
Financial statements

Westpac Term PIE Fund

Westpac Cash PIE Fund

Westpac Notice Saver PIE Fund

For the year ended 31 March 2018



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These financial statements cover the individual entities of the Westpac Term PIE Fund, Westpac Cash PIE Fund and the Westpac Notice Saver PIE Fund.

Statement of comprehensive income for the year ended 31 March 2018

	Note	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
		Year Ended 2018	Year Ended 2017	Year Ended 2018	Year Ended 2017	Year Ended 2018	Year Ended 2017
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Interest income	3	60,602	48,916	14,664	23,514	8,677	4,748
Interest expense - distribution to unit holders		(60,602)	(48,916)	(14,664)	(23,514)	(8,677)	(4,748)
Change in net assets attributable to unit holders		-	-	-	-	-	-

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

Balance sheet as at 31 March 2018

	Note	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
		2018	2017	2018	2017	2018	2017
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Assets							
Cash and cash equivalents	3	179,706	102,492	787,213	957,104	403,270	232,245
Investments	3	1,692,631	1,436,360	-	-	-	-
Due from related entities	3	5,794	4,811	314	410	222	129
Total assets		1,878,131	1,543,663	787,527	957,514	403,492	232,374
Equity							
Units to be issued	10	-	-	-	-	-	-
Total equity		-	-	-	-	-	-
Liabilities							
Tax payable on behalf of unitholders		5,786	4,810	314	410	222	129
Other liabilities		8	1	-	-	-	-
Total liabilities (excluding net assets attributable to unit holders)		5,794	4,811	314	410	222	129
Net assets attributable to unit holders	2	1,872,337	1,538,852	787,213	957,104	403,270	232,245

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

Statements of changes in net assets attributable to unit holders

for the year ended 31 March 2018

	Note	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
		Year Ended 2018	Year Ended 2017	Year Ended 2018	Year Ended 2017	Year Ended 2018	Year Ended 2017
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Net assets attributable to unit holders at beginning of the year		1,538,852	1,243,829	957,104	1,198,883	232,245	139,592
Transactions with unit holders:							
Applications	2	4,160,835	2,990,269	991,212	1,244,204	376,137	224,929
Withdrawals	2	(3,827,350)	(2,695,246)	(1,161,103)	(1,485,983)	(205,112)	(132,276)
Net assets attributable to unit holders at end of the year	2	1,872,337	1,538,852	787,213	957,104	403,270	232,245

The above statements of changes in net assets attributable to unit holders' should be read in conjunction with the accompanying notes.

The Directors of BT Funds Management (NZ) Limited authorised these financial statements for issue on 18 June 2018.

Director: 

Director: 

Statement of cash flows

for the year ended 31 March 2018

	Note	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
		2018	2017	2018	2017	2018	2017
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities							
Interest received		60,595	49,127	14,664	23,514	8,677	4,748
Proceeds from sales of investments		3,827,350	2,695,246	-	-	-	-
Purchase of investments		(4,083,621)	(2,949,127)	-	-	-	-
Net cash (used in)/provided by operating activities	7	(195,676)	(204,754)	14,664	23,514	8,677	4,748
Cash flows from financing activities							
Proceeds		4,160,835	2,990,269	991,212	1,244,204	376,137	224,929
Withdrawals		(3,827,350)	(2,695,246)	(1,161,103)	(1,485,983)	(205,112)	(132,276)
Distributions		(60,595)	(49,127)	(14,664)	(23,514)	(8,677)	(4,748)
Net cash provided / (used in) by financing activities		272,890	245,896	(184,555)	(265,293)	162,348	87,905
Net increase / (decrease) in cash and cash equivalents		77,214	41,142	(169,891)	(241,779)	171,025	92,653
Cash and cash equivalents at the beginning of the year		102,492	61,350	957,104	1,198,883	232,245	139,592
Cash and cash equivalents at the end of the year		179,706	102,492	787,213	957,104	403,270	232,245

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1. Basis of Preparation

The reporting entities included in these financial statements are the Westpac Term PIE Fund (**'Term PIE Fund'**), the Westpac Cash PIE Fund (**'Cash PIE Fund'**) and the Westpac Notice Saver PIE Fund (**'Notice Saver PIE Fund'**) (collectively referred to throughout these financial statements as the **'Funds'**).

