AMP Superannuation Limited

ABN 31 008 414 104

Directors' Report and Financial Report for the year ended 31 December 2015

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AMP Superannuation Limited

ABN 31 008 414 104

DIRECTORS' REPORT AND FINANCIAL REPORT

31 December 2015

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Directors' Report

for the year ended 31 December 2015

The directors of AMP Superannuation Limited ('ASL' or 'the Company') present their report on the Company for the year ended 31 December 2015.

ASL is a Company limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

Directors
The directors of the Company during the year and up to the date of this report are shown below. Directors were in office for this entire year except where stated otherwise.

Michael Butler
Brian Salter
Darryl Mackay
Eric Mayne
Michele Dolin
Richard Allert (appointed 4 December 2015)

Principal activities
The principal activity of the Company during the year was to act as corporate trustee for the various AMP Superannuation trusts. There have been no significant changes in the nature of these activities during the year.

Review of operations and results
The Company's profit after tax for the year ended 31 December 2015 was $1,152,051 (2014: $894,713).

Dividends
No dividends were paid or declared by the Company for the year ended 31 December 2015 (2014: $nil).

Significant changes in the state of affairs
There have been no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date
At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected, or may significantly affect, the operations, results or the state of affairs of the Company that has not already been reflected in this report or the Financial Report.

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 this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Environmental regulations
The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers
Under its Constitution, the Company indemnifies, to the extent permitted by law, all officers of the Company, (including the directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the Company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee unless approved by the Board of AMP Limited. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, AMP Limited agreed to insure all the officers of the Company against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

AMP Group Holdings Limited ("AMPGH") has entered into a deed of indemnity and access with each director and secretary of the Company. Each deed of indemnity and access provides that:

- these officers will have access to the books of the Company for their period of office and for ten (and in certain cases, seven) years after they cease to hold office (subject to certain conditions); and

- AMPGH agrees to indemnify the officer, to the extent permitted by law, against any liability incurred by the officer in his or her capacity as a director or secretary of the Company and of other AMP group companies.

Auditor's independence
We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2015.

Signed in accordance with a resolution of the directors.

Director	Director
Sydney, 18 March 2016	Sydney, 18 March 2016

Auditor's independence declaration

for the year ended 31 December 2015

Statement of comprehensive income

for the year ended 31 December 2015

	Note	2015 $	2014 $
Fee revenue	3(a)	6,454,621	6,764,644
Other revenue		-	95
Investment income	3(b)	1,183,208	677,702
Operating expenses	4	(5,993,410)	(6,160,765)
Profit before income tax		**1,644,419**	**1,281,676**
Income tax expense	5(a)	(492,368)	(386,963)
Profit for the year		**1,152,051**	**894,713**
Total comprehensive income for the year		**1,152,051**	**894,713**

Statement of financial position

as at 31 December 2015

	Note	2015 $	2014 $
Assets			
Cash and cash equivalents		1,413,195	1,412,776
Receivables	6	577	7,291
Investments in unlisted managed investment schemes at fair value through profit or loss	11	65,526,546	39,872,581
Deferred tax assets	5(c)	626,230	83,263
Total assets		67,566,548	41,375,911
Liabilities			
Payables	7	594,120	617,362
Intercompany tax payable		1,037,344	473,506
Deferred tax liabilities	5(d)	-	2,010
Total liabilities		1,631,464	1,092,878
Net assets		**65,935,084**	**40,283,033**
Equity			
Contributed equity	8	60,550,000	36,050,000
Retained earnings		5,385,084	4,233,033
Total equity		**65,935,084**	**40,283,033**

Statement of changes in equity

for the year ended 31 December 2015

2015	Contributed equity $	Retained earnings $	Total equity $
Balance at the beginning of the year	36,050,000	4,233,033	40,283,033
Issue of share capital	24,500,000	-	24,500,000
Total comprehensive income for the year	-	1,152,051	1,152,051
Balance at the end of the year	**60,550,000**	**5,385,084**	**65,935,084**

2014	Contributed equity $	Retained earnings $	Total equity $
Balance at the beginning of the year	13,250,000	3,338,320	16,588,320
Issue of share capital	22,800,000	-	22,800,000
Total comprehensive income for the year	-	894,713	894,713
Balance at the end of the year	**36,050,000**	**4,233,033**	**40,283,033**

