (continued)

Distributions to the ordinary unitholder

The table below summarises the distributions to the ordinary unitholder for the year ended 30 September 2014.

Distributions	30 September 2014	30 September 2013
December 2013 quarter distribution	\$513,623	\$936,422
Distribution per unit – fully franked	\$513,623	\$936,422
Record date to determine entitlement to distribution	12 December 2013	12 December 2012
Payment date for December distribution	31 December 2013	31 December 2012
March 2014 quarter distribution	\$529,674	\$758,213
Distribution per unit – fully franked	\$529,674	\$758,213
Record date to determine entitlement to distribution	14 March 2014	14 March 2013
Payment date for March distribution	31 March 2014	2 April 2013
June 2014 quarter distribution	\$562,677	\$789,235
Distribution per unit – fully franked	\$562,677	\$789,235
Record date to determine entitlement to distribution	13 June 2014	14 June 2013
Payment date for June distribution	30 June 2014	1 July 2013
September 2014 quarter distribution	\$581,645	\$657,898
Distribution per unit – fully franked	\$581,645	\$657,898
Record date to determine entitlement to distribution	15 September 2014	13 September 2013
Payment date for September distribution	30 September 2014	30 September 2013

There is no Distribution Reinvestment Plan currently in operation for the ordinary unit.

A. Results for announcement to the market (continued)

Net Tangible Asset (NTA) backing

	30 September 2014	30 September 2013
Net tangible asset backing per ordinary unit ⁽¹⁾	\$0 per unit	\$0 per unit

⁽¹⁾ The proceeds from the issue of the Westpac TPS were invested in notes issued by Westpac (Notes). The investment in Notes is classified as a receivable (asset). The proceeds from the issue of the Ordinary Unit (\$100) are held as cash at bank. Westpac TPS and the Ordinary Unit are classified as liabilities for accounting purposes, rather than equity, and are measured at amortised cost.

At 30 September 2014, the carrying amount of the Trust's liabilities (TPS and Ordinary Unit) equals the carrying amount of the Trust's assets (Notes and cash at bank), and therefore, the net tangible assets of the Trust are zero.

Accordingly, the net tangible asset backing per unit is \$0 at 30 September 2014 (30 September 2013: \$0).

B. Commentary on the results

Westpac TPS financial results

The table below summarises the Westpac TPS Trust financial results for the year ended 30 September 2014.

	Year to 30 September 2014 \$'000	Year to 30 September 2013 \$'000
Operating revenue	21,528	24,709
Operating expenses (before finance costs) ⁽¹⁾	-	-
Distributions to Westpac TPS holders	(19,341)	(21,567)
Distributions to the ordinary unitholder	(2,187)	(3,142)
Net profit/(loss) for the year	-	-

Operating revenue of \$21.5 million for the financial year ended 30 September 2014 is down 12.87% from the prior year (2013: \$24.7 million). The 90 day bank bill rates used in the calculation of interest income on the Notes were lower than the corresponding 90 day bank bill rates during the 2013 financial year.

The aggregate of distributions to Westpac TPS holders and the ordinary unitholder during the 2014 financial year are also down 12.87% from the prior year. These distributions were correspondingly impacted by the 90 day bank bill rates noted above.

⁽¹⁾ Net profit of the Trust for the year ended 30 September 2014 is \$0 (30 September 2013: \$0). This is because interest income received on the Notes issued by Westpac is subsequently paid to Westpac TPS holders and the ordinary unitholder and these payments are classified as finance costs. In addition, all other expenses of the Trust are paid by Westpac.

C. Financial report for the year ended 30 September 2014

Westpac TPS Trust
ARSN 119 504 380
Annual Financial Report
For the year ended 30 September 2014

WESTPAC TPS TRUST

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This financial report covers Westpac TPS Trust (the Trust) as an individual entity. The financial report is presented in Australian dollars. The financial report was authorised for issue by Westpac RE Limited (WREL) (ABN 80 000 742 478) as Responsible Entity for Westpac TPS Trust, on 27 November 2014. Westpac TPS Trust is established and domiciled in Australia. The Responsible Entity's registered office is:

Level 20, Westpac Place
275 Kent Street,
Sydney NSW 2000

The Responsible Entity has the power to amend and reissue the financial report.

WESTPAC TPS TRUST

DIRECTORS' REPORT

The directors of Westpac RE Limited as Responsible Entity for Westpac TPS Trust (the Trust), present their report, together with the annual financial statements for the year ended 30 September 2014.

Responsible Entity

The Responsible Entity for the Trust is Westpac RE Limited (WREL) (ABN 80 000 742 478). The Responsible Entity's registered office is located at Level 20, 275 Kent Street, Sydney, NSW, 2000.

Directors

The following persons held office as directors of WREL during the year ended 30 September 2014 and up to the date of this report unless otherwise stated:

J.C. Barry	Chairman
N.S. Smith	
M.I. Donaldson	
S. Dammerer	Alternate to M.I. Donaldson

Company secretaries

The following persons held office as company secretaries of WREL during the year ended 30 September 2014:

L.R. La Hood	
R.X.Y. Lim	(Appointed on 16 September 2014)

Principal activities

The Trust was registered as a managed investment scheme with the Australian Securities & Investments Commission (ASIC) on 10 May 2006.

The Trust is a special purpose unit trust which was established for the specific purpose of issuing Westpac Trust Preferred Securities (Westpac TPS), which are preferred units in the Trust, to retail and institutional investors in Australia. Proceeds were used to fund the Trust's investment in notes (Westpac Notes) issued by Westpac Banking Corporation (Westpac).