The Term PIE Fund was created and established on 20 July 2009 under the Westpac Banking Funds Trust Deed dated 20 July 2009, as amended (the **'Trust Deed'**).

The Cash PIE Fund was created and established on 14 November 2012 under the Trust Deed. The Cash PIE Fund is made up of two product offerings, the Online Saver PIE (**'Online Saver'**) and the Online Bonus Saver PIE (**'Online Bonus Saver'**). The Cash PIE Fund commenced operations on 22 November 2012.

The Notice Saver PIE Fund was created and established on 1 December 2014 under the Trust Deed. The Notice Saver PIE Fund commenced operations on 1 December 2014.

The Trust Deed is executed by BT Funds Management (NZ) Limited (the **'Manager'**) and Trustees Executors Limited (the **'Trustee'**).

The objectives of the Funds are to provide investors with tax-effective, fixed term, on-call or short term notice cash investments.

The Funds' investment activities are ultimately managed by the Manager. The registered office of the Manager is Level 5, Westpac on Takutai Square, 16 Takutai Square, Auckland. The Funds are domiciled in New Zealand.

The financial statements were authorised for issue by the Directors of the Manager on 18 June 2018. The Directors of the Manager have the power to amend the financial statements after they are authorised.

The principal accounting policies adopted in the preparation of these financial statements are set out below and in the relevant notes to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

a. Basis of preparation

(i) Basis of accounting

These financial statements have been prepared in accordance with the requirements of the Trust Deed.

These financial statements comply with Generally Accepted Accounting Practice in New Zealand, applicable New Zealand equivalents to International Financial Reporting Standards (**'NZ IFRS'**) and other authoritative pronouncements of the External Reporting Board, as appropriate for for-profit entities. These financial statements also comply with International Financial Reporting Standards (**'IFRS'**), as issued by the International Accounting Standards Board (**'IASB'**).

All amounts in these financial statements have been rounded in thousands of New Zealand dollars unless otherwise stated.

(ii) Accounting conventions

The financial statements have been prepared under the historical cost convention. The going concern concept and accrual basis of accounting have been applied.

(iii) Restatement of comparatives

The statement of cash flows for Westpac Notice Saver PIE Fund for the year ended 31 March 2017 has been restated in these financial statements. Proceeds from sales of investments and purchase of investments within cash flows from operating activities have both been restated to \$nil from \$178,603,000 and \$(178,603,000) respectively. There is no impact on net cash (used in) / provided by operating activities, the cash position or on any other items in the financial statements.

(iv) Changes in accounting standards

Amendments to NZ IAS 7 Statement of Cash Flows became effective for the Funds from 1 April 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the financial statements. No new standards have been adopted by the Funds effective 1 April 2017 that have a significant impact on the Funds reported result or financial position.

b. Significant accounting policies

Financial assets and financial liabilities

(i) Recognition

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Funds provide money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are recognised on settlement date when cash is advanced to the borrowers.

Financial liabilities are recognised when an obligation arises.

(ii) Classification and measurement

The Funds classify all their financial assets as loans and receivables. Management determines the classification of financial assets at initial recognition. They are recognised initially at fair value plus directly attributable transaction costs.

The Funds classify their financial liabilities as financial liabilities at amortised cost.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial liabilities are initially recognised at fair value less directly attributable transaction costs. They are subsequently remeasured at amortised cost using the effective interest method.

(iii) Derecognition

Loans and receivables are derecognised when the rights to receive cash flows from the financial assets have expired or where the Funds have transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Notes to the financial statements

Note 1. Basis of Preparation (continued)

Other liabilities

Other liabilities include accrued interest payable to unit holders.

Non-financial liabilities

Tax payable on behalf of unit holders

Tax payable on behalf of unit holders includes monies held by the Fund to pay PIE tax to the Inland Revenue on behalf of the unit holders.

Taxation

Income tax

Each Fund qualifies as, and has elected to be, a Portfolio Investment Entity ("PIE") for tax purposes. Under the PIE regime, income is effectively taxed in the hands of unit holders and therefore the Funds have no income tax expense. Accordingly, no income tax expense is recognised in the statement of comprehensive income.

