


KB:Westfield Group and Westfield Retail Trust Restructure June 2014

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Knowledge Base: Westfield Group and Westfield Retail Trust Restructure June 2014	
Product(s)	Simple Fund
Description	Westfield Retail Trust and Westfield Group Corporate Action 30 June 2014
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<p>Export to PDF  (http://wiki.bglcorp.com.au/index.php?title=KB:Westfield_Group_and_Westfield_Retail_Trust_Restructure_June_2014&action=pdfbook&format=single)</p>	 Comment on this article
	

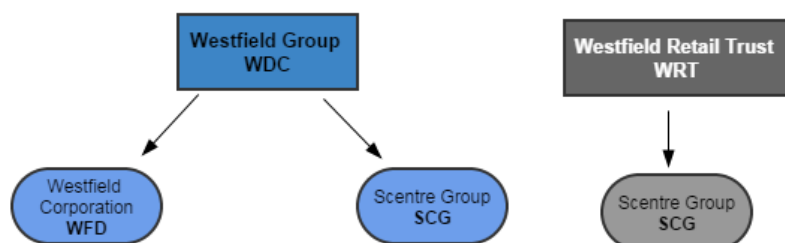
NOTE: BGL do not provide accounting and tax advice. The following is designed to act as a guide for Simple Fund users to record common steps required when doing a demerger/merger/takeover or any other corporate action. It is not designed to be accounting or tax advice and should not be taken as a strict guideline. Other methods that are more suitable may be used instead of these steps.

 **Warning:** Please ensure that you have a backup of the fund before attempting any transactions.

Refer to **Article 15355 - How to export a company/fund/register/ledger.**

- *Details*
- *Westfield Group Restructure*
- *Westfield Retail Trust Restructure*

The Westfield Group Restructure was implemented on 30 June 2014 (Implementation Date). This restructure resulted in the creation of two new listed property groups, Westfield Corporation (WFD) and Scentre Group (SCG).



Refer to the following documents for further information:

For former Westfield Group securityholders:

How To Determine Your Cost Base in Scentre Group Stapled Securities and Westfield Corporation Stapled Securities
<http://www.scentre.com/wp-content/uploads/2013/02/Westfield-Group-CostBase-FINAL.pdf>

ATO Class Ruling (CR 2014/78) – Westfield Group – Restructure and Merger with the Westfield Retail Trust (<http://law.ato.gov.au/atolaw/view.htm?docid=CLR/CR201478/NAT/ATO/00001>)

For a guide on how to record this in Simple Fund, refer to the **Westfield Group** tab.

For former Westfield Retail Trust securityholders;

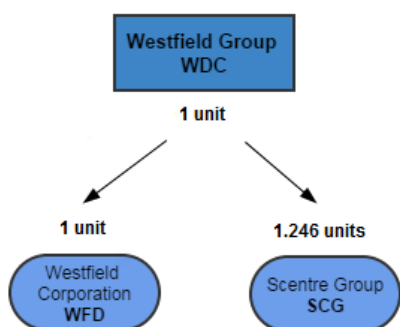
How To Determine Your Cost Base in Scentre Group Stapled Securities (<http://www.scentre.com/wp-content/uploads/2013/02/WRT-Cost-Base-FINAL.pdf>)

ATO Class Ruling CR2014/77 - Westfield Retail Trust: Merger with Westfield Group's Australian/New Zealand business (<http://law.ato.gov.au/atolaw/view.htm?docid=CLR/CR201477/NAT/ATO/00001>)

For a guide on how to record this in Simple Fund, refer to the **Westfield Retail Trust** tab.

The Westfield Group (WDC) has been restructured into Westfield Corporation (WFD) and Scentre Group (SCG)

After implementation of the restructure, WDC securityholders received 1 stapled security in WFD and 1.246 securities in SCG for every unit they held prior to the Implementation Date.



Scenario:

Prior to the restructure, the fund held 1,000 WDC units originally acquired on 12/12/2004 at \$10 each.

Cost = \$10,000

Note:

1. **If you have tax deferred amounts, you need to adjust the cost base by that amount.**
Refer to Points 40 and 41 in **ATO Class Ruling CR 2014/78** (<http://law.ato.gov.au/atolaw/view.htm?docid=CLR/CR201478/NAT/ATO/00001>) .
2. **This scenario is using the roll-over relief.**

Step 1 - Dispose of the WDC units at cost

Investment Disposals - Westfield Restructure

Date sold: 30/06/2014 Display ALL transactions ?

