

NULIS Nominees (Australia) Limited
ABN 80 008 515 633
Annual Financial Report 2017

NULIS Nominees (Australia) Limited
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NULIS Nominees (Australia) Limited Directors' report

The Directors present their report together with the general purpose financial statements of NULIS Nominees (Australia) Limited (Company) for the year ended 30 September 2017 and the auditor's report thereon.

Certain definitions

The Company's financial year ends on 30 September. The financial year ended 30 September 2017 is referred to as 2017 and other financial years are referred to in a corresponding manner. Any discrepancies between total and sums of components in tables contained in this report and the accompanying financial statements are due to rounding.

Rounding

Pursuant to Australian Securities and Investment Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, the Company has rounded off amounts in this report and the accompanying financial statements to the nearest thousand dollars (\$'000), except where indicated.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name	Appointed	Retired
A C Gale	26 October 2016	
P Gupta	30 November 2016	
E J Horton	28 May 2014	
T J Hunt	1 March 2013	31 December 2016
T C McCredden	28 May 2014	
P Y O'Neal	14 February 2011	
J J Reid	1 October 2009	31 December 2016
A N Schoenheimer	26 August 2016	
N S Smith	1 October 2009	

Unless indicated otherwise, all Directors held their position as a Director through the entire financial year and up to the date of this report.

Principal activity

The Company is a for-profit entity and its principal activities during the course of the year were to act as corporate trustee for Registrable Superannuation Entities (RSEs).

There were no significant changes in the nature of the activity of the Company during the financial year.

Corporate information

The Company is a company limited by shares that is incorporated and domiciled in Australia. The immediate parent entity is National Wealth Management Services Limited and the ultimate parent entity is National Australia Bank Limited (NAB). The address of its registered office is Ground Floor, 105-153 Miller Street, North Sydney, NSW 2060.

Review and results of operations

The profit after income tax for the year ended 30 September 2017 was \$152,362,000 (2016: \$38,935,000). This profit was attained in the normal course of operations of the Company.

NULIS Nominees (Australia) Limited Directors' report (continued)

Dividends

The Directors have not declared a final dividend in respect to the financial year 2017.

Dividends paid or proposed by the Company since the end of the previous financial year were \$81,200,000 (2016: nil paid or proposed).

State of affairs

The Company has appointed National Wealth Management Services Limited (NWMSL) as the Administration services provider for the Wrap RSEs for which NULIS is trustee, effective 1 July 2017. Administration services were previously provided by Navigator Australia Limited. As a result of this change NULIS is the recipient of fee revenue from the Wrap RSEs and also incurs related costs, including commissions.

There were no other significant changes in the state of affairs of the Company that occurred during the financial year.

Environmental regulation and performance

The operations of the Company are not subject to any site specific environmental licences or permits which would be considered as particular or significant environmental regulation under laws of the Australian Commonwealth Government or of an Australian state or territory.

Events subsequent to the end of the reporting period

No items, transactions or events of a material and unusual nature have arisen between the end of the financial year and the date of this report, which are likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments

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

Indemnification and insurance of officers and auditor

(i) Indemnification

As permitted by its constitution, the Company indemnifies, to the extent permitted by law, each Director and the Secretary of the Company for all liability incurred in their capacity as a Director or Secretary of the Company (including all legal costs of and in connection with defending or resisting proceedings in which they become involved because of that capacity). The Company has or is in the process of executing deeds of indemnity in favour of each Director of the Company where required. The Company has not provided an indemnity to the auditor of the Company.

(ii) Insurance premiums

Premiums were paid by a related entity in respect of contracts insuring Directors and officers of the Company for liability and legal expenses for the current financial year. Such insurance contracts insure against certain liabilities (subject to specific exclusions) for persons who are or have been Directors or executive officers of the Company.

Disclosure of the nature of the liabilities and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

**NULIS Nominees (Australia) Limited
Directors' report (continued)**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 4.

This report is made in accordance with a resolution of Directors.