Under the PIE regime, the Manager attributes the taxable income of the Funds to unit holders in accordance with the proportion of their interests in the overall Funds. The income attributed to each unitholder is taxed at that unitholder's Prescribed Investor Rate up to 28% on redemptions, distributions and annually at 31 March each year. The Manager may also make distributions on other dates where necessary or desirable to enable compliance with the PIE tax regime.

In accordance with the Trust Deed, the Manager has discretion to determine the assessable income (for tax purposes) of the Funds and to allocate this income in accordance with the NZ Income Tax Act 2007.

Tax payable on behalf of unit holders, disclosed in the balance sheet, consists of amounts withheld from withdrawals or distributions to meet unitholder tax liabilities under the PIE regime.

Goods and services tax ('GST')

The Funds are not registered for GST. The statements of comprehensive income and statements of cash flows have been prepared so that all components are stated inclusive of GST (if any). All items in the balance sheets are stated inclusive of GST (if any).

c. Future accounting developments

NZ IFRS 9 *Financial instruments* ('NZ IFRS 9') will replace NZ IAS 39 *Financial Instruments: Recognition and Measurement* ('NZ IAS 39') and is effective from 1 April 2018. NZ IFRS 9 requires financial assets to be classified on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value.

NZ IFRS 9 is not expected to have a significant impact on the classification of the financial assets of the Funds as:

- All financial assets including cash balances and investments meet the solely payments of principle and interest (SPPI) criterion and are held for collection of the contractual cash flows and so will continue to be measured at amortised cost.

The requirements for classifying and measuring financial liabilities remain largely unchanged from NZ IAS 39.

NZ IFRS 9 also introduces a new expected credit loss model (ECL) impairment model which is not expected to have a material impact on the Funds as the financial assets subject to impairment testing are those measured at amortised cost which are short term and/or of a high credit quality.

As the Funds do not apply hedge accounting, the NZ IFRS 9 hedge accounting-related changes do not have an impact on the financial statements.

In addition, there are a number of other new standards, amendments to standards and interpretations which are effective for the annual periods beginning after 1 April 2018 and have not been early adopted. None of these are expected to have a material impact on the Funds.

Notes to the financial statements

Note 2. Net assets attributable to unit holders

Accounting policy

Unit holders' funds

The Funds issue units that are redeemable at the unit holders' option. The units do not meet the equity exemption requirements for a puttable financial instrument under NZ IAS 32 *Financial Instruments: Presentation* ("NZ IAS 32"), as the units are not the most subordinate class of instrument within the Funds. As such, they are classified as a financial liability and disclosed as Net assets attributable to unit holders on the balance sheets.

Redemptions from the Funds are recorded gross of any exit fees payable, after the cancellation of the units redeemed. Units are issued and redeemed at the unit holders' option at prices based on each Fund's net asset value per unit at the time of issue or redemption. Each Fund's net asset value per unit is calculated by dividing the net assets attributable to the unit holders of that Fund with the total number of outstanding units of that Fund.

For the Term PIE Fund, units are issued to unit holders at different rates of return and maturity dates. The units can be put back to the Fund after the maturity date for cash, based on the redemption price. In exceptional circumstances units may, at the Manager's discretion, be withdrawn early, i.e. before their maturity date. A reduced rate of return applies to any early withdrawal from the Fund and may also apply to any remaining unit holding.

For the Cash PIE Fund, there are no maturity dates and the units are redeemable on demand by the investors. The Online Saver and Online Bonus Saver products are issued at different rates of return.

For the Notice Saver PIE Fund, there are no maturity dates and units are redeemable on demand subject to investors giving a minimum withdrawal period of notice. However in exceptional circumstances, units may, at the Manager's discretion, be withdrawn before the expiry of such notice period and a return reduction will be applied to the remaining unit holding.

As stated in the Trust Deed, each unit represents a right to an individual share in the relevant Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units for PIE tax purposes within the Funds and, other than differing maturity periods, distributions and agreed returns, each unit has the same rights attached to it as all other units in the Fund.

Distributions to unit holders

Income is distributed either as units or cash and is classified as interest expense.

