

BWA Cash Management Trust

ABN 46 190 401 696

Annual Financial Report 30 June 2008



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Directors' Report

The directors of BWA Managed Investments Ltd, the Responsible Entity of the BWA Cash Management Trust (the Trust), present their report together with the financial report of the Trust for the year ended 30 June 2008 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity and the Trust is:

Level 34, BankWest Tower, 108 St Georges Terrace, Perth.

Directors

The directors of the Responsible Entity at any time during or since the end of the financial year are:

D Rose Appointed 15 December 2006,
resigned 1 January 2008

J Van Der Wielen Appointed 12 May 2004,
resigned 16 November 2007

P Northey Appointed 15 December 2006

J Mallon Appointed 1 October 2005

J Seabrook Appointed 1 January 2008

P Dortkamp Appointed 1 January 2008

Principal Activities

The Trust is a registered managed investment scheme domiciled in Australia.

The principal activity of the Trust during the financial year was the pooling of investor funds. The investment of these funds continued to be in accordance with the investment policy of the Trust as outlined in the current Product Disclosure Statement.

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

The Trust did not have any employees during the financial year.

Review of Operations

The Trust maintained all investor funds in an 'at call' deposit held with the Bank of Western Australia Ltd (BankWest), a subsidiary of the Responsible Entity's domestic parent company HBOS Australia Pty Ltd (HBOS Australia). Investment income earned by the Trust was derived solely from this 'at call' deposit.

Results for the Financial Year

| | | 2008 | | 2007 |
|-----------------------------|------------|----------------|------------|----------------|
| | \$ | Cents per unit | \$ | Cents per unit |
| Investment income | 30,272,842 | 6.84 | 19,622,580 | 6.17 |
| Interim distributions paid | 28,408,756 | 6.42 | 18,670,754 | 5.87 |
| Final distributions payable | 93,488 | 0.02 | 139,735 | 0.03 |

Performance

The distributions paid or payable to retail and wholesale clients ranged between 5.65% and 7.25% for the financial year (2007: 5.15% and 6.25%).

Interests of the Responsible Entity

Fees based on the Management Expense Ratio (MER) and paid to the Responsible Entity out of Trust property during the financial year amounted to \$1,770,598 (2007: \$812,091). For retail clients of the Trust the MER was fixed at 0.60% for the financial year (2007: 0.60%) (or \$60 for every \$10,000 invested). For wholesale clients of the Trust the MER is separately negotiated and agreed.

The Responsible Entity has not held any units in the Trust during the financial year (2007: nil)

State of Affairs

In the opinion of the directors of the Responsible Entity there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Likely Developments

Further information about likely developments in the operations of the Trust and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

Environmental Regulation

The Trust's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

Insurance and indemnity of Directors and Officers of the Responsible Entity

During the financial year, the officers of the Responsible Entity of the Trust, including directors, general managers, company secretaries and other executive officers were covered by insurance obtained by the Responsible Entity's ultimate parent company, HBOS plc. This insurance indemnifies Directors and Officers against allegations of wrongdoing (other than intentional wrongdoing).

The Directors and Officers of the Responsible Entity of the Trust have been provided a Deed of Access, Insurance and Indemnity (Deed) by HBOS Australia. The Deed requires HBOS Australia to provide insurance for the Directors and Company Secretaries and to indemnify the officer or former officer against all liabilities to another person that may arise from his or her position as a director or officer of the Responsible Entity, except where the liability arises from conduct involving a lack of good faith.

The Trust has not indemnified the auditor of the Trust and no insurance premiums are paid out of the Trust's assets in relation to insurance cover for the Responsible Entity, its officers and employees or the auditors of the Trust.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 3 and forms part of the Directors' Report for the year ended 30 June 2008.

This report is made in accordance with a resolution of the directors of BWA Managed Investments Ltd:



Jenny Seabrook

CHAIRMAN

Dated at Perth, Western Australia, 22 August 2008.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: The directors of BWA Managed Investments Ltd, the Responsible Entity of the BWA Cash Management Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'K. Smout', written over the printed name 'Kevin Smout'.