The Trust issued 7,627,375 Westpac TPS at \$100 per Westpac TPS on 21 June 2006. These commenced trading on the Australian Securities Exchange (ASX) on a normal settlement basis on 27 June 2006.

Quarterly distributions paid to Westpac TPS holders are sourced from quarterly interest payments received on the Westpac Notes.

There has been no change in the principal activities of the Trust during the year.

Review and results of operations

The investment policy of the Trust continues to be that detailed in the Trust's Constitution.

The total comprehensive income of the Trust for the year ended 30 September 2014 was \$nil (2013: \$nil) after an income tax expense of \$nil (2013: \$nil). This is because interest income received on the Westpac Notes is subsequently paid to Westpac TPS holders and the ordinary unitholder and these payments are classified as finance costs. In addition, all other expenses of the Trust are paid by Westpac.

Quarterly distributions paid to Westpac TPS holders and the ordinary unitholder represent finance costs as the Westpac TPS and the ordinary unit issued by the Trust are classified as liabilities in the balance sheet based on their redemption and settlement characteristics.

Significant changes in the state of affairs

In the opinion of the directors of WREL, there were no significant changes in the state of affairs of the Trust during the year.

Distributions

During the year ended 30 September 2014, four Westpac TPS distributions were declared and paid as follows:

- a fully franked distribution of \$0.6275 per Westpac TPS was declared and paid for the 31 December 2013 quarter (31 December 2012: \$0.7569);
- a fully franked distribution of \$0.6222 per Westpac TPS was declared and paid for the 31 March 2014 quarter (31 March 2013: \$0.6921);
- a fully franked distribution of \$0.6376 per Westpac TPS was declared and paid for the 30 June 2014 quarter (30 June 2013: \$0.7068); and
- a fully franked distribution of \$0.6484 per Westpac TPS was declared and paid for the 30 September 2014 quarter (30 September 2013: \$0.6718).

During the year ended 30 September 2014, four ordinary unit distributions were declared and paid as follows:

- a fully franked distribution of \$513,623 per unit was declared and paid for the 31 December 2013 quarter (31 December 2012: \$936,422);
- a fully franked distribution of \$529,674 per unit was declared and paid for the 31 March 2014 quarter (31 March 2013: \$758,213);
- a fully franked distribution of \$562,677 per unit was declared and paid for the 30 June 2014 quarter (30 June 2013: \$789,235); and
- a fully franked distribution of \$581,645 per unit was declared and paid for the 30 September 2014 quarter (30 September 2013: \$657,898).

Units on issue

7,627,375 Westpac TPS were on issue at 30 September 2014 (2013: 7,627,375).

1 ordinary unit was on issue at 30 September 2014 (2013: 1).

Indemnification and insurance of officers and auditors

No insurance premiums have been paid by the Trust in regards to insurance cover provided to either the officers of WREL or the auditor of the Trust. Provided WREL and/or its officers act in accordance with the Trust's Constitution and Corporations Law, WREL and its officers, respectively remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

WESTPAC TPS TRUST

DIRECTORS' REPORT (CONTINUED)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent years.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulation under any law of the Commonwealth of Australia or of any state or territory thereof. The Trust has not incurred any liability (including for rectification costs) under any environmental legislation.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

There are no likely developments that are expected to have a material impact on the results of the Trust's operations.

Rounding of amounts

The Trust is a registered managed investment scheme to which Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the directors' report and financial report applies. Amounts in this report and the accompanying financial report have been rounded in accordance with that Class Order, to the nearest thousand dollars, unless otherwise stated.

Interests in the Trust

There were no movements in Westpac TPS or ordinary units during the year.

The value of the Trust's assets and liabilities is disclosed on the balance sheet and is derived using the basis set out in Note 2 of the financial statements.

Fees paid to and interests held in the Trust by the Responsible Entity or its associates

No fees were paid to the Responsible Entity or its associates during the financial year.

There were no movements in interests in the Trust held by the Responsible Entity or its associates during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of this report.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors of WREL as Responsible Entity for the Trust.

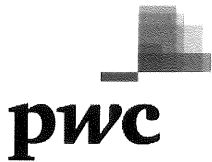


Director



Director

Sydney,
27 November 2014



Auditor's Independence Declaration

As lead auditor for the audit of Westpac TPS Trust for the year ended 30 September 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'J A Dunning'.

J A Dunning
Partner
PricewaterhouseCoopers

Sydney
27 November 2014

WESTPAC TPS TRUST

Statement of comprehensive income for the year ended 30 September 2014

	Note	2014 \$'000	2013 \$'000
Interest income	3	21,528	24,709
Finance costs	4	(21,528)	(24,709)
Profit for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-
Profit is attributable to:			
Unitholders of Westpac TPS Trust		-	-
Profit for the year		-	-
Total comprehensive income for the year is attributable to:			
Unitholders of Westpac TPS Trust		-	-
Total comprehensive income for the year		-	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Earnings per ordinary unit and earnings per Westpac TPS for the year ended 30 September 2014 is \$nil (2013: \$nil).

Refer to Note 13 for further details in relation to earnings per ordinary unit and earnings per Westpac TPS.