Distributions of income are paid to unit holders in the Term PIE Fund either monthly, quarterly, six monthly, annually or upon maturity date depending on the term of their investment and any election (where applicable) made at the time of investment. The distribution rates applied to individual unitholder's investments in the Term PIE Fund vary and are dependent on the term and size of their investment.

Distributions are paid to unit holders in the Cash PIE Fund on a monthly basis, on the last business day of each month, or upon full withdrawal. The distribution rates applied to individual unit holders in the Cash PIE Fund are based on which product they are invested in, and in respect of the Online Bonus Saver, whether they have met the conditions to receive a bonus rate of return on their investment.

Distributions are paid to unit holders in the Notice Saver PIE Fund on a monthly basis, on the last business day of each month, or upon full withdrawal. The distribution rates applied to individual unitholder's investments in the Notice Saver PIE Fund vary and are dependent on the minimum notice period for withdrawals and the size of the investment.

Notes to the financial statements

Note 2. Net assets attributable to unit holders (continued)

Units on issue to unit holders

The analysis of movements in the number of redeemable units during the year was as follows:

	WESTPAC TERM PIE FUND	
	Year Ended	Year Ended
	31 March 2018	31 March 2017
	Number of Units	Number of Units
	'000	'000
Balance at beginning of the year	1,538,852	1,243,829
Applications	4,160,835	2,990,269
Withdrawals	(3,827,350)	(2,695,246)
Balance at end of the year	1,872,337	1,538,852

	WESTPAC CASH PIE FUND					
	Online Saver		Online Bonus Saver		Total	Total
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Number of Units	Number of Units	Number of Units	Number of Units	Number of Units	
	'000	'000	'000	'000	'000	
Balance at beginning of the year	81,230	117,768	875,874	1,081,115	957,104	1,198,883
Applications	164,840	260,585	826,372	983,619	991,212	1,244,204
Withdrawals	(191,190)	(297,123)	(969,913)	(1,188,860)	(1,161,103)	(1,485,983)
Balance at end of the year	54,880	81,230	732,333	875,874	787,213	957,104

	WESTPAC NOTICE SAVER PIE FUND	
	Year Ended	Year Ended
	31 March 2018	31 March 2017
	Number of Units	Number of Units
	'000	'000
Balance at beginning of the year	232,245	139,592
Applications	376,137	224,929
Withdrawals	(205,112)	(132,276)
Balance at end of the year	403,270	232,245

Notes to the financial statements

Note 3. Related entities

Accounting policy

Interest income

Interest income for all interest earning financial assets is recognised using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument by discounting the financial instrument's estimated future cash receipts or payments to their present value and allocates the interest income or interest expense, including any fees, costs, premiums or discounts integral to the instrument, over its expected life.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term and highly liquid used in the day-to-day management of the Funds that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Investments

The Term PIE Fund invests in New Zealand dollar, interest bearing accounts with Westpac New Zealand Limited ('WNZL'). These investments comprise deposits with a maturity of greater than 90 days at acquisition date are subject to insignificant risk of changes in value. These investments are classified as loans and receivables.

Receivables due from related entities

Receivables due from related entities includes monies held by Westpac New Zealand Limited to pay PIE tax to the Inland Revenue on behalf of the unit holders. They are accounted for as loans and receivables.

Ultimate holding company

The Manager is a wholly owned subsidiary of BT Financial Group (NZ) Limited, which is an indirectly wholly owned subsidiary of Westpac Banking Corporation ('WBC').

WNZL is a related entity because it is considered to control the Funds based on contractual arrangements, and as such, the Funds are consolidated in the financial statements of WNZL which are available, free of charge, at the internet address www.westpac.co.nz. WNZL is responsible for paying a management fee to the Manager.

Nature of transactions

Current account banking facilities and other financial products are provided by WNZL to the Funds on normal commercial terms. The Funds received interest on deposits with WNZL. The outstanding balance at year end is included in Accrued interest receivable – WNZL. Other receivable from WNZL represents withdrawals at source, held to meet unitholder tax liabilities. All operating expenses, including audit fees, are paid by WNZL and are not charged to the Funds.

Apart from the management units (refer to Note 10), none of the related entities hold units in the Funds.