Kevin Smout
Partner

Perth
22 August 2008

Income Statement

For the year ended 30 June 2008

| | Note | 2008 \$ | 2007 \$ |
|---|------|---------------------|--------------|
| Revenue | | | |
| Interest income | | 30,272,842 | 19,622,580 |
| Total Revenue | | 30,272,842 | 19,622,580 |
| Expenses | | | |
| Responsible Entity fees | 9 | (1,770,598) | (812,091) |
| Profit from operating activities | | 28,502,244 | 18,810,489 |
| Finance costs | | | |
| Distribution expense to Unitholders | 6 | (28,502,244) | (18,810,489) |
| Change in net assets attributable to Unitholders | | — | — |

The Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 8 to 14.

Statement of Changes in Equity

As the Trust has no equity, the Trust has not included any items in the Statement of Changes in Equity for the current or comparative year.

Balance Sheet

As at 30 June 2008

| | Note | 2008 \$ | 2007 \$ |
|---|------|--------------------|-------------|
| Assets | | | |
| Cash and cash equivalents | | 501,325,666 | 431,561,221 |
| Loans and receivables: Interest and other receivables | 9 | 111,707 | 161,852 |
| Total assets | | 501,437,373 | 431,723,073 |
| Liabilities | | | |
| Financial liabilities measured at amortised cost: | | | |
| Payables | | 18,219 | 22,117 |
| Distribution payable | 6 | 93,488 | 139,735 |
| Total liabilities (excluding net assets attributable to Unitholders) | | 111,707 | 161,852 |
| Net assets attributable to Unitholders-Liability | | 501,325,666 | 431,561,221 |
| Represented by: | | | |
| Net assets attributable to Unitholders at redemption price | | 501,325,666 | 431,561,221 |

The Balance Sheet is to be read in conjunction with the notes to the financial statements set out on pages 8 to 14.

Statement of Cash Flows

For year ended 30 June 2008

| | Note | 2008 \$ | 2007 \$ |
|---|------|--------------------|---------------|
| Cash Flows from Operating Activities | | | |
| Interest received | | 30,321,332 | 19,512,173 |
| Responsible Entity fees paid | | (1,772,841) | (805,161) |
| Net cash flows from operating activities | 7 | 28,548,491 | 18,707,012 |
| Cash Flows from Financing Activities | | | |
| Proceeds from the issue of redeemable units | 5 | 1,377,408,154 | 885,894,942 |
| Payments on the redemption of redeemable units | 5 | (1,307,643,709) | (691,555,923) |
| Distributions paid | | (28,548,491) | (18,707,012) |
| Net cash flows from financing activities | | 41,215,954 | 175,632,007 |
| Net increase in cash and cash equivalents | | 69,764,445 | 194,339,019 |
| Cash and cash equivalents at beginning of year | | 431,561,221 | 237,222,202 |
| Cash and cash equivalents at end of year | | 501,325,666 | 431,561,221 |

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 14.

Notes To and Forming Part of the Financial Statements

1. Reporting Entity

The BWA Cash Management Trust (the Trust) is a registered managed investment scheme under the *Corporations Act 2001*. The financial report of the Trust is for the year ended 30 June 2008.

2. Basis of Preparation

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Trust complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors of BWA Managed Investments Ltd (the Responsible Entity) on 22 August 2008.

(b) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Trust's functional currency.

(c) New standards and interpretations not yet adopted

The following standards and amendments to standards have been identified as those which may impact the Trust in the period of initial application. They are available for early adoption at 30 June 2008 but have not been applied in preparing this financial report:

- AASB 2007–6 *Amendments to Australian Accounting Standards arising from AASB 123*. The revision of AASB 123 necessitates consequential amendments to AASB 1, 101, 107, 111, 116 & 138 and Interpretations 1 & 12. The amendments principally remove references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised. These editorial amendments have no material impact on the requirements in the amended standards.
- AASB 2007–8 *Amendments to Australian Accounting Standards arising from AASB 101*. The revision of AASB 101 necessitates consequential amendments to Australian Accounting Standards (including Interpretations). This amending standard changes the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements' in application paragraphs, where relevant, of Australian Accounting Standards (including Interpretations) to better align with IFRS terminology. The amendments have no significant impact on the Trust.
- 2008–2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*. This amending standard introduces an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain instruments that impose an obligation to deliver a pro rata share of the net assets of an entity. The Trust has not yet determined the potential effect of the amending standard on the Trust's disclosure.
- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events as required by other AASBs. The revised AASB 101 will be mandatory for the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of the revised standard on the Trust's disclosure.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to an acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will be mandatory for the Trust's 30 June 2010 financial statements and will constitute a change in accounting policy for the Trust. In accordance with the transitional provisions the Trust will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