Statement of cash flows

for the year ended 31 December 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash receipts in the course of operations		6,461,335	6,759,234
Interest received		35,939	177,814
Cash payments in the course of operations		(6,016,651)	(6,183,826)
Income tax paid		(473,508)	(263,552)
Net cash flows from operating activities	9	**7,115**	**489,670**
Cash flows from investing activities			
Net payments to acquire investments in unlisted managed investment schemes		(24,506,696)	(34,143,232)
Net cash used in investing activities		**(24,506,696)**	**(34,143,232)**
Cash flows from financing activities			
Proceeds from issue of shares		24,500,000	22,800,000
Net cash flows from financing activities		**24,500,000**	**22,800,000**
Net increase/(decrease) in cash and cash equivalents		419	(10,853,562)
Cash and cash equivalents at the beginning of year		1,412,776	12,266,338
Balance at the end of the year		**1,413,195**	**1,412,776**

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. AMP Superannuation Limited (ASL or the Company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2015 were authorised for issue on 18 March 2016 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

Changes in accounting policy

The following Australian Accounting Standards and amendments have been adopted effective 1 January 2015, but have not had any material effect on the financial position or performance of the Company:

- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.

There is no material impact to the financial position or performance of the Company as a result of the early adoption of these amendments.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The Company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Company, other than as set out below.

- AASB 9 Financial Instruments. This standard makes significant changes to the way financial assets are classified for the purpose of determining their measurement basis and also to the amounts relating to fair value changes which are to be taken directly to equity. This standard also makes significant changes to hedge accounting requirements and disclosures and introduces a new expected loss model when recognising expected credit losses on financial assets. This standard is mandatory for adoption by the AMP group for the year ending 31 December 2018. The financial impact to the Company of adopting AASB 9 Financial Instruments has not yet been quantified.

(b) Fee revenue

Fee revenue is income arising from ordinary activities and consists of trustee fees received from AMP Life Limited. These fees are recognised in the period in which the trustee services are provided.

(c) Investment income

Interest income

Interest income on cash deposits is recognised in the Statement of comprehensive income on an accrual basis.

Distributions from managed investment schemes

The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

1. Basis of preparation and summary of significant accounting policies (continued)

(c) Investment income (continued)

Investment gains or losses

Realised and unrealised gains and losses include realised gains and losses, being the change in value between the previously reported value and the amount received on derecognition of the asset or liability, and unrealised gains and losses, being changes in the fair value of financial assets recognised in the period. See Note 1(g) for details of how these gains and losses are recognised.

(d) Operating expenses

All operating expenses are expensed as incurred.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables

Receivables are measured at nominal amount due less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred. Given the short-term nature of most receivables, the recoverable amount approximates fair value. All receivables are realised within 12 months.

(g) Investments in financial assets

Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

These financial assets consist of investments in unlisted managed investment schemes. Subsequent to initial recognition, the fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes at the reporting date.

(h) Recognition and derecognition of financial assets and liabilities

Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Payables

Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(j) Contributed equity

Contributed equity in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(k) Taxes

Tax consolidation

AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including the Company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from subsidiaries within the tax-consolidated group:

- current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date; and
- deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense

Income tax expense/credit is the tax payable on taxable income for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:

- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Taxes (continued)

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows*.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax
The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Provisions
A provision is recognised for items where the Company has a present obligation arising from a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is measured as the best estimate of the expenditure required to settle the present obligation. Management apply judgement in assessing whether a particular item satisfies the above criteria and in determining the best estimate.