Unless otherwise disclosed, all transactions between the Funds and related entities are entered into on an "arm's length" basis on normal commercial terms.

Income from related entities

	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Interest income	60,602	48,916	14,664	23,514	8,677	4,748
Total income	60,602	48,916	14,664	23,514	8,677	4,748

Notes to the financial statements

Note 3. Related entities (continued)

Due from related entities

	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents - WNZL	179,706	102,492	787,213	957,104	403,270	232,245
Investments - WNZL	1,692,631	1,436,360	-	-	-	-
Accrued interest receivable - WNZL	8	1	-	-	-	-
Other receivable - WNZL	5,786	4,810	314	410	222	129
Total due from related entities	1,878,131	1,543,663	787,527	957,514	403,492	232,374

Note 4. Financial risk management

The Funds' financial instruments represent interest bearing deposit accounts with WNZL, in New Zealand dollars.

The Funds' risk management programme

The Funds operate within the governance and risk management frameworks of their controlling entity WNZL, whose risk governance framework is aligned with the ultimate parent entity, WBC. These frameworks support effective and efficient decision-making through established reporting obligations to the WNZL and WBC Board of Directors as well as measures of staff performance. The Funds regard the management of risk to be a fundamental management activity performed at all levels of its business. Supporting this approach is a risk management strategy that supports a holistic approach to risk management and sets out minimum standards for risk management across all risk categories ('**Risk Management Strategy**').

Categories of financial risk

The Funds' activities may expose them to a variety of financial risks: credit risk, interest rate risk and liquidity risk.

a. Credit risk

Credit risk is the risk of financial loss resulting from the failure of counterparties to fully honour the terms and conditions of a contract with the Funds.

The following policies and procedures are in place to mitigate the Funds' exposure to credit risk:

- The Funds are subject to WNZL's and ultimately WBC's Risk Management strategy. This strategy defines what constitutes credit risk for the Funds and provides the Funds with a framework for managing credit risk. There have been no changes to the strategy from the previous financial period. WNZL's Board Audit Committee and Board Risk and Compliance Committee are responsible for monitoring risk management performance and controls for WNZL. In addition, the adequacy and effectiveness of the overall risk management framework and controls is monitored, evaluated and opined on by an independent audit function; and
- The Funds' main exposure to risk arises as a consequence of the Funds' banking and deposit activities with WNZL. The maximum credit risk is considered to be the carrying value of the cash and cash equivalents, investments and other receivables. The Manager considers the credit risk to be mitigated by WNZL's external credit ratings, as shown below.

(i) External Credit Rating

The Funds are considered to be controlled entities of WNZL. WNZL has the following credit ratings with respect to its long term senior unsecured obligations, including obligations payable in New Zealand, in New Zealand dollars, as at 31 March 2018. These credit ratings are given without any qualifications:

Rating Agency	Current Credit Rating	Rating Outlook
Fitch Ratings	AA-	Stable
Moody's Investors Service	A1	Stable
Standard & Poor's	AA-	Negative

A credit rating is not a recommendation to buy, sell or hold securities of WNZL. Such ratings are subject to revision, qualification, suspension or withdrawal at any time by the assigning rating agency. Investors in WNZL's securities are cautioned to evaluate each rating independently of any other rating.

Notes to the financial statements

Note 4. Financial risk management (continued)

(ii) Concentration of credit exposure

	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
	31 March 2018 \$'000	31 March 2017 \$'000	31 March 2018 \$'000	31 March 2017 \$'000	31 March 2018 \$'000	31 March 2017 \$'000
On-balance sheet credit exposures consist of:						
Cash and cash equivalents	179,706	102,492	787,213	957,104	403,270	232,245
Investments	1,692,631	1,436,360	-	-	-	-
Receivables due from related entities	5,794	4,811	314	410	222	129
Total credit exposures	1,878,131	1,543,663	787,527	957,514	403,492	232,374

All credit exposures are to WNZL, hence the New Zealand financial services industry and economic sector.

b. Interest rate risk

Interest rate risk is the risk which arises from the effects of fluctuations in the market interest rate on net assets attributable to unit holders.