(d) New standards early adopted

- AASB 8 *Operating Segments* (effective for accounting periods beginning on or after 1 January 2009). As the Trust does not fall into the scope of AASB 8, the impact of early adoption of this standard has been to remove disclosures previously presented under AASB 114 *Segment Reporting*.
- AASB 2007–3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective for accounting periods beginning on or after 1 January 2009) addresses consequential amendments to various Standards following the release of AASB 8. AASB 2007-3 is applied because AASB 8 has been applied.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(a) Cash and cash equivalents

Cash comprises current deposits 'at call' with the Bank of Western Australia Ltd (BankWest), a subsidiary of the Responsible Entity's domestic parent company HBOS Australia Pty Ltd (HBOS Australia). Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(b) Loans and receivables

Loans and receivables includes interest accrued on cash held on deposit 'at call' with BankWest which is unpaid as at balance date.

(c) Payables

Payables includes the Responsible Entity fee owing by the Trust which is unpaid as at balance date.

(d) Finance costs

Distributions paid and payable to Unitholders are recognised in the income statement as finance costs and as a liability where not paid at balance date, as Unitholders are presently entitled to the distributable income as at 30 June 2008 under the Trust Constitution. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

(e) Interest income

Interest income arises from cash and cash equivalents and is recognised in the income statement as it accrues using the effective interest method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of any interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(f) Expenses

All expenses, including the Responsible Entity fee, are recognised in the income statement on an accruals basis.

(g) Distributions and taxation

Under current legislation the Trust is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the Unitholders. The Trust fully distributes its distributable income, calculated in accordance with the Trust Constitution and applicable taxation legislation, to the Unitholders who are presently entitled to the income under the Trust Constitution.

(h) Goods and Services Tax

The Responsible Entity fee and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in loans and receivables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

(i) Financial assets and liabilities

Classification

Financial assets that are classified as loans and receivables include balances due from financial institutions and accounts receivable. Financial liabilities that are not at fair value through profit or loss include net assets attributable to Unitholders, the Responsible Entity fee and accounts payable.

Recognition

The Trust recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial liabilities are not recognised unless one of the parties has performed.

Measurement

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any. Financial liabilities are measured at amortised cost using the effective interest rate. Financial liabilities arising from the redeemable units issued by the Trust are carried at the redemption amount representing the investor's right to a residual interest in the Trust's assets, which is effectively fair value at the reporting date.

Impairment

Financial assets stated at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, impairment testing is carried out and an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

Derecognition

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(j) Redeemable units

All redeemable units issued by the Trust provide the investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the current Product Disclosure Statement the Trust is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Trust on disposal of its assets required to fund the redemptions.

(k) Unit prices

The unit price is based on unit price accounting outlined in the Trust Constitution and current Product Disclosure Statement.

4. Auditor's Remuneration

Fees for audit services rendered to the Trust are borne by BankWest and are included within the results of that entity.

5. Net Assets Attributable to Unitholders

| | 2008 | | 2007 | |
|--|--------------------|--------------------|---------------|---------------|
| | Units | \$ | Units | \$ |
| Opening balance | 431,561,221 | 431,561,221 | 237,222,202 | 237,222,202 |
| Applications | 1,377,408,154 | 1,377,408,154 | 885,894,942 | 885,894,942 |
| Redemptions | (1,307,643,709) | (1,307,643,709) | (691,555,923) | (691,555,923) |
| Change in net assets attributable to Unitholders | — | — | — | — |
| Closing balance | 501,325,666 | 501,325,666 | 431,561,221 | 431,561,221 |

6. Distributions Paid and Payable

| | 2008 | | 2007 | |
|--------------------------------------|-------------------|----------------|------------|----------------|
| | \$ | Cents per unit | \$ | Cents per unit |
| Interim distributions paid – monthly | 28,408,756 | 6.42 | 18,670,754 | 5.87 |
| Final distributions paid – June | 93,488 | 0.02 | 139,735 | 0.03 |
| | 28,502,244 | 6.44 | 18,810,489 | 5.90 |