WESTPAC TPS TRUST

Balance sheet as at 30 September 2014

	Note	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash	8(b)	-	-
Total current assets		-	-
Non-current assets			
Receivables	5	762,738	762,738
Total non-current assets		762,738	762,738
Total assets		762,738	762,738
Liabilities			
Non-current liabilities			
Westpac Trust Preferred Securities	6	762,738	762,738
Amounts attributable to the ordinary unitholder	7	-	-
Total non-current liabilities		762,738	762,738
Total liabilities		762,738	762,738
Net assets		-	-

The above balance sheet should be read in conjunction with the accompanying notes.

WESTPAC TPS TRUST

Statement of changes in equity for the year ended 30 September 2014

In accordance with AASB132 *Financial Instruments: Presentation*, unitholders' interests are classified as a liability and accordingly the Trust has no equity for financial statement purposes.

WESTPAC TPS TRUST

Cash flow statement for the year ended 30 September 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Interest received on Westpac Notes		21,528	31,912
Distributions paid - Westpac TPS		(19,341)	(27,686)
Distributions paid - ordinary unit		(2,187)	(4,226)
Net cash flow from operating activities	8(a)	-	-
Cash flows from investing activities			
Net cash flow from investing activities		-	-
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year	8(b)	-	-

The above cash flow statement should be read in conjunction with the accompanying notes.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS

Note 1. General information

Westpac TPS Trust (the Trust) was registered as a managed investment scheme on 10 May 2006 with the Australian Securities & Investments Commission (ASIC).

The Responsible Entity for the Trust is Westpac RE Limited (WREL) (ABN 80 000 742 478). The Responsible Entity's registered office is located at Level 20, 275 Kent Street, Sydney, NSW, 2000.

The Trust is a special purpose unit trust which was established on 10 May 2006 for the specific purpose of issuing Westpac Trust Preferred Securities (Westpac TPS), which are preferred units in the Trust, to retail and institutional investors in Australia. Proceeds were used to fund the Trust's investment in notes (Westpac Notes) issued by Westpac Banking Corporation (Westpac).

The Trust issued 7,627,375 Westpac TPS at \$100 per Westpac TPS on 21 June 2006. These commenced trading on the Australian Securities Exchange (ASX) on a normal settlement basis on 27 June 2006.

Quarterly distributions paid to Westpac TPS holders are sourced from quarterly interest payments received on the Westpac Notes.

There were no significant changes in the nature of the Trust's activities during the year.

Note 2. Summary of significant accounting policies

a. Basis of accounting

(i) General

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Trust also complies with the recognition and measurement requirements of the International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements of the Trust for the year ended 30 September 2014 were authorised for issue in accordance with a resolution of the directors of the Responsible Entity. The directors of the Responsible Entity have the power to amend and reissue the financial statements of the Trust.

(ii) Amendments to Accounting Standards that are effective this period

The following standards, interpretations and amendments have been adopted in the 2014 financial year as a result of the new and revised accounting standards which became operative for the annual reporting period commencing 1 October 2013:

▪ AASB 13 *Fair Value Measurement*

AASB 13 provides a single unified definition of fair value and a framework for measuring and disclosing fair value. In accordance with the transitional provisions, AASB 13 was applied prospectively from 1 October 2013 and the Trust has provided comparative information for new disclosures. The application of AASB 13 in the current period has not had a material impact on the financial position nor performance of the Trust, however has resulted in additional fair value disclosures.

▪ AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

AASB 2012-2 requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Trust's financial position or performance.

The application of AASB 2012-2 has not affected any of the amounts recognised in the financial statements, or increased disclosure as the Trust does not apply any offsetting in the balance sheet nor does it have any master netting agreements nor other collateral arrangements. AASB 2012-2 was applied retrospectively.

(iii) Historical cost convention

The financial statements have been prepared under the historical cost convention.

(iv) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Trust's financial statements are presented in Australian dollars, which is the Trust's functional and presentation currency.

b. Revenue and expense recognition

(i) Interest income

Interest income on the Westpac Notes is recognised in the statement of comprehensive income using the effective interest rate method.

Interest is calculated using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cash flows are estimated based upon all contractual terms of the financial instrument but do not consider future credit losses. The calculation includes all fees and other amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

For further information on how interest on the Westpac Notes is calculated, refer to Note 5.

(ii) Finance costs

Distributions to Westpac TPS holders are recognised using the effective interest rate method. For information on how distributions on Westpac TPS are calculated, refer to Note 6.

Distributions to the ordinary unitholder are recognised using the effective interest rate method. For information on how distributions on the ordinary unit are calculated, refer to Note 7.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of significant accounting policies (continued)

c. Income tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed to Westpac TPS holders and the ordinary unitholder each year.

d. Assets

(i) Cash

For the purpose of presentation in the cash flow statement, cash includes cash on hand and deposits held at call with financial institutions.

(ii) Receivables

Westpac Notes

The investment in the Westpac Notes is classified as a receivable in the balance sheet. The Westpac Notes are initially recognised at cost, being the fair value of consideration paid. After initial recognition, Westpac Notes are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Interest received on the Westpac Notes, accrued but not received at balance date, is presented as part of the current assets in the balance sheet.

The Westpac Notes are subject to review for impairment when there is objective evidence indicating that the carrying amount is not recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the present value of the estimated future cash flows.

(iii) Impairment of financial assets

The Responsible Entity assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The methodology and assumptions used are reviewed regularly by the Responsible Entity. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

e. Westpac Trust Preferred Securities

Westpac TPS are recognised as a financial liability in the balance sheet.

Westpac TPS are initially recognised at cost, being the fair value of consideration received. After initial recognition Westpac TPS are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Distributions to Westpac TPS holders, accrued but not paid at balance date, are presented as part of the current liabilities in the balance sheet.