Director
Sydney
3 November 2017



Director
Sydney
3 November 2017



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Auditor's Independence Declaration to the Directors of Nulis Nominees (Australia) Limited

As lead auditor for the audit of Nulis Nominees (Australia) Limited for the financial year ended 30 September 2017, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

David Jewell
Partner
03 November 2017

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Statement of comprehensive income

	Note	2017 \$'000	2016 \$'000
Revenue from rendering of services	2	780,855	188,424
Other revenue	2	9,869	1,483
Total revenue		790,724	189,907
Commission and adviser related expenses		(237,197)	(62,634)
Management fee expense		(217,007)	(51,521)
Brokerage expense		(22,262)	-
Investment management and custody fees		(48,603)	(13,190)
Other expenses		(47,996)	(4,288)
Total expenses		(573,065)	(131,633)
Profit before income tax expense		217,659	58,274
Income tax expense	3	(65,297)	(19,339)
Profit after tax attributable to owners of the Company		152,362	38,935
Other comprehensive income for the period net of tax		-	-
Total comprehensive income for the year attributable to owners of the Company		152,362	38,935

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Balance sheet

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	5	131,996	32,821
Receivables	6	90,123	163,294
Financial assets	8	118,652	198,178
Total current assets		340,771	394,293
Non-current assets			
Financial assets	8	132,130	42,330
Deferred tax assets	7	1,036	114
Total non-current assets		133,166	42,444
Total assets		473,937	436,737
Current liabilities			
Payables	9	116,259	150,213
Total current liabilities		116,259	150,213
Non-current liabilities			
Deferred tax liabilities	7	1,931	1,939
Total non-current liabilities		1,931	1,939
Total liabilities		118,190	152,152
Net assets		355,747	284,585
Equity			
Contributed equity	10	245,250	245,250
Retained profits		110,497	39,335
Total equity		355,747	284,585

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Cash flow statement

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Fees and other income received		873,981	67,362
Payments for commission and adviser related expenses		(341,079)	(3,297)
Payments for management fees		(242,871)	(31,980)
Other payments for the course of operations		(19,816)	(5,752)
Income tax paid		(88,817)	(17)
Net cash flows from operating activities	11(b)	181,398	26,316
Cash flows used in investing activities			
Net payments for investments		(1,023)	(239,151)
Net cash flows used in investing activities		(1,023)	(239,151)
Cash flows (used in)/from financing activities			
Dividends paid		(81,200)	-
Proceeds from issue of shares		-	245,000
Net cash flows (used in)/from financing activities		(81,200)	245,000
Net increase in cash and cash equivalents		99,175	32,165
Cash and cash equivalents at the beginning of the year		32,821	656
Cash and cash equivalents at the end of the year	11(a)	131,996	32,821

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Statement of changes in equity

	Note	Contributed equity \$'000	Retained profits \$'000	Total \$'000
Year to 30 September 2016				
Balance as at 1 October 2015		250	400	650
Net profit for the year		-	38,935	38,935
Other comprehensive income		-	-	-
Total comprehensive income		-	38,935	38,935
<i>Transactions with owners, recorded directly in equity:</i>				
Shares issued		245,000	-	245,000
Total transactions with owners		245,000	-	245,000
Balance as at 30 September 2016		245,250	39,335	284,585
Year to 30 September 2017				
Balance as at 1 October 2016		245,250	39,335	284,585
Net profit for the year		-	152,362	152,362
Other comprehensive income		-	-	-
Total comprehensive income		-	152,362	152,362
<i>Transactions with owners, recorded directly in equity:</i>				
Dividends paid	4	-	(81,200)	(81,200)
Total transactions with owners		-	(81,200)	(81,200)
Balance as at 30 September 2017		245,250	110,497	355,747

⁽¹⁾ Refer to Note 10 for further details.

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

1 Significant accounting policies

The general purpose financial report for NULIS Nominees (Australia) Limited (Company) for the year ended 30 September 2017 was authorised for issue on 3 November 2017 in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the financial statements.

The Company is a for-profit company limited by shares, incorporated and domiciled in Australia.

Information about the Company's structure, including its immediate parent, ultimate parent, the nature of the operations and principal activities of the Company are described in the Directors' report.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 1 (n) - *Critical accounting assumptions and estimates*.

Comparative information has been reclassified to accord with changes in presentations made in the current year.

(b) Statement of compliance

The financial report has been prepared in accordance with the requirements of Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(c) New and amended accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial reporting period, except as follows:

(i) Changes in accounting policy and disclosure

There were no new accounting standards or interpretations issued by the Australian Accounting Standards Board that had a material impact on the amounts recognised in the financial statements or related disclosures.