(c) Fair value of investments in financial assets
The Company measures investment in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs.
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3. Income

	2015 $	2014 $
(a) Fee revenue		
Trustee fees from related entities	6,454,621	6,764,644
Total fee revenue	**6,454,621**	**6,764,644**
(b) Investment income		
Distributions from related entities	3,165,812	663,497
Interest from other entities	35,939	177,814
Net realised and unrealised losses	(2,018,543)	(163,609)
Total investment income	**1,183,208**	**677,702**

4. Operating Expenses

	2015 $	2014 $
Operating expenses		
Service fee expense from related entities	(5,854,288)	(6,135,478)
Professional fees	(138,478)	(23,070)
Other expenses	(644)	(2,217)
Total operating expenses	**(5,993,410)**	**(6,160,765)**

5. Income tax

	2015 $	2014 $
(a) Analysis of income tax expense		
Current tax expense	(1,037,345)	(473,507)
Increase in deferred tax assets	542,967	82,528
Decrease in deferred tax liabilities	2,010	4,016
Income tax expense	**(492,368)**	**(386,963)**

(b) Relationship between income tax expense and accounting profit

The following table provides a reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income for the year.

	2015 $	2014 $
Profit before income tax	1,644,419	1,281,676
Prima facie tax at the rate of 30%	(493,326)	(384,503)
Non-assessable income/(non-deductible expense)	(62,595)	(2,460)
Income tax expense	**(555,921)**	**(386,963)**

	2015 $	2014 $
(c) Analysis of deferred tax asset		
Unrealised investment losses	626,230	83,263
Total deferred tax assets	**626,230**	**83,263**

	2015 $	2014 $
(d) Analysis of deferred tax liability		
Other	-	2,010
Total deferred tax liability	**-**	**2,010**

6. Receivables

	2015 $	2014 $
Investment income receivable	-	6,696
Other receivables	577	595
Total receivables[1]	**577**	**7,291**

Footnote:
1. All receivables are current.

7. Payables

	2015 $	2014 $
Amounts due to related parties	527,219	553,097
Other payables	51,901	54,265
Accrued expenses	15,000	10,000
Total payables[1]	**594,120**	**617,362**

Footnote:
1. All payables are current.

8. Contributed equity

	2015 $	2014 $
Contributed equity		
56,550,000 (2014: 32,050,000) fully paid ordinary shares; issue price $1 (2014: $1)	56,550,000	32,050,000
10,000,000 (2014: 10,000,000) partly paid ordinary shares; issue price $0.4 (2014: $0.4)	4,000,000	4,000,000
Total contributed equity	**60,550,000**	**36,050,000**
Movements in ordinary shares		
Balance at the beginning of the year	36,050,000	13,250,000
Issue of shares 24,500,000 (2014: 22,800,000)	24,500,000	22,800,000
Balance at the end of the year	**60,550,000**	**36,050,000**

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

9. Notes to the statement of cash flows

	2015 $	2014 $
Reconciliation of the net profit after income tax to cash flows from operating activities		
Net profit after income tax	1,152,051	894,713
Distributions reinvested	(3,165,812)	(663,497)
Net realised and unrealised losses	2,018,543	163,609
(Decrease)/increase in receivables	6,714	(5,505)
Increase in DTA	(542,967)	(82,529)
Increase in payables	538,586	182,879
Cash flows from operating activities	**7,115**	**489,670**

10. Risk management and financial instrument disclosures

Financial Risk Management Objectives
The risk policy of the Company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of ASL's risk management strategy.

The Company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited Group discussed in this Note as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk / low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, and monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO, AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP AC and ASL Audit Committee.

The directors of the Company have responsibility to set risk appetite, having regard to the risk appetite of AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets which include movements in interest rates. Market risk in the Company primarily arises from the performance and return on the Company's unit holdings in unlisted management investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the Company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in investments in unlisted managed investments as per the Statement of financial position.

Change in variables	**2015**	**2014**
	$	**$**
10% increase in investments in unlisted managed investment schemes	6,552,655	3,987,258
10% decrease in investments in unlisted managed investment schemes	(6,552,655)	(3,987,258)

(b) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations as they fall due because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the Company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. The AFSL solvency and net liquidity requirements are measures to mitigate liquidity risk. All financial requirements of the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration to AMP as a counterparty.

11. Fair value information

Fair value measure
The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2015 and 2014, the Company held only Level 2 investments in unlisted managed investment schemes of $65,526,546 (2014: $39,872,581).

12. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2015 and 2014 was paid on behalf of the Company by a related entity within the AMP Limited Group.

13. Contingencies and trustee liabilities

At reporting date there were no material contingent liabilities where the probability of any outflow in settlement was greater than remote.