Applications received for Westpac TPS were recorded gross of any entry fees payable prior to the issue of Westpac TPS. All issue costs were borne by Westpac.

As the Westpac TPS are recognised as a financial liability, Westpac TPS distributions are recognised as a finance cost through the statement of comprehensive income. The calculation of Westpac TPS distributions are outlined in Note 6.

f. Financial instruments issued by the Trust

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. In accordance with AASB 132 *Financial Instruments: Presentation*, the ordinary unitholder's interest is classified as a liability and disclosed in the balance sheet as amounts attributable to the ordinary unitholder on the basis that the ordinary unitholder has a vested entitlement to the residual Trust income and assets and that the ordinary unit is required to be redeemed upon the termination date of the Trust as defined under Clause 21 of the Trust's Constitution. Any transaction costs arising on the issue of such financial instruments are recognised as a reduction of the proceeds received.

g. Amounts attributable to the ordinary unitholder

Amounts attributable to the ordinary unitholder comprise the residual interest in the assets of the Trust after deducting its liabilities. It is represented by the issued ordinary unit and undistributed profit/(loss) attributable to the ordinary unitholder.

As the ordinary unit issued by the Trust is classified as a financial liability, any amounts paid or payable as well as net liability movements attributable to the ordinary unitholder are recorded as an expense and presented in the statement of comprehensive income as finance costs attributable to the ordinary unitholder.

The ordinary unit is recognised at cost, being the fair value of consideration received.

h. Distributions

In accordance with the Trust's Constitution, the Trust fully distributes all distributable income to Westpac TPS holders and the ordinary unitholder.

Westpac TPS and ordinary unit distributions are payable quarterly, and are recognised by the Trust as finance costs for the reason outlined in Note 2(e) and Note 2(g).

i. Critical accounting judgements and estimates

The application of the Trust's accounting policies may require the use of judgement, estimates and assumptions. Should different assumptions or estimates be applied, the resulting values would change, impacting the net assets and income of the Trust.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

There were no critical accounting judgements, estimates or assumptions applied during the year.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of significant accounting policies (continued)

j. Rounding of amounts

In accordance with ASIC Class Order 98/100, all amounts have been rounded to the nearest thousand dollars, unless otherwise stated.

k. Future developments in accounting standards

The following new standards and interpretations which may have a material impact on the Trust have been issued, but are not yet effective and have not been early adopted by the Trust:

AASB 9 *Financial Instruments* was issued by the Australian Accounting Standards Board in December 2009. Unless early adopted the standard is effective for the 30 September 2019 financial year end. The major changes under the standard are:

- replaces the multiple classification and measurement models in AASB 139 *Financial Instruments: Recognition and Measurement* with a single model that has two classification categories: amortised cost and fair value;
- a financial asset is measured at amortised cost if two criteria are met: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent the payment of principal and interest;
- if a financial asset is eligible for amortised cost measurement, an entity can elect to measure it at fair value if it eliminates or significantly reduces an accounting mismatch;
- there will be no separation of an embedded derivative where the instrument is a financial asset;
- equity instruments must be measured at fair value, however an entity can elect on initial recognition to present the fair value changes on non-trading equity investments directly in other comprehensive income. There is no subsequent recycling of fair value gains and losses to profit or loss; however dividends from such investments will continue to be recognised in profit or loss;
- if an entity holds an investment in asset-backed securities (ABS) it must determine the classification of that investment by looking through to the underlying assets and assess the credit quality of the investment compared with the underlying portfolio of assets. If an entity is unable to look through to the underlying assets, then the investment must be measured at fair value;
- the portion of a change of fair value relating to the entity's own credit risk for financial liabilities measured at fair value is presented in other comprehensive income, except where it would create an accounting mismatch. If such a mismatch is created or enlarged, all changes in fair value (including the effects of changes in the credit risk) are recognised in profit or loss. The Trust early adopted this amendment from 1 October 2013 with no impact; and
- aligns hedge accounting more closely with risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The IASB recently released a final version of IFRS 9 *Financial Instruments*. This final standard includes a new expected credit loss impairment model which will replace the current incurred loss impairment model. The Australian Accounting Standards Board is expected to release a final version of AASB 9 equivalent to IFRS 9 shortly. We are yet to determine the impact of this revised standard on the Trust. The IASB also has a separate active project on accounting for macro hedging which it continues to work on.

As a result of the issuance and reissuance of AASB 9, two further standards have been issued by the AASB which give effect to consequential changes to a number of Australian Accounting Standards and Interpretations. These standards are AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* which was issued in December 2009 and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* which was issued in December 2010. These standards will be applicable when AASB 9 is adopted by the Trust.

AASB 9 will impact the classification and measurement of the Trust's financial instruments when the remainder of the standard is adopted.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* was issued in June 2012 and will be effective for the 30 September 2015 financial year end. The amendment provides application guidance to address inconsistencies in the application of the offsetting criteria provided in AASB 132 *Financial Instruments: Presentation*, including clarifying the meaning of current legal enforceable right of set-off is legally enforceable in all circumstances and that some gross settlement systems (such as through a clearing house) may be considered as the equivalent to net settlement. The amendment is not expected to have a material impact on the Trust.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3. Interest income

	2014 \$'000	2013 \$'000
Interest income		
Westpac Notes	21,528	24,709
Total interest income	21,528	24,709

Note 4. Finance costs

	2014 \$'000	2013 \$'000
Westpac TPS holder distributions ¹	19,341	21,567
Ordinary unitholder distributions ²	2,187	3,142
Total finance costs	21,528	24,709

¹This amount represents the quarterly distributions paid to Westpac TPS holders. Refer to Note 6 for further details.