(ii) New and amended accounting standards and interpretations issued but not yet effective

The following issued, but not yet effective, new and amended Australian Accounting Standards and AASB Interpretations have not been applied in preparing this financial report:

AASB 15 'Revenue from Contracts with Customers' establishes principles for reporting information about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard provides a single, principles based five step model to be applied to all contracts with customers. The impact of this standard is still being assessed and is not applicable to the Company until 1 October 2018.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

1 Significant accounting policies (continued)

(d) Currency of presentation

All amounts are expressed in Australian dollars unless otherwise stated.

(e) Rounding of amounts

In accordance with Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, all amounts have been rounded to the nearest thousand, except where indicated.

(f) Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable, to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as follows:

(i) Revenue from rendering of services

Fees for ongoing management services and for other services are recognised over the period the service is provided.

(ii) Dividend and distribution income

Dividend and distribution income is recorded in the Statement of comprehensive income on an accruals basis when the Company obtains control of the right to receive the income.

(iii) Interest revenue

Interest revenue is recorded using the effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the instrument or a shorter period, where appropriate, to the net carrying value of the financial asset.

(iv) Income from investments held at fair value through profit or loss

Gains and losses from changes in the fair value of investments recognised at fair value through profit or loss are recognised in the Statement of comprehensive income in the period in which they occur.

(v) Management fee expense

The Company has an agreement with a related entity, National Wealth Management Services Limited (NWMS), for the provision of management, administration and related services. The Company pays a management fee to NWMS for these services.

Management fees are recognised on an accruals basis in accordance with agreed terms and conditions.

(g) Income tax

(i) Current income tax

Income tax expense (or benefit) is the tax payable (or receivable) on the current period's taxable income based on the applicable tax rate in each jurisdiction adjusted by changes in deferred tax assets and liabilities. Income tax expense is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised directly in Other comprehensive income. The tax associated with these transactions will be recognised in the Statement of comprehensive income at the same time as the underlying transaction.

Current tax liability is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

1 Significant accounting policies (continued)

(g) Income tax (continued)

(ii) Deferred income tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

(iii) Tax consolidation

NAB and its wholly owned Australian resident entities formed a tax-consolidated Group with effect from 1 October 2002 and are taxed as a single entity from that date. The head entity of the tax-consolidated Group is NAB.

The Company has entered into a tax funding agreement that sets out its funding obligations of the tax-consolidated group in respect of tax amounts. Contributions to fund the current tax liabilities are payable in accordance with the tax funding agreement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant taxation authority.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable to (or receivable from) other entities in the tax-consolidated group, including the Company, under the tax funding agreement.

(iv) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the expense or the cost of acquisition of the asset.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a receivable or payable in the Balance sheet. Cash flows are included in the Cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

(h) Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash within three months and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

1 Significant accounting policies (continued)

(i) Financial instruments

(i) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognised in the Balance sheet when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

At initial recognition, the Company measures its financial assets and financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not classified at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The Company classifies its financial assets and liabilities as subsequently measured at either amortised cost or fair value.

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

A financial liability is derecognised from the Balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

(ii) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Financial instruments at fair value through profit or loss

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the Statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains and losses are recognised in the Statement of comprehensive income as they arise.

Where the classification of a financial asset or liability results in it being measured at fair value, wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the Company has immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate.

(j) Trade and other receivables

Trade debtors are recognised and carried at amortised cost. Given the short term nature of most receivables, the recoverable amount approximates fair value. A provision for doubtful debts is recognised for any shortfall between contractual cash flows due to the Company and all the cash flows that the Company expects to receive.

Amounts receivable from related parties are interest free and repayable at call.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

1 Significant accounting policies (continued)

(k) Provisions and contingent liabilities

Provisions are recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be necessary to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are not discounted to the present value of the expected net future cash flows except where the time value of money is material.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Balance sheet but are disclosed unless the likelihood of payment is remote.

(l) Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the reporting period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Given the short term nature of most payables, the carrying amount approximates fair value.

Amounts payable to related parties are interest free and repayable at call.

(m) Contributed equity

(i) Ordinary shares

In accordance with the *Corporations Act 2001* (Cth), the Company does not have authorised capital and all ordinary shares have no par value. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are included within equity.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held at shareholders' meetings. In the event of a winding-up of the Company, ordinary shareholders rank after creditors and are fully entitled to any residual proceeds of liquidation.