Consideration: 10000 Building depreciation:

Asset sold: 782 001 Westfield Group - Ordinary/Units Fully Paid Stapled Securities

Disposal Method: Most tax effective Least tax effective First in first out Last in first out

Sell All Clear All Units: 1000.0000 Allocate

	Date	Type	Units	Unit Cost	Total Cost	Narration	Sold
▶	12/12/2004	Purchase	1,000.0000	10.00	10,000.00	Purchase of WDC units	1,000.0000

Step 2 - Create new investment accounts for WFD and SCG

Go to **Fund Data Input | Chart of Accounts** and add the following investments - Units in Listed Unit Trusts (Australian)

782/WFD

782/SCG

Step 3 - Record a dummy purchase transaction for 782/WFD

You need to record a dummy transaction (input units but no cost) so that the WFD units will have the original purchase date of the WDC units.

Before you can record this transaction, you first need to change the Financial Year dates under **Fund Details | Reporting** to include the date(s) when the WDC units were originally purchased.

Fund Details Add/Edit - Westfield Restructure

Details | Contacts/Deed | Reporting | Pension Policy | Return Rates | Invest Strategy | Pools

Accounting Period

Financial Year: Start 14/06/1994 End 30/06/2014

Current Period: Start 01/07/2013 End 30/06/2014

Once the dates are changed, select **Save**.

Go to **Fund Data Input | Transactions** and record a dummy purchase for WFD.

Type: Journal - Non Cash

Transaction Balance:

Bank Balance: 0.00

Account Balance: 0.00

Taxable Income: 0.00

Balancing Account: [Empty]

Account: Westfield Corporation - Stapled Securities Deferred

Date: 12/12/2004 Reference: 123 Account: 782 002 Units: 1000 Amount: 0 Div Residual: [Empty]

Note: Dummy Purchase for WFD GST: N/A

Step 4 - Record the acquisition of WFD units

Record the cost base adjustment transaction as at 30 June 2014 which is the Implementation Date.

Enter Account 491 as the Balancing Account.

You need to select a CGT Date (date on which you posted the dummy purchase in the step above) so that the purchase will have the original purchase date instead of 30 June 2014.

Type: Journal - Non Cash

Transaction Balance:

Bank Balance: 0.00

Account Balance: 0.00

Taxable Income: 10,000.00

Balancing Account: 491 Disposal of Investments Proceeds Account

Account: Westfield Corporation - Stapled Securities Deferred

Date: 30/06/2014 Reference: 123 Account: 782 002 Units: 1000 Amount: 10000 Div Residual: [Empty]

Note: Acquisition of 1000 WFD GST: N/A

CGT Date: 12/12/2004 Member Component: N/A

Step 5 - Process a demerger

Based on the **How To Determine Your Cost Base in Scentre Group Stapled Securities and Westfield Corporation Stapled Securities** (<http://www.scentre.com/wp-content/uploads/2013/02/Westfield-Group-CostBase-FINAL.pdf>) document:

Page 4 - It is mentioned that the WDC cost per unit was \$10.

WESTFIELD GROUP – INFORMATION FOR THE PURPOSES OF SECTION 126-260 OF THE INCOME TAX ASSESSMENT ACT 1997

Pursuant to section 126-260, the responsible entity of WT is required to provide the information below to Westfield Group securityholders who participated in the Restructure and Merger.

- (a) The transfer time was 30 June 2014.
- (b) WDC securityholders received one unit in WFDT Trust for each unit they held in SGT1.
- (c) A reasonable approximation of the market value of a WT Unit just before the transfer time is \$5.40.
- (d) A reasonable approximation of the market value of a WFDT Unit just after the transfer time is \$2.88.
- (e) A reasonable approximation of the market value of a WT Unit just after the transfer time is \$2.52.

EXAMPLE

- Assume you acquired 1,000 WDC stapled securities for \$10.00 each (including any incidental costs) on 1 March 2014.

Page 5 - It is stated that the total cost base of WFD securities per unit is \$6.362.