7. Reconciliation of Cash Flows from Operating Activities

| | 2008 | 2007 |
|--|-------------------|------------|
| | \$ | \$ |
| Profit from operating activities | 28,502,244 | 18,810,489 |
| Changes in operating assets and liabilities | | |
| (Decrease)/Increase in payables | (3,898) | 18,811 |
| Decrease/(Increase) in receivables | 50,145 | (122,288) |
| Net cash flow from operating activities | 28,548,491 | 18,707,012 |

8. Risk Management

(a) Risk management framework

Identification, measurement and management of the risks facing the Trust is a strategic priority for the Responsible Entity. The Trust's investing activities expose it to various types of risk that are associated with the financial products and markets in which it invests. The Responsible Entity relies on the comprehensive framework developed by its domestic parent company, HBOS Australia, to monitor and maintain high standards of risk management throughout the HBOS Australia Group (the Group). The comprehensive framework developed by HBOS Australia covers the functions on accountability, oversight, measurement and reporting processes for risk management.

The Group allocates specific roles in the management of the above risks to executives and senior managers and to the Board and Executive Committees of HBOS Australia. This is undertaken within an overall framework and strategy established by the Board.

The Group's Audit Committee, which is supported by the Group's Asset and Liability Committee (ALCO), the Group's Credit Risk Committee (CRC) and the Group's Operational Risk Committee (ORC), obtains assurance about the internal control and risk management environment through regular reports from Group Risk and Group Internal Audit. It also considers external auditors' reports and reviews the minutes and work of the ALCO, CRC and ORC.

The Trust has exposure to the following risks from its use of financial products:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

This note presents information about the Trust's exposure to each of the above risks and the Responsible Entity's objectives, policies and processes for measuring and managing these risks.

(b) Market risk

Market risk is the risk that movements in interest rates will affect the Trust's results.

Interest rate risk

Interest rate risk is the risk of changes in the shape and direction of interest rates (yield curve risk) as well as mismatches in the repricing term of assets and liabilities.

Management of interest rate risk

Interest bearing financial assets and interest bearing financial liabilities mature or reprice in the short term, no longer than twelve months. As a result, the Trust is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The table below summarises the interest rate exposures of the Trust :

| As at 30 June 2008 | At call | Non-interest bearing | Total |
|--|--------------------|-----------------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | 501,325,666 | — | 501,325,666 |
| Loans and receivables: | | | |
| Interest and other receivables | — | 111,707 | 111,707 |
| | 501,325,666 | 111,707 | 501,437,373 |
| Liabilities | | | |
| Net assets attributable to Unitholders – Liability | 501,325,666 | — | 501,325,666 |
| Financial liabilities measured at amortised cost: | | | |
| Payables | — | 18,219 | 18,219 |
| Distribution payable | — | 93,488 | 93,488 |
| | 501,325,666 | 111,707 | 501,437,373 |
| As at 30 June 2007 | | | |
| | At call | Non-interest bearing | Total |
| Assets | | | |
| Cash and cash equivalents | 431,561,221 | — | 431,561,221 |
| Loans and receivables: | | | |
| Interest and other receivables | — | 161,852 | 161,852 |
| | 431,561,221 | 161,852 | 431,723,073 |
| Liabilities | | | |
| Net assets attributable to Unitholders – Liability | 431,561,221 | — | 431,561,221 |
| Financial liabilities measured at amortised cost: | | | |
| Payables | — | 22,117 | 22,117 |
| Distribution payable | — | 139,735 | 139,735 |
| | 431,561,221 | 161,852 | 431,723,073 |

Sensitivity analysis

The nature of the operations of the Trust are such that changes in interest rates do not have an impact on profit.

(c) Credit risk

Credit risk is a risk of financial loss resulting from the failure of a counterparty to meet an obligation or commitment that it has entered into with the Trust.

Management of credit risk

Day to day management of credit risk is undertaken by management of the Responsible Entity in compliance with policies approved by the Board.

Financial assets subject to credit risk

The Trust's maximum exposures to credit risk are:

| | 2008 | 2007 |
|---------------------------|--------------------|-------------|
| | \$ | \$ |
| Cash and cash equivalents | 501,325,666 | 431,561,221 |
| Loans and receivables | 111,707 | 161,852 |
| | 501,437,373 | 431,723,073 |

External credit rating of financial assets neither passed due nor impaired

| | 2008 | 2007 |
|---|--------------------|------------------|
| | Rated A or above | Rated A or above |
| | \$ | \$ |
| Cash and cash equivalents with BankWest | 501,325,666 | 431,561,221 |
| Loans and receivables from BankWest | 111,707 | 161,852 |
| | 501,437,373 | 431,723,073 |

Concentration of risks of financial assets with credit exposure

(i) Geographical sectors

The Trust's exposure to geographic regions at balance sheet date is limited to Australia.