(ii) Capital management

The Company's key objectives and principles for managing capital are to satisfy regulatory requirements, maintain business and operational requirements and ensure the Company's ability to continue as a going concern. In addition, the Company seeks to maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends or return capital to shareholders, issue new shares or sell assets. Management regularly monitors the structure of the Balance Sheet and compliance with internal and external capital requirements.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

1 Significant accounting policies (continued)

(n) Critical accounting assumptions and estimates

The application of the Company's accounting policies requires the use of judgements, estimates and assumptions. If different assumptions or estimates were applied, the resulting values would change, impacting the net assets and income of the Company.

Assumptions made at each reporting date are based on best estimates at that date. Although the Company has internal control systems in place to ensure that estimates are reliably measured, actual amounts may differ from those estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Other than those disclosed elsewhere in the financial statements, management have not made any significant accounting judgements, estimates or assumptions in preparing these financial statements.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

2 Revenue

	2017 \$'000	2016 \$'000
Revenue from rendering of services		
Management fee revenue	780,855	188,424
Other revenue		
Dividend and distribution revenue	1,906	1,102
Interest revenue	6,037	203
Net realised/unrealised gains/(losses) on investments at fair value	1,926	178
	9,869	1,483
	<u>790,724</u>	<u>189,907</u>

3 Income tax

	2017 \$'000	2016 \$'000
(a) Income tax expense is made up of:		
Total income tax charge to income		
Current tax		
Current income tax charge	(65,475)	(17,514)
Deferred tax	178	(1,825)
Total income tax charge to income	<u>(65,297)</u>	<u>(19,339)</u>

(b) Reconciliation of income tax expense shown in the Statement of comprehensive income with prima facie tax payable on the pre-tax accounting profit

	2017 \$'000	2016 \$'000
Profit before income tax	217,659	58,274
Prima facie income tax expense calculated at 30%	(65,297)	(17,483)
Recognition of deferred tax on purchased assets	-	(1,856)
Total income tax expense	<u>(65,297)</u>	<u>(19,339)</u>

4 Dividends paid and proposed

Dividends on ordinary shares recognised by the Company for the year ended 30 September:

	2017 \$'000	2016 \$'000
Dividends on ordinary shares:		
Interim dividend for 2017: 12.03 cents (2016: nil) per share	29,500	-
Interim dividend for 2017: 4.77 cents (2016: nil) per share	11,700	-
Interim dividend for 2017: 16.31 cents (2016: nil) per share	40,000	-
Total dividends paid by the Company during the year	<u>81,200</u>	<u>-</u>

Final dividend

The Directors have not declared a final dividend in respect to the financial year 2017 (2016: nil).

Australian franking credits

Since becoming a member of the NAB tax consolidated group, dividends paid by the Company are not franked. All franking credits are recognised in the consolidated financial statements of NAB. Accordingly, franking credits are not disclosed in the Company's financial statements.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

5 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Cash at bank		
Ultimate parent entity	130,530	32,154
Other	1,466	667
	131,996	32,821

6 Receivables

	2017	2016
	\$'000	\$'000
Trade debtors	684	444
Provision for doubtful debts	(97)	-
	587	444
Accrued income	27,576	18,211
Related party receivables		
Commonly controlled entity	2,308	15,278
Ultimate parent entity - tax related	5,076	-
Immediate parent entity		
Other entities	54,576	129,361
	90,123	163,294

7 Deferred tax assets/liabilities

	2017	2016
	\$'000	\$'000
Deferred tax assets		
Adviser incentives	1,007	114
Provision for doubtful debts	29	-
	1,036	114
Deferred tax liabilities		
Unrealised gains on financial assets	1,931	1,939

8 Financial assets

	2017	2016
	\$'000	\$'000
Current		
Investments in interest bearing securities	118,652	198,178
Non-Current		
Investments in interest bearing securities	109,571	-
Investments in unit trusts	20,192	40,054
Other financial assets at fair value through profit or loss	2,367	2,276
	132,130	42,330

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

9 Payables

	2017	2016
	\$'000	\$'000
Accrued expenses	25,734	16,871
Other creditors	9,210	5,814
Related party payables		
Commonly controlled entity	3,167	4,504
Immediate parent entity	78,148	105,510
Ultimate parent entity - tax related	-	17,514
	116,259	150,213