²This amount represents the quarterly distributions paid to the ordinary unitholder. Refer to Note 7 for further details.

Note 5. Receivables

	2014 \$'000	2013 \$'000
Non current		
Westpac Notes	762,738	762,738
Total receivables	762,738	762,738

Terms and conditions: Notes issued by Westpac Banking Corporation

Westpac Notes are perpetual, cumulative, subordinated debt obligations of Westpac, the ultimate parent of the Trust. The Westpac Notes are not listed. WREL, as Responsible Entity of the Trust, invested the gross proceeds from the issue of Westpac TPS in Westpac Notes. Westpac issued 7,627,375 Westpac Notes on 21 June 2006 at an issue price of \$100 per Westpac Note for a total face value of \$762,737,500.

The Westpac Notes pay cumulative, floating rate interest amounts which are expected to be fully franked. Interest is scheduled to be paid quarterly subject to certain interest payment conditions including Westpac having sufficient distributable profits.

The interest rate is calculated using the following formula:

$$\text{Interest Rate} = (\text{Bank Bill Rate} + \text{Note Margin})$$

- The Bank Bill Rate is the average mid-rate for 90 day Bank Bills applicable on the first business day of the interest period. The Bank Bill Rates for the 31 December 2013, 31 March 2014, 30 June 2014 and 30 September 2014 interest periods were 2.56% p.a., 2.61% p.a., 2.65% p.a. and 2.68% p.a. respectively.
- The Note Margin, from the issue date of 21 June 2006 until and including the Step-Up Date of 30 June 2016, is 0.2% p.a. If Westpac Notes are still on issue on the Step-Up Date, the Note Margin will increase by a one time step-up of 1% p.a. for all subsequent interest payments.

The Trust does not have the option of redeeming, converting or exchanging the Westpac Notes.

Westpac Notes may be redeemed for cash subject to approval from the Australian Prudential Regulation Authority (APRA) or converted into Westpac ordinary shares at Westpac's initiation on the Step-Up Date, any subsequent interest payment date and in certain other circumstances. Westpac Notes automatically exchange into Westpac preference shares on 30 September 2055 and on the occurrence of certain automatic exchange events. Upon conversion or exchange, the Westpac Notes issued by Westpac will be redeemed by Westpac for the redemption amount, the Westpac TPS will be simultaneously redeemed for the same amount and the redemption proceeds will be applied by the Trust as a payment to Westpac for the issue of shares by Westpac.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 6. Westpac Trust Preferred Securities

	2014	2013
	\$'000	\$'000
Westpac Trust Preferred Securities (Westpac TPS)	762,738	762,738
Total Westpac Trust Preferred Securities	762,738	762,738

(a) Issued Westpac TPS (number)

	2014	2013
	No. '000	No. '000
Issued Westpac TPS at the beginning of the year	7,627	7,627
Issue of Westpac TPS	-	-
Issued Westpac TPS at the end of the year	7,627	7,627

(b) Issued Westpac TPS (dollars)

	2014	2013
	\$'000	\$'000
Issued Westpac TPS at the beginning of the year	762,738	762,738
Issue of Westpac TPS	-	-
Issued Westpac TPS at the end of the year	762,738	762,738

(c) Distributions to Westpac TPS holders

	2014	2013
	\$'000	\$'000
31 December distribution	4,786	5,773
31 March distribution	4,746	5,279
30 June distribution	4,863	5,391
30 September distribution	4,946	5,124
Distributions to Westpac TPS holders at the end of year	19,341	21,567

During the year ended 30 September 2014, four Westpac TPS distributions were declared and paid as follows:

- a fully franked distribution of \$0.6275 per Westpac TPS was declared and paid for the 31 December 2013 quarter (31 December 2012: \$0.7569);
- a fully franked distribution of \$0.6222 per Westpac TPS was declared and paid for the 31 March 2014 quarter (31 March 2013: \$0.6921);
- a fully franked distribution of \$0.6376 per Westpac TPS was declared and paid for the 30 June 2014 quarter (30 June 2013: \$0.7068); and
- a fully franked distribution of \$0.6484 per Westpac TPS was declared and paid for the 30 September 2014 quarter (30 September 2013: \$0.6718).

(d) Terms and conditions

Westpac TPS are preferred units in the Trust. The Trust issued 7,627,375 Westpac TPS on 21 June 2006 at an issue price of \$100 per Westpac TPS for a total face value of \$762,737,500. The Westpac TPS are listed on the ASX and commenced trading on a normal settlement basis on 27 June 2006. The Westpac TPS pay non-cumulative, floating rate distributions which are expected to be fully franked. Distributions are scheduled to be paid quarterly subject to certain distribution payment conditions including Westpac having sufficient distributable profits.

The distribution rate is calculated using the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

- The Bank Bill Rate is the average mid-rate for 90 day Bank Bills applicable on the first business day of the distribution period. The Bank Bill Rates for the 31 December 2013, 31 March 2014, 30 June 2014 and 30 September 2014 distribution periods were 2.56% p.a., 2.61% p.a., 2.65% p.a. and 2.68% p.a. respectively.
- The Margin, from the issue date of 21 June 2006 until and including the Step-Up Date of 30 June 2016, is 1% p.a. If Westpac TPS are still on issue on the Step-Up Date, the Margin will increase by a one time step-up of 1% p.a. for all subsequent distributions.
- The Tax Rate is the Australian Corporate tax rate applicable to Westpac's franking account as at the distribution payment date. The Tax Rate was 30% for the distribution payments during the period.