Term PIE Fund

As the Term PIE Fund's deposit with WNZL is held at various maturities and various fixed interest rates, no sensitivity analysis is provided as reasonably possible changes in the market interest rate have no material impact on the statement of comprehensive income or the statement of changes in net assets attributable to unit holders.

The following tables present the interest rate repricing profile of the Term PIE Fund's assets:

	WESTPAC TERM PIE FUND 31 March 2018				Total \$'000
	Within 6 months \$'000	Between 6-12 months \$'000	Over 12 months \$'000	Non-interest bearing \$'000	
Financial assets					
Cash and cash equivalents	179,706	-	-	-	179,706
Investments	507,470	847,219	337,942	-	1,692,631
Receivables due from related entities	-	-	-	5,794	5,794
Total financial assets	687,176	847,219	337,942	5,794	1,878,131

	WESTPAC TERM PIE FUND 31 March 2017 (Restated)				Total \$'000
	Within 6 months \$'000	Between 6-12 months \$'000	Over 12 months \$'000	Non-interest bearing \$'000	
Financial assets					
Cash and cash equivalents	102,492	-	-	-	102,492
Investments	617,232	516,199	302,929	-	1,436,360
Receivables due from related entities	-	-	-	4,811	4,811
Total financial assets	719,724	516,199	302,929	4,811	1,543,663

Cash PIE Fund and Notice Saver PIE Fund

No interest rate sensitivity analysis is provided for the Cash PIE Fund or Notice Saver PIE Fund as interest rates are effectively matched between the deposits the Cash PIE Fund or Notice Saver PIE Fund hold with WNZL and the investments the unit holders hold in the Cash PIE Fund or Notice Saver PIE Fund. No interest rate repricing profile is provided as the deposits with WNZL have no contractual maturities and no fixed rates. As such, the deposits may reprice when market interest rates change.

Notes to the financial statements

Note 4. Financial risk management (continued)

c. Liquidity risk

Liquidity risk is the risk that the Funds will be unable to fund assets and meet obligations as they come due.

Liquidity management is designed to ensure the Funds have the ability to generate sufficient cash in a timely manner to meet their financial commitments and normal levels of redemptions. The Funds are able to liquidate parts of the investment with WNZL in order to meet redemption requests.

There have been no changes to the Funds management of its liquidity risk from the previous financial period.

In accordance with the Trust Deed, the Manager may decide, at its sole discretion, to suspend withdrawals from the Funds if it determines that it is in the interest of the unit holders to do so.

Term PIE Fund

The Term PIE Fund is able to manage its liquidity requirements as the underlying deposits in WNZL are matched with the same contractual terms and maturity periods as the Term PIE Fund's units. In the event the unit holders redeem their units in the Term PIE Fund, the Term PIE Fund also has the ability to withdraw its underlying investments with WNZL.

Cash PIE Fund

The units within the Cash PIE Fund have no contractual maturities and hence are redeemable on demand by unit holders. The Cash PIE Fund's underlying investments in WNZL are also callable on demand.

Notice Saver PIE Fund

The units within the Notice Saver PIE Fund have no contractual maturities and are also redeemable on demand by unit holders, subject to the minimum notice period of 32 days. The Notice Saver PIE Fund's underlying investments in WNZL are also callable on demand, subject to the minimum notice period.

The table below presents the maturity analysis on the Fund's financial liabilities based on the period remaining from the balance date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows and will therefore not necessarily agree to the carrying values on the balance sheet.

	31 March 2018					Total financial liabilities at carrying value	
	On demand \$'000	Up to 3 months \$'000	Within 6 months \$'000	Between 6-12 months \$'000	Over 12 months \$'000	Total \$'000	\$'000
Net assets attributable to unit holders							
Westpac Cash PIE Fund	787,213	-	-	-	-	787,213	787,213
Westpac Notice Saver PIE Fund	-	403,270	-	-	-	403,270	403,270
Westpac Term PIE Fund	8	795,057	571,921	375,374	160,637	1,902,997	1,872,345

	31 March 2017					Total financial liabilities at carrying value	
	On demand \$'000	Up to 3 months \$'000	Within 6 months \$'000	Between 6-12 months \$'000	Over 12 months \$'000	Total \$'000	\$'000
Net assets attributable to unit holders							
Westpac Cash PIE Fund	957,104	-	-	-	-	957,104	957,104
Westpac Notice Saver PIE Fund	-	232,245	-	-	-	232,245	232,245
Westpac Term PIE Fund	1	635,869	454,833	325,868	148,302	1,564,873	1,538,852

Notes to the financial statements

Note 5. Fair value of financial instruments

Accounting policy

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On initial recognition, the transaction price generally represents the fair value of the financial instrument unless there is observable information from an active market to the contrary. Where unobservable information is used, the difference between the transaction price and the fair value (day one profit or loss) is only recognised in the income statement when the inputs become observable, or over the life of the instrument.