10 Contributed equity

	2017	2016
	\$'000	\$'000
Ordinary shares, fully paid		
Balance at beginning of year	245,250	250
Shares issued	-	245,000
Total ordinary shares, fully paid	245,250	245,250
	No. '000	No. '000
Ordinary shares, fully paid		
Balance at beginning of year	245,250	250
Shares issued	-	245,000
Total ordinary shares, fully paid	245,250	245,250

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2017
Notes to the financial statements

11 Notes to the Cash flow statement

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents as at the end of the reporting period as shown in the Cash flow statement are reconciled to the related items in the Balance sheet as follows:

	2017 \$'000	2016 \$'000
Cash at bank and cash equivalents	131,996	32,821

(b) Reconciliation of profit after tax to net cash from operating activities

	2017 \$'000	2016 \$'000
Profit after tax	152,362	38,935
Add non-cash items		
Investing cashflows included in profit	(9,708)	(1,357)
Bad and doubtful debts expense	97	-
Net cash from operating activities before change in assets and liabilities	142,751	37,578
Change in assets and liabilities		
Decrease/(increase) in receivables	73,171	(148,016)
(Decrease)/increase in payables	(33,594)	134,929
Increase in deferred tax assets	(922)	(114)
(Decrease)/increase in deferred tax liabilities	(8)	1,939
Net cash from operating activities	181,398	26,316

12 Contingent liabilities

The Company may from time to time be exposed to contingent liabilities and potential claims in respect of the activities of the RSEs for which it acts as Trustee. The company has indemnity from the RSEs for the liabilities incurred in its capacity as Trustee. The indemnity pursuant to the Trust Deed is limited to the assets of the underlying RSE. As at the date of this report, there are no contingent liabilities where the underlying RSEs are not expected to have sufficient assets to indemnify the Company as appropriate.

As part of the operations of the business, the Company has been subject to various legal actions and claims. The Directors are of the view that the claims will not result in a significant loss to the Company and as such no provision is required at balance sheet date.

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13 Other Matters

Adviser service fees

ASIC is conducting an industry-wide investigation into financial advice fees paid by customers pursuant to ongoing service arrangements with financial advice firms, including members of the NAB Group. Under the service arrangements, customers generally pay an adviser service fee in consideration for a range of services provided to the customer. National Australia Bank Limited, including the Company (NAB), is investigating whether customers who have paid to receive ongoing services have been provided with the agreed services in accordance with the relevant service agreement with a member of the NAB Group. NAB continues to engage with ASIC on the design of the methodology for investigating and assessing this matter; however, agreement with ASIC has not yet been reached due to different views about aspects of NAB's proposed approach. The outcomes of the investigation are uncertain at this time.

Plan service fees

Further to ASIC's May 2017 report about its industry-wide investigation into financial advice fees, NAB has finalised refunds to customers who did not have a plan adviser attached to their superannuation account and were incorrectly charged Plan Service Fees. ASIC has requested NAB consider certain circumstances regarding continuity of service where a Plan Service Fee continues to be charged and paid to a plan adviser after a superannuation fund member leaves an employer and a change to the member's superannuation plan occurs as a result. NAB continues to engage with ASIC on this matter. The outcomes of the investigation are uncertain at this time.

14 Remuneration of external auditor

	2017 \$	2016 \$
Total amounts paid or due and payable to EY Australia⁽¹⁾:		
Audit fees		
Audit of the financial statements	314,370	225,635
Audit of the superannuation funds	880,792	-
Total audit fees	1,195,162	225,635
Audit-related fees		
Regulatory services	162,790	21,321
Non-regulatory services	12,500	-
Total audit-related fees	175,290	21,321
Other services	183,476	74,600
Total remuneration of EY Australia	1,553,928	321,556

⁽¹⁾ Amounts exclude goods and services tax.

Audit fees consist of fees for the audit of the annual financial statements of the Company and the audit of the RSEs for which the Company is Trustee. The fees are paid by a related party.

Audit related fees consist of assurance and related services that are traditionally performed by the external auditor including regulatory services required by statute, regulation or regulatory compliance obligations. The fees disclosed primarily relate to the audit of the Risk Management Framework and tax returns.

Non-regulatory services includes non-statutory audits, accounting consultations and audits that are not required by a statute or obligation.

Other services provided during the financial year includes review of controls and ASAE 3402 and GS007 reporting.

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15 Related parties

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at reporting date.