The total cost base of your WFD Securities is:		
	In total	Per security
Cost base – WFD Securities	\$6,361.79	\$6.362 ((\$6,361.79 / 1,000 securities))

WESTFIELD GROUP 2014 TAX GUIDE AND TAX STATEMENT

Details of the amount of your WT Stapling Distribution were included in the Westfield Group 2014 Tax Summary and Tax Statement that was sent to you at the end of July 2014.

- 5 -

Cost split:

WFD 63.62% (\$6.362/\$10 x 100%)

SCG 36.38%

Select

Step 6 - Edit the demerger transaction for 782/SCG

From the Transaction list, locate the 782/SCG transaction with the zero amount (posted by the Demerger function) and change the date to when the original WDC units were purchased (12/12/2004 in this example).

This step will ensure that the SCG units have original purchase date of the WDC units.

Step 7 - Process a subdivision for 782/SCG

Each WDC securityholder received 1.246 units in 782/SCG for every unit held in WDC.

The screenshot shows the 'Investment Transactions' form with the following details:

- Transaction Type:** Subdivision/Split (selected)
- Security:** 782 003 Scentre Group - Stapled Securities Deferred Settlement
- Current No of Units:** 1,000.0000
- Transaction Date:** 30/06/2014
- Units Issued / New Number of Units:** 1246
- Round amounts ?**

Step 8 - Change the Financial Year dates to the current year

Go to **Fund Details | Reporting** and change the Financial Year dates back to the current period.

Note: If you are going to process the Westfield Retail Trust restructure next, you can skip this step.

The screenshot shows the 'Fund Details Add/Edit - Westfield Restructure' form with the following accounting period settings:

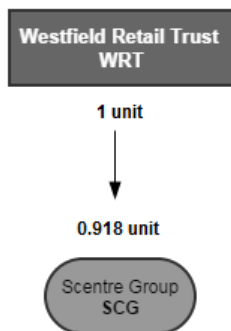
- Accounting Period:**
 - Financial Year:** Start 01/07/2013, End 30/06/2014
 - Current Period:** Start 01/07/2013, End 30/06/2014

Click **Save**.

The Westfield Retail Trust (WRT) has been restructured into Scentre Group (SCG).

The restructure involved a return of capital of \$0.2853 for each WRT unit held.

After implementation of the restructure, WRT securityholders received 0.918 stapled security in SCG for every WRT unit held.



Scenario:

Prior to the restructure, the fund held 1,000 WRT units originally acquired on 12/12/2010 at \$3.20 each.

Note:

- If you have tax deferred amounts, you need to adjust the cost base by that amount.**
Refer to Page 2 of the **How To Determine Your Cost Base in Scentre Group Stapled Securities** (<http://www.scentregroup.com/wp-content/uploads/2013/02/WRT-Cost-Base-FINAL.pdf>) document.

THE CGT COST BASE POSITION

The method to determine the cost base for each of the components of the SCG Securities that you hold as a consequence of implementation of the Merger is set out below:

WRT1 Units

The cost base for a Converted WRT1 Unit is determined as follows (note, the cost base may be nil):

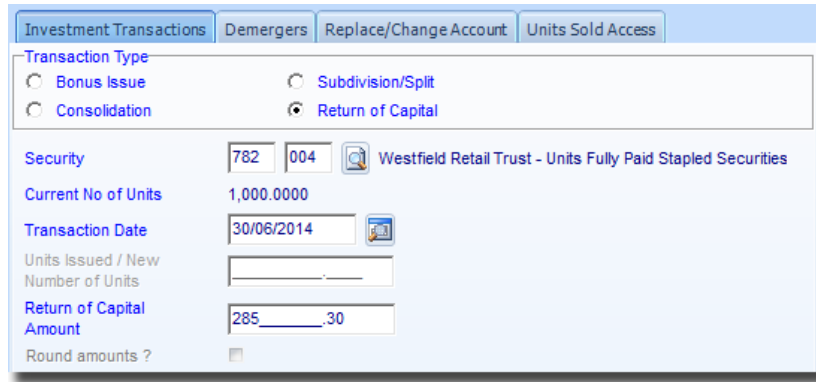
- Determine the cost base of each Original WRT1 Unit **taking into account tax deferred distributions received before the time of the Merger.**
- The cost base of each Original WRT1 Unit immediately before the Merger is reduced by \$0.2853 in respect of the WRT1 Capital Return. However, if the cost base of an Original WRT1 Unit immediately before the Merger is less than \$0.2853 then the cost base is reduced to nil.
- The cost base of the Original WRT1 Units is consolidated to determine the cost base of the Converted WRT1 Units that the Original WRT1 Units were converted into pursuant to the Capital Conversion.