(ii) Industry sectors

The Trust's exposure to industry sectors at balance sheet date is limited to the financial sector.

(d) Liquidity risk

Liquidity risk is the risk that the Trust does not have sufficient financial resources to meet its obligations when they become due, or will have to do so at excessive cost.

Management of liquidity risk

The Trust's liquidity policy is designed to ensure it has sufficient funds to meet its obligations as they fall due. There are two aspects to this risk. First, the Trust Constitution provides for the daily application and redemption of units and as a result the Trust must ensure that it has sufficient funds to meet Unitholder redemptions at any time. Second, the Trust must be able to cope with unforeseen outflows.

Exposure to liquidity risk

Contractual maturities for financial liabilities on a gross cashflow basis are analysed as follows:

| As at 30 June 2008 | At call | Up to 1 month | 1 to 3 months | Total |
|--|----------------|----------------------|----------------------|--------------|
| Payables | — | 5,810 | 12,409 | 18,219 |
| Distribution payable | — | 93,488 | — | 93,488 |
| Net assets attributable to Unitholders – Liability | 501,325,666 | — | — | 501,325,666 |
| | 501,325,666 | 99,298 | 12,409 | 501,437,373 |

| As at 30 June 2007 | At call | Up to 1 month | 1 to 3 months | Total |
|--|----------------|----------------------|----------------------|--------------|
| Payables | — | 15,152 | 6,965 | 22,117 |
| Distribution payable | — | 139,735 | — | 139,735 |
| Net assets attributable to Unitholders – Liability | 431,561,221 | — | — | 431,561,221 |
| | 431,561,221 | 154,887 | 6,965 | 431,723,073 |

(e) Operational risk

The Board is responsible for monitoring the implementation of and adherence to those aspects of the risk management framework relating to operational and regulatory risk across the Trust.

The Responsible Entity of the Trust operates a business continuity plan that focuses on the recovery of major customer service and other Trust operations and on key technology platforms. This plan is designed to deal with relatively minor disruptions to the Trust's operations, through to business recovery after a major event. The plan is tested regularly, including back up facilities for premises and computer systems. Appropriate insurance cover is in place to protect the interests of the Trust and the Responsible Entity, its directors and officers.

(f) Capital Management

The Trust considers its capital to be Net assets attributable to Unitholders. The Trust manages its Net assets attributable to Unitholders as capital, notwithstanding Net assets attributable to Unitholders are classified as a liability.

The objective of the Trust is to provide Unitholders with returns in accordance with the Product Disclosure Statement ("PDS"). The Trust aims to deliver this objective through investing in bank deposits with BankWest, an Authorised Deposit-Taking Institution regulated by the Australian Prudential Regulation Authority. The investments are made in accordance with the PDS and the Trust Constitution.

There have been no material changes in the Trust's management of capital during the period 1 July 2007 to 30 June 2008.

(g) Fair value of assets and liabilities

| Balance as at 30 June 2008 | Carrying value | Fair value |
|--|-----------------------|--------------------|
| | \$ | \$ |
| Assets | | |
| Cash and cash equivalents | 501,325,666 | 501,325,666 |
| Loans and receivables: | | |
| Interest and other receivables | 111,707 | 111,707 |
| Total financial assets | 501,437,373 | 501,437,373 |
| Liabilities | | |
| Net assets attributable to Unitholders – Liability | 501,325,666 | 501,325,666 |
| Financial liabilities measured at amortised cost: | | |
| Payables | 18,219 | 18,219 |
| Distribution payable | 93,488 | 93,488 |
| Total financial liabilities | 501,437,373 | 501,437,373 |
| Balance as at 30 June 2007 | | |
| | Carrying value | Fair value |
| | \$ | \$ |
| Assets | | |
| Cash and cash equivalents | 431,561,221 | 431,561,221 |
| Loans and receivables: | | |
| Interest and other receivables | 161,852 | 161,852 |
| Total financial assets | 431,723,073 | 431,723,073 |
| Liabilities | | |
| Net assets attributable to Unitholders – Liability | 431,561,221 | 431,561,221 |
| Financial liabilities measured at amortised cost: | | |
| Payables | 22,117 | 22,117 |
| Distribution payable | 139,735 | 139,735 |
| Total financial liabilities | 431,723,073 | 431,723,073 |