Key management personnel compensation

	2017 \$'000	2016 \$'000
Short-term employee benefits	1,156	250
Post-employment benefits	101	22
Total key management personnel compensation	1,257	272

Non-Director related parties

Transactions

All transactions with non-Director related parties are interest free and unsecured. Amounts receivable from and payable to non-Director related parties are shown in Note 6 and Note 9.

Transactions between the Company and related parties during the year ended 30 September 2017 consisted of the following:

	2017 \$'000	2016 \$'000
Commonly controlled entities		
nabInvest Capital Partners Limited - Asset Management Services	(8,304)	(2,982)
Navigator Australia Limited - Trustee services	36	72
MLC Wealth Management Limited - NAB guarantee	-	(55)
MLC Investments Limited - Asset Management Rebates	11,918	4,894
GWM Adviser Services Limited - Distribution Allowance	-	(8,336)
JANA Investment Advisors Pty Limited - Advisory services	(25,718)	(10,208)
NAB Asset Management Services Limited - Advisory services	(4,559)	-
Immediate parent entity		
NWMS - Management services	(217,007)	(51,521)
NWMS - Commissions	(195,575)	(53,916)
NWMS - Distribution services	(40,373)	-
Ultimate parent entity		
NAB - Interest income and bank fees	1,511	47
NAB - Tax payment	(88,817)	(17)
Other Entities		
MLC Super Fund - Management services	716,984	183,458
Wrap RSEs - Management services	50,807	-

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16 Risk management information

Risk management

The Company is a member of the NAB Group of companies. The Company, as a Registrable Superannuation Entity Licensee, is bound by the requirements of Australian Prudential Regulation Authority Superannuation Prudential Standard 220 on Risk Management. As such, the Company has a Risk Management Framework which includes a Risk Management Strategy and a Risk Appetite Statement. The Risk Management Strategy defines, identifies and manages material risks for the Company. The Risk Appetite Statement defines the aggregate level and types of risk the Company is willing to assume within its risk capacity to achieve its strategic objectives and business plan and is supported by specific metrics which set out settings and limits.

Risks and mitigation

The financial condition and operating results of the Company are affected by a number of key financial and non-financial risks. Financial risks include credit risk, liquidity risk and market risk (including interest rate risk). The non-financial risks include strategic, regulatory and compliance risk. These risks are set out below.

(a) Credit risk

Credit risk represents the risk of loss arising from the failure of a counterparty to meet its obligations as contracted. The maximum exposure to credit risk at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance sheet.

Credit quality

The credit quality of financial assets, where there is credit risk to the Company, is as follows:

	AAA \$'000	AA- \$'000	A or lower \$'000	No credit rating \$'000	Total \$'000
30 September 2017					
Financial assets at fair value through profit or loss	16,135	128,702	75,748	30,197	250,782
Trade debtors and other receivables	-	5,076	-	85,047	90,123
30 September 2016					
Financial assets at fair value through profit or loss	2,525	165,682	6,886	65,415	240,508
Trade debtors and other receivables	-	-	-	163,294	163,294

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16 Risk management information (continued)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices and foreign exchange rates. The Company is not directly exposed to foreign exchange rate risk.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company manages interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments and the management of maturity dates of interest bearing instruments.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity of the Statement of comprehensive income to a reasonably possible change in interest rates of a 100 basis points.

Change in interest rates	Impact on profit		Impact on equity	
	2017	2016	2017	2016
	\$	\$	\$	\$
+ 100 basis points	3,653	2,310	3,653	2,310
- 100 basis points	(3,653)	(2,310)	(3,653)	(2,310)

The risks faced and methods used for sensitivity analysis remain unchanged from prior periods.

(ii) Equity and other price risk

Equity and other price risk is the risk that the fair values of equities and unit trusts increase or decrease as a result of changes in market prices, whether these changes are caused by factors specific to an individual stock or factors affecting all instruments, or classes of instruments in the market. The Company holds investments in unit trusts which are exposed to equity and other price risk and these are carried at fair value through profit or loss.

The following table demonstrates the sensitivity of the Statement of comprehensive income to a reasonably possible movement in Australian and international equities at the end of each reporting period.

	Change in price		Impact on profit	
	+	-	\$'000	
2017				
Australian equities	21%	-15%	132	(95)
International equities	25%	-14%	4,542	(2,544)
Property equities	29%	-26%	36	(32)
2016				
Australian equities	26%	-15%	4,685	(2,703)
International equities	26%	-14%	4,372	(2,353)
Property equities	34%	-26%	692	(530)

The analysis assumes that all other variables remain constant. The risks faced and methods used for sensitivity analysis remain unchanged from prior periods.