If the scheduled distribution payments are not paid on the Westpac TPS, Westpac will be restricted from making certain payments including payments of dividends on Westpac ordinary shares.

Westpac TPS holders do not have the option of redeeming, converting or exchanging their Westpac TPS.

Westpac TPS may be redeemed for cash (subject to APRA approval) or converted into Westpac ordinary shares at Westpac's initiation on the Step-Up Date, any subsequent distribution payment date and in certain other circumstances. Westpac TPS automatically exchange into Westpac preference shares on 30 September 2055 and on the occurrence of certain automatic exchange events. Upon conversion or exchange, the Westpac Notes will be redeemed by Westpac for the redemption amount, the Westpac TPS will be simultaneously redeemed for the same amount and the redemption proceeds will be applied by the Trust as a payment to Westpac for the issue of shares by Westpac.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 7. Amounts attributable to the ordinary unitholder

	2014 \$'000	2013 \$'000
Ordinary unit ¹	-	-
Undistributed profit attributable to the ordinary unitholder	-	-
	-	-

(a) Issued ordinary unit (number)

	2014 No. '000	2013 No. '000
Issued ordinary unit at the beginning of the year ¹	-	-
Issue of ordinary units	-	-
Issued ordinary unit at the end of the year ¹	-	-

(b) Issued ordinary unit (dollars)

	2014 \$'000	2013 \$'000
Issued ordinary unit at the beginning of the year ¹	-	-
Issue of ordinary units	-	-
Issued ordinary unit at the end of the year ¹	-	-

(c) Undistributed profit attributable to the ordinary unitholder

	2014 \$'000	2013 \$'000
Balance at the beginning of the year	-	-
Operating profit attributable to the ordinary unitholder	2,187	3,142
Distributions paid and payable to the ordinary unitholder	(2,187)	(3,142)
Balance at the end of the year	-	-

(d) Distributions to the ordinary unitholder

	2014 \$'000	2013 \$'000
31 December distribution	514	937
31 March distribution	530	758
30 June distribution	562	789
30 September distribution	581	658
	2,187	3,142

¹ The Trust has 1 ordinary unit of \$100 on issue (2013: 1 ordinary unit at \$100). Due to rounding, the value is disclosed as \$nil in the financial statements.

During the year ended 30 September 2014, four ordinary unit distributions were declared and paid or payable as follows:

- a fully franked distribution of \$513,623 per unit was declared and paid for the 31 December 2013 quarter (31 December 2012: \$936,422);
- a fully franked distribution of \$529,674 per unit was declared and paid for the 31 March 2014 quarter (31 March 2013: \$758,213);
- a fully franked distribution of \$562,677 per unit was declared and paid for the 30 June 2014 quarter (30 June 2013: \$789,235); and
- a fully franked distribution of \$581,645 per unit was declared and paid for the 30 September 2014 quarter (30 September 2013: \$657,898).

(e) Terms and conditions

The Trust issued one ordinary unit to Westpac at an issue price of \$100 on 10 May 2006.

As the ordinary unitholder, Westpac is entitled to any residual income or capital of the Trust not distributed to Westpac TPS holders. Trust income in respect of each distribution period is expected to exceed the aggregate amount of the distributions to be made to Westpac TPS holders for that distribution period. This excess Trust income will be distributed to Westpac as the ordinary unitholder.

In addition, if there is Trust income in respect of a distribution period which is not distributed to Westpac TPS holders because the distribution payment test is not satisfied, that amount will also be distributed to the ordinary unitholder.

The ordinary unit may not be redeemed and must be held by a member of the Westpac Group.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 8. Notes to the Cash flow statement

	2014 \$'000	2013 \$'000
(a) Reconciliation of net cash flow from operating activities to net profit for the year		
Profit for the year	-	-
Changes in operating assets and liabilities:		
Decrease in receivables	-	7,203
Decrease in payables	-	(7,203)
Net cash flow from operating activities	-	-
(b) Reconciliation of cash		
Cash with ultimate parent entity	-	-
Cash and cash equivalents at end of year	-	-

Note 9. Financial risk management

Risk is inherent in the Trust's activities, but is managed through a process of ongoing identification, measurement and monitoring. The Trust is exposed to a variety of financial risks from its financial instruments including: credit risk, liquidity risk and market risk (interest rate risk).

The Trust's principal financial instruments include Westpac Notes receivable (including any accrued interest) and issued Westpac TPS (including any accrued interest).

(a) Fair values of financial assets and financial liabilities

As at 30 September 2014, the carrying amounts and fair value of financial assets and financial liabilities are shown as follows:

	30 Sep 2014 Carrying amount \$'000	30 Sep 2014 Fair value \$'000	30 Sep 2013 Carrying amount \$'000	30 Sep 2013 Fair value \$'000
Financial assets - Westpac Notes ¹	762,738	762,021	762,738	755,294
Financial liabilities - Westpac TPS ²	762,738	733,372	762,738	721,016
Financial liabilities - ordinary unit ³	-	28,649	-	34,278

¹The fair value of the Westpac Notes was \$762,020,748. The fair value was determined based on a discounted cash flow analysis using observable market inputs and applying a credit or debit value adjustment based on the current credit worthiness of counterpart. This represents a Level 2 valuation under the AASB 13 fair value hierarchy. While the fair value of the Westpac Notes is lower than the carrying amount, it does not indicate impairment of the asset as all contractual cash flows are still expected to be collected and there has been no change in the timing or amount of estimated future cash flows to be received.