2. This scenario is using the roll-over relief.

Step 1 - Record a Return of Capital

\$0.2853 per unit held

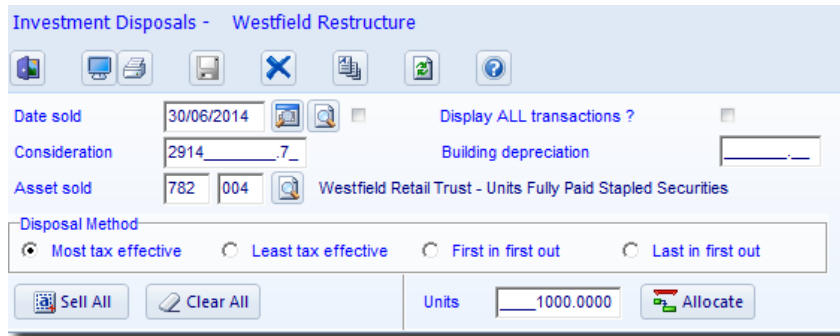
Return of capital = \$0.2853 x 1000 = \$285.30



Ensure you clear the balance of Account 998 to the Bank (e.g. Account 604).

Step 2 - Dispose of WRT units

Consideration = Number of units x (Original Cost - Return of Capital amount) = 1000 x (\$3.20 - \$0.2853) = \$2914.70



Step 3 - Record a dummy purchase for SCG

You need to record a dummy transaction (input units but no cost) so that the SCG units will have the original purchase date of the WRT units.

Before you can record this transaction, ensure the Financial Year dates under **Fund Details | Reporting** include the date(s) when the WRT units were originally purchased.

Fund Details Add/Edit - Westfield Restructure

Accounting Period

Financial Year: Start 14/06/1994 End 30/06/2014

Current Period: Start 01/07/2013 End 30/06/2014

Once the dates are changed, select **Save**.

Go to **Fund Data Input | Transactions** and record a dummy purchase for SCG.

The WRT securityholder received 0.918 SCG unit for each WRT unit held.

As the fund holds 1,000 WRT units, it received 918 SCG units.

Type: Journal - Non Cash

Transaction Balance: Bank Balance: 0.00, Account Balance: 0.00, Taxable Income: 0.00

Balancing Account: [empty]

Account: Scentre Group - Stapled Securities Deferred Settlement

Date: 12/12/2010 Reference: 234 Account: 782 003 Units: 918 Amount: 0 Div Residual: [empty]

Note: Dummy Purchase for SCG GST: N/A

Step 4 - Record the acquisition of SCG shares

Total cost base for 0.918 SCG units = \$2,194.70

Enter Account 491 as the Balancing Account.

You need to select a CGT Date (date on which you posted the dummy purchase in the step above) so that the purchase will have the original purchase date instead of 30 June 2014.

Type: Journal - Non Cash

Transaction Balance: Bank Balance: 0.00, Account Balance: 0.00, Taxable Income: 2,914.70

Balancing Account: 491 Disposal of Investments Proceeds Account

Account: Scentre Group - Stapled Securities Deferred Settlement

Date: 30/06/2014 Reference: 234 Account: 782 003 Units: 918 Amount: 2914.70 Div Residual: [empty]

Note: Acquisition of 918 SCG GST: N/A

CGT Date: 12/12/2010 Member Component: N/A

Step 5 - Change the Financial Year dates to the current year

Go to **Fund Details | Reporting** and change the Financial Year dates back to the current period.

Note: If you are going to process the Westfield Group restructure next, you can skip this step.

Fund Details Add/Edit - Westfield Restructure

Accounting Period

Financial Year: Start 01/07/2013 End 30/06/2014

Current Period: Start 01/07/2013 End 30/06/2014

Click **Save**.

Category: KB:Simple Fund:Corporate Actions

- This page was last modified on 10 October 2014, at 18:02.