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16 Risk management information (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with financial liabilities. The Company manages liquidity risk by ensuring that there is adequate access to reserves, banking facilities and borrowing commitments through ongoing monitoring of actual and forecasted cash flows.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- A Liquidity Management Plan (LMP) exists that sets out the determination of what constitutes liquidity risk for the Company. The LMP is regularly reviewed and updated as required.
- The Company's liquidity position and compliance with the LMP is monitored regularly and exposures and breaches are reported to the Board.
- The Company operates a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations. Internal limits are applied that are in addition to regulatory requirements.

(d) Capital risk management

The Company's key objectives and principles for managing capital are to satisfy regulatory requirements, maintain business and operational requirements and ensure the Company's ability to continue as a going concern. In addition, the Company seeks to maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares or sell assets.

Regulatory capital is the capital which the Company is required to hold as determined by legislative and regulatory requirements. The requirements of APRA's Prudential Standard SPS 114 "Operational Risk Financial Requirement" (ORFR) are applicable to the Company and sufficient capital was held throughout the year to meet the ORFR. At 30 September 2017 the Company held capital of \$255,404,009 which would only be utilised to address an operational risk event within the RSEs it acts as trustee for.

Management regularly monitors compliance with internal capital requirements and external regulatory capital requirements and the Company has complied with all externally imposed capital requirements during the year. The capital risk management strategy is unchanged from the prior year.

(e) Fair value measurements

The following table provides an analysis of financial instruments that are measured at fair value, using a hierarchy that reflects the significance of inputs used in measuring the fair value hierarchy. The level in the fair value hierarchy within which a fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy is as follows:

Level 1 fair value measurements - quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

Level 2 fair value measurements - inputs other than quoted prices within Level 1 that are observable for the financial asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 fair value measurements - inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

The fair value estimates are based on the following methodologies and assumptions:

- the fair values of investments in unlisted unit trusts are based on redemption price as established by the Responsible Entity/trustee of the underlying trust.
- the fair values of interest bearing securities are based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instruments and appropriate credit spreads.

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16 Risk management information (continued)

(e) Fair value measurements (continued)

Fair value measurement as at 30 September 2017

	(Level 1) \$'000	(Level 2) \$'000	(Level 3) \$'000	Total \$'000
Financial assets				
Unlisted unit trusts	-	20,192	-	20,192
Interest bearing securities	-	228,223	-	228,223
Other financial assets at fair value through profit or loss		2,367		2,367
Total financial assets measured at fair value	-	250,782	-	250,782

Fair value measurement as at 30 September 2016

	(Level 1) \$'000	(Level 2) \$'000	(Level 3) \$'000	Total \$'000
Financial assets				
Unlisted unit trusts	-	40,054	-	40,054
Interest bearing securities	-	198,178	-	198,178
Other financial assets at fair value through profit or loss		2,276		2,276
Total financial assets measured at fair value	-	240,508	-	240,508

The carrying amount of all other financial assets is a reasonable approximation of fair value.

17 Subsequent events

No items, transactions or events of a material and unusual nature have arisen between the end of the financial year and the date of this report, which are likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

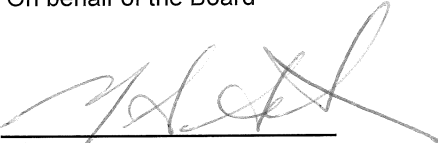
NULIS Nominees (Australia) Limited
Directors' declaration

In accordance with a resolution of the Directors of NULIS Nominees (Australia) Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements of the Company are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) giving a true and fair view of the Company's financial position as at 30 September 2017 and its performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Director
Sydney
3 November 2017



Director
Sydney
3 November 2017

Independent Auditor's Report to the Members of NULIS Nominees (Australia) Ltd

Opinion

We have audited the financial report of NULIS Nominees (Australia) Ltd (the Trustee), which comprises the statement of financial position as at 30 September 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Trustee is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trustee's financial position as at 30 September 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trustee in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Directors for the Financial Report

The directors of the Trustee are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trustee's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trustee or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trustee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trustee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trustee to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

David Jewell

David Jewell
Partner

3 November 2017