²The fair value of the Westpac TPS, based on the quoted closing price on the ASX at balance date, was \$733,372,106 (\$96.15 per Westpac TPS on 30 September 2014). This represents a Level 1 valuation under the AASB 13 fair value hierarchy as this was the quoted price in an active market.

³The fair value of the ordinary unit was \$28,648,642 being the difference between the fair value of the Westpac Notes and the Westpac TPS as the ordinary unit is entitled to be distributed the difference between the interest on the Westpac Notes and the distribution paid to Westpac TPS. As such, this represents a Level 2 disclosure under AASB 13.

(b) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, resulting in financial loss. The only counterparty is Westpac as issuer of the Westpac Notes. If interest is not paid on the Westpac Notes, the Trust will not be able to make a distribution payment to the Westpac TPS holders. If a Westpac TPS distribution payment has not been paid by the Trust within 20 business days after the distribution payment date, Westpac will be restricted from making certain payments including payments of dividends on Westpac ordinary shares. If the Westpac Notes are not redeemed, converted or exchanged when required under the terms of the Westpac Notes, the Westpac Notes will remain on issue until Westpac TPS holders receive Westpac ordinary shares or Westpac preference shares or the redemption amount is paid in cash. The risk of non performance of payment and other contractual obligations by Westpac is considered to be low.

The Westpac Notes are not impaired nor are any interest receipts past due. The Trust does not hold any collateral as security or any other credit enhancements in relation to the Westpac Notes.

The Trust's maximum credit risk exposure at balance date is the carrying amount of financial assets recognised in the balance sheet.

Credit risk is not considered to be significant to the Trust.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market variables such as interest rates, foreign exchange and equity prices.

The principal risk that the Trust is exposed to, due to the nature of its financial assets and liabilities, is interest rate risk.

The Trust does not enter or trade financial instruments for speculative purpose.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 9. Financial risk management (continued)

(d) Interest rate risk and sensitivity analysis

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Distributions made to Westpac TPS holders and the ordinary unitholder are dependent on the interest received from the Trust's holding of Westpac Notes. Since all interest income received by the Trust is subsequently distributed to Westpac TPS holders and Westpac as the ordinary unitholder on each distribution date, there would be no impact to net profit or net assets as a result of any movement in interest rates.

(e) Liquidity and cash flow risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy obligations associated with financial liabilities. Cash flow risk is the risk that the future financial instrument cash flows will fluctuate.

Managing liquidity risks

Distribution payments to Westpac TPS holders and the ordinary unitholder are only required to be made if the Trust receives interest on its holding of Westpac Notes. Liquidity risk is also managed as under the terms of the Trust, TPS holders do not have the ability to either redeem or convert the Westpac TPS. In certain limited circumstances, the Board of Westpac may resolve for the Trust to redeem or convert the Westpac TPS. Immediately prior to redemption or conversion of the Westpac TPS, the Westpac Notes will be redeemed by Westpac for the redemption amount and the redemption proceeds will be applied simultaneously by the Trust to redeem or convert the Westpac TPS.

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents cash flows associated with financial liabilities, payable by the Trust by remaining contractual terms at the balance date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Trust manages the inherent liquidity risk based on expected discounted cash inflows. The balances in the table may not agree directly to the balances in the balance sheet as the table incorporates all cash flows on an undiscounted basis.

	Up to 1 month \$'000	Over 1 month to 3 months \$'000	Over 3 months to 1 year \$'000	Over 1 year to 2 years \$'000	Over 2 years \$'000	Total \$'000
30 September 2014						
Westpac Trust Preferred Securities	-	-	-	-	762,738	762,738
Amounts attributable to the ordinary unitholder	-	-	-	-	-	-
Total undiscounted financial liabilities	-	-	-	-	762,738	762,738
30 September 2013						
Westpac Trust Preferred Securities	-	-	-	-	762,738	762,738
Amounts attributable to the ordinary unitholder	-	-	-	-	-	-
Total undiscounted financial liabilities	-	-	-	-	762,738	762,738

There is no contractual obligation to redeem the Westpac TPS. The Westpac TPS will be automatically exchanged for Westpac preference shares on 30 September 2055, if the Westpac TPS remain on issue. Upon exchange, the Westpac Notes will be redeemed by Westpac for the redemption amount, the Westpac TPS will be simultaneously redeemed for the same amount and the redemption proceeds will be applied by the Trust as a payment to Westpac for the issue of preference shares by Westpac. Accordingly, a contractual obligation exists only in respect of the Trust's obligation to pay Westpac for the preference shares on 30 September 2055 and this is reflected in the "Over 2 Years" column in the above table.

In accordance with the terms of the Westpac TPS, the payment of distributions to Westpac TPS holders is subject to the satisfaction of certain payment conditions. Accordingly, the Trust does not have a contractual obligation to pay Westpac TPS distributions on any distribution payment date.

Note 10. Related party transactions

(a) Responsible Entity

The Responsible Entity of the Trust is WREL, a wholly owned subsidiary of Westpac, its ultimate parent entity.

(i) Transactions with the Responsible Entity and its related entities during the year

In accordance with the Trust's Constitution, the Responsible Entity is not paid any fees by the Trust in connection with its services.