The Company incurs expenses on behalf of the AMP Superannuation trusts. The Company has certain rights of indemnity against the trusts' assets for these expenses incurred. The assets of the trusts were sufficient to discharge any liabilities for these incurred expenses at the reporting date. The assets of the trusts backing this indemnity are not directly available to meet any liabilities of the Company acting in its own right.

14. Capital management

The Company manages its capital within the broader AMP Group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA Registrable Superannuation Entity (RSE) license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's, with transitional arrangements applying over the three years following the commencement date. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

14. Capital management (continued)

The ORFR target amount is determined through a board approved ORFR strategy and is 0.10% of the superannuation funds assets under management (AUM). A transition plan in the ORFR strategy outlines the timing and amount of each capital injection, being a percentage of expected 30 June 2016 assets under management (AUM) paid at six monthly intervals until the target amounts are reached on 30 June 2016. The ORFR comprises:

	2015	2014
	$	$
Contributed Equity	58,230,000	33,350,000
Retained Earnings	720,000	510,000
Total ORFR	**58,950,000**	**33,860,000**

Capital contributions of $24,500,000 (2014: $22,800,000) were made by AMP Life during the year in accordance with the ORFR strategy.

The Company's capital position is monitored by the Company's Board. As the Company forms part of the AMP Group, the Company's capital management policies and processes are determined in line with the broader AMP Group.

The Company's capital comprises contributed equity and retained earnings. These balances and the movements in these balances are disclosed in the Statement of changes in equity.

All externally imposed capital requirements were complied with during the current and prior reporting periods.

15. Related party disclosures

(a) Key management personnel details
The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise)) of the Company for the whole or part of the reporting year as indicated:

Michael Butler
Brian Salter
Darryl Mackay
Eric Mayne
Michele Dolin
Richard Allert (appointed 4 December 2015)

(b) Remuneration of key management personnel
Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and N.M Superannuation Pty Limited (ABN 31 008 428 322) and in connection with the management of the Trusts (the Trusts are AMP Superannuation Savings Trust, AMP Retirement Trust, AMP Eligible Rollover Fund, Wealth Personal Superannuation and Pension Fund, Synergy Superannuation Master Fund, First Quest Retirement Service, The Retirement Plan, Super Directions Fund, National Mutual Retirement Fund and National Mutual ProSuper Fund). Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the Company. The remuneration of the Executive Directors is paid by AMP Services Limited in accordance with their employment contracts.

The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of remuneration is included, although their responsibilities with respect to the Company are only a component of their overall responsibilities.

	2015	2014
Executive Directors	**$**	**$**
Short-term employee benefits	1,208,704	1,282,302
Post-employment benefits	33,655	24,844
Share-based payments	907,226	868,975
Other long-term benefits	26,200	15,438
	2,175,785	**2,191,559**
Non-Executive Directors		
Director fees	321,594	332,939
	321,594	**332,939**
Total key management personnel compensation	**2,497,379**	**2,524,498**

15. Related party disclosures (continued)

(c) Transactions with key management personnel

During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP Group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited including the provision of credit cards;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of this Financial Report, or the discharge of accountability by the specified executives or specified directors.

(d) Other related party transactions

Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances at 31 December 2015 and 31 December 2014 are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

As at 31 December 2015, the Company held units in the AMP Shareholder Cash Fund and the AMP Shareholder Fixed Income Fund. As AMP Group entities hold more than 50% of the units in the trusts, they are deemed to be a controlled entity of the AMP Group and is therefore a related entity of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

In 2015, the Company has earned $6,454,621 (2014: $6,764,644) of trustee fees from related entities within the AMP Group.

16. Events occurring after reporting date

At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date which has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this Financial Report.

Directors' declaration

In accordance with a resolution of the directors of AMP Superannuation Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year end 31 December 2015 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2015 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

____

Director

Sydney, 18 March 2016

____

Director

Sydney, 18 March 2016

Independent audit Report
for the year ended 31 December 2015

AMP Superannuation Limited

ABN 31 008 414 104

Directors' Report and Financial Report for the year ended 31 December 2016

AMP Superannuation Limited

ABN 31 008 414 104

Directors' Report and Financial Report
31 December 2016

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Registered Office:
33 Alfred Street, Sydney NSW 2000
AMP Superannuation Limited, a Company limited by shares, is incorporated and domiciled in Australia

Directors' Report

for the year ended 31 December 2016

The directors of AMP Superannuation Limited ('AMP Super' or 'the company') present their report on the company for the year ended 31 December 2016.