Fair valuation control framework

The Funds use a Fair Valuation Control Framework where the fair value is either determined or validated by a function independent of the originator of the transaction. This framework formalises the policies and procedures used to achieve compliance with relevant accounting, industry and regulatory standards. The framework includes specific controls relating to:

- the revaluation of financial instruments;
- independent price verification;
- fair value adjustments; and
- financial reporting.

The method of determining fair value differs depending on the information available.

Financial instruments not measured at fair value

For financial instruments not carried at fair value on a recurring basis on the balance sheet, including amounts due from related entities, fair value has been derived as follows:

Instrument	Valuation technique
Net assets attributable to unit holders	The Funds routinely redeem and issue units at the amount equal to the proportionate share of Net assets of the Funds at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unit holders approximates the fair value.
Investments	The carrying amount of the Fund's investments, i.e. fixed term deposits with WNZL, are estimated by reference to the current interest rates at which similar investments would be offered for a similar remaining maturity. The carrying amount approximates the fair value.
All other financial assets and financial liabilities	For all other financial assets and financial liabilities, the carrying value approximates the fair value. These items are either short-term in nature or reprice frequently, and are of a high credit rating.

Note 6. Auditors' remuneration

Auditor's remuneration for the year has not been provided for and will be paid by WNZL. This expense will not be charged to the Funds.

Notes to the financial statements

Note 7. Notes to Statements of cash flows

Reconciliation of net cash provided by operating activities to change in net assets attributable to unit holders for the year.

	WESTPAC TERM PIE FUND		WESTPAC CASH PIE FUND		WESTPAC NOTICE SAVER PIE FUND	
	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2018	Year Ended 31 March 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of net cash provided by operating activities to change in net assets attributable to unit holders						
Change in net assets attributable to unit holders	-	-	-	-	-	-
Interest expense - distribution to unit holders	60,602	48,916	14,664	23,514	8,677	4,748
Net increase in investments	(256,271)	(253,881)	-	-	-	-
Net decrease / (increase) in interest receivable from related parties	(7)	211	-	-	-	-
Net cash flows (used in) / provided by operating activities	(195,676)	(204,754)	14,664	23,514	8,677	4,748

Note 8. Capital management

There are no specific capital requirements imposed on the Funds other than ensuring unit holders' funds are sufficient to meet all present and future obligations.

Note 9. Commitments and contingencies

As at 31 March 2018, the Funds had no commitments or contingencies that were not otherwise disclosed in these financial statements (31 March 2017: nil).

Note 10. Equity - units issued

In accordance with the Trust Deed, the Manager paid \$100 to the Trustee by way of subscription for 100 management units in each Fund. Such units will be redeemable for cash after all other units in the relevant Fund have been redeemed. These units are fully paid and issued. No voting rights are attached to these units.



Independent auditor's report

To the unit holders of:
Westpac Term PIE Fund
Westpac Cash PIE Fund
Westpac Notice Saver PIE Fund
(Collectively referred to as the "Funds")

The Funds' financial statements comprise:

- the balance sheets as at 31 March 2018;
- the statements of comprehensive income for the year then ended;
- the statements of changes in net assets attributable to unit holders for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

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

Basis for opinion

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

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

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

Our firm carries out other services for the Funds, BT Funds Management (NZ) Limited (the Manager) and related entities of the Manager in the areas of other assurance services and agreed procedures. The provision of these other services has not impaired our independence as auditor of the Funds.

Information other than the financial statements and auditor's report

The Manager is responsible for the annual report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing each Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to each Fund's unit holders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than each Fund's unit holders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Freeman.

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
18 June 2018

Auckland