The Responsible Entity is entitled to reimbursement out of the Trust assets for its expenses in relation to the proper performance of its duties. However, while it is a member of the Westpac Group, the Responsible Entity has the benefit of an agreement from Westpac which entitles it to reimbursement of all expenses from Westpac.

For details of transactions between the Trust and related entities of the Responsible Entity refer to Note 10(b)(i).

(ii) Outstanding balances with the Responsible Entity and its related entities at the end of the year

For details of outstanding balances between related entities of the Responsible Entity and the Trust refer to Note 10(b)(ii).

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 10. Related party transactions (continued)

(iii) Responsible Entity and its related entities holdings

The Responsible Entity and its related entities holdings in the Trust are detailed below:

	Number of ordinary units held opening (Units)	Number of ordinary units acquired (Units)	Number of ordinary units disposed (Units)	Number of ordinary units held closing (Units)	Interest held closing (%)
2014					
Westpac Banking Corporation	1	-	-	1	100
2013					
Westpac Banking Corporation	1	-	-	1	100

(b) Parent entity

The immediate and ultimate parent entity of the Trust is Westpac Banking Corporation, a company incorporated in Australia.

(i) Transactions with the parent entity during the year

	2014	2013
	\$	\$
Interest received on Notes issued by:		
Westpac Banking Corporation	21,528,354	24,708,934
Distributions on ordinary unit paid to:		
Westpac Banking Corporation	2,187,619	3,141,768

All expenses of the Trust are paid on the Trust's behalf by Westpac Banking Corporation.

(ii) Outstanding balances with the parent entity at the end of the year

	2014	2013
	\$	\$
Cash at bank with:		
Westpac Banking Corporation	100	100
Notes held issued by:		
Westpac Banking Corporation	762,737,500	762,737,500
Ordinary unit issued to:		
Westpac Banking Corporation	100	100

(c) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including any director (whether executive or otherwise) of the Responsible Entity for the Trust.

Key management personnel are paid by the Westpac Group. The Trust did not make any payments attributable to the compensation of key management personnel during the reporting period.

(d) Transactions with other related parties

All transactions with related parties were disclosed in the notes to the financial statements, and were made on normal commercial terms and conditions and at market rates except where indicated.

WESTPAC TPS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 11. Auditor's remuneration

	2014	2013
	\$	\$
Amounts received or due (excluding GST) for:		
Audit and review of the financial reports	63,442	54,050
Audit of the compliance plans	5,589	5,400
Total auditor's remuneration	69,031	59,450

Audit fees charged by PricewaterhouseCoopers were borne on the Trust's behalf by Westpac Banking Corporation.

Note 12. Segment information

Operating segment

The Trust does not have separate operating segments, as it comprises a single segment that earns revenue in the form of interest income from the investment in the Westpac Notes and incurs finance costs by distribution of this income to Westpac TPS holders and the ordinary unitholder.

Geographical segment

The Trust operates solely in Australia.

Note 13. Earnings per unit

The earnings per ordinary unit and earnings per Westpac TPS calculation that is performed in accordance with AASB 133 *Earnings per Share* results in earnings per ordinary unit of \$nil and earnings per Westpac TPS of \$nil as AASB 133 refers to equity, whilst the issued ordinary unit and Westpac TPS are classified as liabilities.

The directors of WREL believe it is useful to calculate and disclose earnings per Westpac TPS attributable to Westpac TPS holders.

Earnings used in calculating this amount is equivalent to the distributions paid or payable to Westpac TPS holders, which are disclosed as finance costs in the statement of comprehensive income.

	2014	2013
	\$	\$
Basic earnings per Westpac TPS (dollars per Westpac TPS)	2.54	2.83
Weighted average number of Westpac TPS on issue ('000)	7,627	7,627
Earnings used in calculating basic earnings per Westpac TPS (\$'000)	19,341	21,567

Note 14. Economic dependency

The Trust depends on its parent entity, Westpac, for its income. Westpac pays the Trust interest on the Trust's holding of Westpac Notes. In addition, Westpac incurs operating expenses on the Trust's behalf, as well as reimbursements in connection with the Trust's expenses.

Note 15. Contingencies and commitments

There were no contingent assets, liabilities or commitments as at 30 September 2014 (2013: \$nil).

Note 16. Subsequent events

No matter or circumstance has arisen since 30 September 2014 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent years.

WESTPAC TPS TRUST

DIRECTORS' DECLARATION

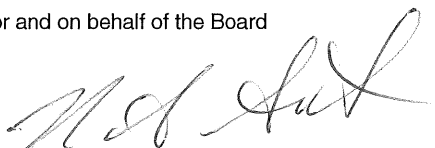
For the year ended 30 September 2014

In the opinion of the directors of Westpac RE Limited (the Responsible Entity):

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the financial position of Westpac TPS Trust as at 30 September 2014 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board



Director



Director

Sydney,
27 November 2014



Independent auditor's report to the security holders of Westpac TPS Trust

Report on the financial report

We have audited the accompanying financial report of Westpac TPS Trust (the trust), which comprises the balance sheet as at 30 September 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of Westpac RE Limited (the company), as responsible entity for the trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence


In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Auditor's opinion

In our opinion:

- (a) the financial report of Westpac TPS Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the trust's financial position as at 30 September 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the trust's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A stylized, handwritten signature of 'J A Dunning' in a cursive script.

J A Dunning
Partner

Sydney
27 November 2014