AMP Super is a company limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the company's parent entity and AMP Limited is the ultimate parent entity.

Directors
The directors of the company during the year and up to the date of this report are shown below. Directors were in office for this entire year except where stated otherwise.

Richard Allert	Chairman, Non-executive Director	Appointed Chairman 14 June 2016
Michele Dolin	Non-executive Director	
Louise Dudley	Non-executive Director	Appointed 14 June 2016
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	
Michael Butler	Chairman, Non-executive Director	Resigned 14 June 2016
Eric Mayne	Non-executive Director	Resigned 14 June 2016

Principal activities
The principal activity of the company during the year was to act as trustee for various superannuation trusts. There have been no significant changes in the nature of these activities during the year.

Review of operations and results
The company's profit after tax for the year ended 31 December 2016 was $1,792,542 (2015: $1,152,051).

Dividends
No dividends were paid or declared by the company for the year ended 31 December 2016 (2015: $nil).

Significant changes in the state of affairs
There have been no significant changes in the state of affairs of the company during the year.

Events occurring after the reporting date
At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected, or may significantly affect, the operations, results or the state of affairs of the company that has not already been reflected in this report or the Financial Report.

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 this report because disclosure of the information would be likely to result in unreasonable prejudice to the company.

Environmental regulations
The company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers
Under its Constitution, the company indemnifies, to the extent permitted by law, all officers of the company, (including the directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee unless approved by the Board of AMP Limited. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, AMP Limited agreed to insure all the officers of the company against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

AMP Group Holdings Limited ("AMPGH") has entered into a deed of indemnity and access with each director and secretary of the company. Each deed of indemnity and access provides that:

- these officers will have access to the books of the company for their period of office and for ten (and in certain cases, seven) years after they cease to hold office (subject to certain conditions); and

- AMPGH agrees to indemnify the officer, to the extent permitted by law, against any liability incurred by the officer in his or her capacity as a director or secretary of the company and of other AMP group companies.

Auditor's independence
We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2016.

Signed in accordance with a resolution of the directors.

______________________________	______________________________
Director	Director

Sydney, 27 March 2017

Auditor’s Independence Declaration to the Directors of AMP Superannuation Limited

[To be provided by EY]

Statement of comprehensive income

for the year ended 31 December 2016

	Note	2016	2015
		$	$
Fee revenue	3	7,788,943	6,454,621
Investment income		1,802,526	1,183,208
Operating expenses	4	(7,265,857)	(5,993,410)
Profit before income tax		**2,325,612**	**1,644,419**
Income tax expense	5(a)	(533,070)	(492,368)
Profit for the year		**1,792,542**	**1,152,051**
Total comprehensive income for the year		**1,792,542**	**1,152,051**

Statement of financial position

as at 31 December 2016

	Note	2016 $	2015 $
Assets			
Cash and cash equivalents		904,529	1,413,195
Receivables	6	275,144	577
Investments in financial assets measured at fair value through profit or loss	11	72,792,846	65,526,546
Deferred tax assets	5(c)	467,375	626,230
Total assets		74,439,894	67,566,548
Liabilities			
Payables	7	838,053	594,120
Intercompany tax payable		374,215	1,037,344
Total liabilities		1,212,268	1,631,464
Net assets		**73,227,626**	**65,935,084**
Equity			
Issued Capital	8	66,050,000	60,550,000
Retained earnings		7,177,626	5,385,084
Total equity		**73,227,626**	**65,935,084**

Statement of changes in equity

for the year ended 31 December 2016

2016	Issued capital $	Retained earnings $	Total equity $
Balance at the beginning of the year	60,550,000	5,385,084	65,935,084
Total comprehensive income for the year	-	1,792,542	1,792,542
Ordinary share capital issued	5,500,000	-	5,500,000
Balance at the end of the year	**66,050,000**	**7,177,626**	**73,227,626**