9. Related Parties

Responsible Entity

The Responsible Entity of the BWA Cash Management Trust is BWA Managed Investments Ltd (ABN 97 108 678 397) whose ultimate Australian parent entity is HBOS Australia Pty Ltd (ABN 50 070 002 587). The ultimate parent entity is HBOS plc, a company listed on the London Stock Exchange and incorporated in the United Kingdom.

Key Management

The Trust does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust under the *Corporations Act* 2001 and this is considered to be the key management personnel. The directors of the Responsible Entity are key management personnel of that entity and their names are disclosed in the Directors' Report.

The Responsible Entity is entitled to a management fee which is calculated as a proportion of net assets attributable to Unitholders. During the financial year the Trust expensed an amount of \$1,770,598 (2007: \$812,091) and at balance date an amount of \$5,810 (2007: \$8,052) owing to the Responsible Entity was included in Payables.

No compensation is paid directly by the Trust to directors, or other key management personnel, of the Responsible Entity.

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity, its directors or its director-related entities at any time during the financial year.

Apart from the details disclosed in this note, no material contracts were entered into by the Trust with the Responsible Entity, its directors or its director-related entities since the end of the previous financial year and there were no such material contracts subsisting at year end.

Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time the Responsible Entity, its directors or its director-related entities may invest in or withdraw from the Trust. These investments or withdrawals are on the same terms and conditions as those entered into by other Trust investors and are trivial and domestic in nature.

At 30 June 2008 the directors of the Responsible Entity held 896 units in the Trust (2007: 69,954 units).

Related party investments held by the Trust

The Trust has no investment in the Responsible Entity or its associates. The Trust is only authorised to deal in high quality cash products (minimum Standard & Poor BBB rated) managed by the Responsible Entity or its associates. Details of the Trust's investments with related parties are as follows:

| | 2008 | 2007 | 2008 | 2007 |
|---------------------------------|--------------------------------------|------------------------------|---|-------------------------------------|
| | Cash and cash equivalents | Cash and cash equivalents | Interest received and receivable | Interest received and receivable |
| | \$ | \$ | \$ | \$ |
| 'At Call' deposit with BankWest | 501,325,666 | 431,561,221 | 30,272,842 | 19,622,580 |

Interest and other receivables from related parties as at the reporting date are included within loans and receivables and are as follows:

| | 2008 | 2007 |
|--|---------------|---------------|
| | \$ | \$ |
| Interest receivable on 'At Call' deposit with BankWest | 99,298 | 147,788 |
| Other receivables from BankWest | 12,409 | 14,064 |
| | <hr/> 111,707 | <hr/> 161,852 |

10. Commitments and contingencies

There are no commitments, contingent liabilities or contingent assets at 30 June 2008 (2007: Nil).

11. Events subsequent to reporting date

There has not arisen in the interval between the balance date and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in subsequent financial years.

Directors' Declaration

In the opinion of the directors of BWA Managed Investments Ltd, the Responsible Entity of the BWA Cash Management Trust:

- (a) the financial statements and notes, set out on pages 4 to 14 are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Trust's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of BWA Management Investments Ltd.

Dated at Perth, Western Australia 22 August 2008

A handwritten signature in black ink that reads "Jenny Seabrook". The signature is written in a cursive style with a large initial 'J' and a long horizontal stroke.

Jenny Seabrook

CHAIRMAN



Independent auditor's report to the unitholders of the BWA Cash Management Trust

Report on the financial report

We have audited the accompanying financial report of the BWA Cash Management Trust (the Scheme), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 11 and the directors' declaration set out on pages 15.

Directors' responsibility for the financial report

The directors of BWA Managed Investments Ltd (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 Scheme'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 Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations) and the provisions of the Trust Constitution dated 14 September 2004 as amended, a view which is consistent with our understanding of the Scheme's financial position, and of its performance.

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 the BWA Cash Management Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2008 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

KPMG

KPMG

Kevin Smout
Partner

Perth 22 August 2008

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