2015	Issued capital $	Retained earnings $	Total equity $
Balance at the beginning of the year	36,050,000	4,233,033	40,283,033
Total comprehensive income for the year	-	1,152,051	1,152,051
Ordinary share capital issued	24,500,000	-	24,500,000
Balance at the end of the year	**60,550,000**	**5,385,084**	**65,935,084**

Statement of cash flows

for the year ended 31 December 2016

	Note	2016	2015
		$	**$**
Cash flows from operating activities			
Cash receipts in the course of operations		7,514,376	6,461,335
Interest received		24,765	35,939
Cash payments in the course of operations		(7,021,923)	(6,016,651)
Income tax paid		(1,037,345)	(473,508)
Net cash flows (used in) / from operating activities	9	**(520,127)**	**7,115**
Cash flows from investing activities			
Net payments to acquire investments in financial investments		(5,488,539)	(24,506,696)
Net cash used in investing activities		**(5,488,539)**	**(24,506,696)**
Cash flows from financing activities			
Proceeds from issue of shares		5,500,000	24,500,000
Net cash flows from financing activities		**5,500,000**	**24,500,000**
Net (decrease)/increase in cash and cash equivalents		(508,666)	419
Cash and cash equivalents at the beginning of year		1,413,195	1,412,776
Balance at the end of the year		**904,529**	**1,413,195**

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the ***Corporations Act 2001***. AMP Superannuation Limited (AMP Super or the company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The company is limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2016 were authorised for issue on 27 March 2017 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

Changes in accounting policy

The company has adopted all mandatory standards and amendments for the financial year beginning 1 January 2016. Adoption of these standards and amendments has not had any effect on the financial position or performance of the company.

A number of new accounting standards and amendments have been adopted effective 1 January 2015, but have not had any material effect on the financial position or performance of the company.

The company has elected to early adopt the following new accounting standards from 1 January 2015:

- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.

There is no material impact to the financial position or performance of the company as a result of the early adoption of these amendments.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the company, other than as set out below:

- **AASB 15 Revenue from Contracts with Customers**
  AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for periods beginning on 1 January 2018. AASB 15 defines principles for recognising revenue and introduces new disclosure requirements.

  Under AASB 15, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The company is currently undertaking an assessment of the potential impact of this standard and is not considering early adopting AASB 15.

- **AASB 9 Financial Instruments**
  AASB 9 Financial Instruments (AASB 9) is effective for periods beginning on 1 January 2018. AASB 9 makes changes to the classification and measurement of financial instruments, introduces a new expected loss model when recognising expected credit losses on financial assets, and also introduces new general hedge accounting requirements.

  The company is currently undertaking an assessment of the potential impact of this standard. The potential impact to the company is unlikely to be material and the company is not considering early adopting AASB 9.

(b) Fee revenue

Fee revenue is income arising from ordinary activities and consists of trustee fees received from related parties. These fees are recognised in the period in which the trustee services are provided.

(c) Investment income

Interest income

Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes

The distributions from managed investment schemes are recognised as income when the company's right to receive the distribution has been established.

1. Basis of preparation and summary of significant accounting policies (continued)

(d) Operating expenses
All operating expenses are expensed as incurred.

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at nominal amount due less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred. Given the short-term nature of most receivables, the recoverable amount approximates fair value. All receivables are realised within 12 months.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

These financial assets consist of investments in unlisted managed investment schemes. Subsequent to initial recognition, the fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes at the reporting date.

(h) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(j) Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the company.

(k) Taxes
Tax consolidation
AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including the company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from subsidiaries within the tax-consolidated group:
(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date; and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable on taxable income for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Taxes (continued)

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as ***operating cash flows***.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax

The company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets

Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgements in selecting valuation techniques and setting valuation assumptions and inputs.

3. Fee revenue

	2016 $	2015 $
Fee revenue		
Trustee fees from related entities	6,186,417	6,454,621
Other fee revenue	1,602,526	-
Total fee revenue	**7,788,943**	**6,454,621**

4. Operating Expenses

	2016 $	2015 $
Operating expenses		
Professional fees	(52,203)	(138,478)
Service fee expense to related entities	(5,611,028)	(5,854,288)
Other expenses to related entities	(1,602,626)	(644)
Total operating expenses	**(7,265,857)**	**(5,993,410)**

5. Income tax

	2016 $	2015 $
(a) Analysis of income tax expense		
Current tax expense	(374,215)	(1,037,345)
(Decrease) / increase in deferred tax assets	(158,855)	542,967
Decrease in deferred tax liabilities	-	2,010
Income tax expense	**(533,070)**	**(492,368)**

(b) Relationship between income tax expense and accounting profit

The following table provides a reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income for the year.

	2016 $	2015 $
Profit before income tax	2,325,612	1,644,419
Prima facie tax at the rate of 30%	(697,684)	(493,326)
Non-assessable income	164,614	958
Income tax expense	**(533,070)**	**(492,368)**

	2016 $	2015 $
(c) Analysis of deferred tax asset		
Unrealised investment losses	467,375	626,230
Total deferred tax assets	**467,375**	**626,230**

6. Receivables

	2016	2015
	$	$
Investment income receivable	11,461	-
Other receivables	263,683	577
Total receivables[1]	**275,144**	**577**

1. All receivables are current.

7. Payables

	2016	2015
	$	$
Accrued expenses	10,000	15,000
Other payables		
- related entities	777,621	527,219
- other entities	50,432	51,901
Total payables[1]	**838,053**	**594,120**

1. All payables are current.

8. Issued capital

	2016	2015
	$	$
Issued capital		
62,050,000 (2015: 56,550,000) fully paid ordinary shares; issue price $1 (2015: $1)	62,050,000	56,550,000
10,000,000 (2015: 10,000,000) partly paid ordinary shares; issue price $0.4 (2015: $0.4)	4,000,000	4,000,000
Total issued capital	**66,050,000**	**60,550,000**
Movements in ordinary shares		
Balance at the beginning of the year	60,550,000	36,050,000
Issue of shares 5,500,000 (2015: 24,500,000)	5,500,000	24,500,000
Balance at the end of the year	**66,050,000**	**60,550,000**

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

9. Notes to the statement of cash flows

	2016	2015
	$	$
Reconciliation of the net profit after income tax to cash flows (used in) / from operating activities		
Net profit after income tax	1,792,542	1,152,051
Distributions reinvested	(985,350)	(3,165,812)
Investment gains and losses	(792,411)	2,018,543
(Increase) / decrease in receivables	(274,567)	6,714
(Increase) / decrease in payables	243,933	(23,242)
Decrease / (increase) in deferred tax assets	158,855	(542,967)
Decrease in deferred tax liabilities	-	(2,010)
Decrease / (Increase) in tax payable	(663,129)	563,838
Cash flows (used in) / from operating activities	**(520,127)**	**7,115**

10. Risk management and financial instrument disclosures

Financial Risk Management Objectives
The risk policy of the company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of AMP Super's risk management strategy.

The company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The company's risk management framework leverages the RMF of the AMP Limited Group discussed in this Note as relevant to the operations of the company.

The company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the company invests in low risk / low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, and monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO, AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and AMP Super Audit Committee.

The directors of the company have responsibility to set risk appetite, having regard to the risk appetite of AMP Limited Board.

Risks and mitigation
Risks that the company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets which include movements in interest rates. Market risk in the company primarily arises from the performance and return on the company's unit holdings in unlisted management investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in financial assets as per the Statement of financial position.

(b) Liquidity risk
Liquidity risk is the risk that the company will not have access to adequate funds to pay its obligations as they fall due because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. The AFSL solvency and net liquidity requirements are measures to mitigate liquidity risk. All financial requirements of the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The company is not directly exposed to credit risk except for the concentration to AMP as a counterparty.

11. Fair value information

Fair value measure
The company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the company's own data, reflecting the company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2016 and 2015, the company held only Level 2 investments in unlisted managed investment schemes of $72,792,846 (2015: $65,526,546).

12. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2016 and 2015 was paid on behalf of the company by a related entity within the AMP Limited Group.

13. Contingencies and trustee liabilities

At reporting date there were no material contingent liabilities where the probability of any outflow in settlement was greater than remote.

The company incurs expenses on behalf of the AMP Superannuation trusts. The company has certain rights of indemnity against the trusts' assets for these expenses incurred. The assets of the trusts were sufficient to discharge any liabilities for these incurred expenses at the reporting date. The assets of the trusts backing this indemnity are not directly available to meet any liabilities of the company acting in its own right.

14. Capital management

The company manages its capital within the broader AMP Group capital plan. The primary capital management objective is to ensure the company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The company is subject to externally imposed regulatory capital requirements. The company must comply with capital and liquidity requirements under its AFSL and its APRA Registrable Superannuation Entity (RSE) license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's, with transitional arrangements applying over the three years following the commencement date. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

The company completed transitional arrangements to fund the ORFR target amount by June 2016. The ongoing ORFR position is monitored and, if required, further capital is injected.

Capital contributions of $5,500,000 (2015: $24,500,000) were made by AMP Life during the year in accordance with the ORFR strategy. The funds supporting ORFR are held in Investments in financial assets measured at fair value through profit and loss.

15. Related party disclosures

(a) Key management personnel details
The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise)) of the company for the whole or part of the reporting year as indicated:

Richard Allert	Chairman, Non-executive Director	Appointed Chairman 14 June 2016
Michele Dolin	Non-executive Director	
Louise Dudley	Non-executive Director	Appointed 14 June 2016
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	
Michael Butler	Chairman, Non-executive Director	Resigned 14 June 2016
Eric Mayne	Non-executive Director	Resigned 14 June 2016

(b) Remuneration of key management personnel
Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the company and N.M. Superannuation Pty Limited ('N.M. Super') and in connection with the management of the Trusts for which the company and N.M. Super are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the company. The remuneration of the Executive Directors is paid by AMP Services Limited in accordance with their employment contracts.

The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of remuneration is included, although their responsibilities with respect to the company are only a component of their overall responsibilities.

	2016	**2015**
Executive Directors	**$**	**$**
Short-term employee benefits	786,968	1,208,704
Post-employment benefits	31,084	33,655
Share-based payments	940,086	907,226
Other long-term benefits	30,375	26,200
	1,788,513	**2,175,785**
Non-Executive Directors		
Director fees	354,702	321,594
Total key management personnel compensation	**2,143,215**	**2,497,379**

(c) Transactions with key management personnel
During the year, key management personnel and their personally related entities have entered into transactions with the company and related entities within the AMP Group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited including the provision of credit cards;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of this Financial Report, or the discharge of accountability by the specified executives or specified directors.

15. Related party disclosures (continued)

(d) Other related party transactions

Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

As at 31 December 2016, the company held units in the AMP Shareholder Cash Fund and the AMP Shareholder Fixed Income Fund. As AMP Group entities hold more than 50% of the units in the trusts, they are deemed to be a controlled entity of the AMP Group and is therefore a related entity of the company. The company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

In 2016, the company has earned $6,186,417 (2015: $6,454,621) of trustee fees from related entities within the AMP Group.

16. Events occurring after reporting date

At the date of this report, the directors are not aware of matters or circumstances that have arisen since the reporting date that have significantly affected or may significantly affect the company's operations in future years; the results of its operations in future years; or the company's state of affairs in future years which is not already reflected in this report.

Directors' declaration

for the year ended 31 December 2016

In accordance with a resolution of the directors of AMP Superannuation Limited, for the purposes of section 295(4) of the ***Corporations Act 2001***, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year end 31 December 2016 are in accordance with the ***Corporations Act 2001***, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2016 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

______________________________ ______________________________

Director Director

Sydney, 27 March 2017

Independent auditor's report to the members of AMP Superannuation Limited

[TO BE PROVIDED BY EY]

AMP Superannuation Limited

ABN 31 008 414 104

Directors' Report and Financial Report for the year ended 31 December 2017

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AMP Superannuation Limited

ABN 31 008 414 104

Directors' Report and Financial Report
31 December 2017

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AMP Superannuation Limited

Directors' Report

for the year ended 31 December 2017

The directors of AMP Superannuation Limited ('AMP Super' or 'the Company') present their report on the Company for the year ended 31 December 2017.

AMP Super is a company limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

Directors

The directors of the Company during the year and up to the date of this report are shown below. Directors were in office for this entire year except where stated otherwise.

Richard Allert	Chairman, Non-executive Director
Michele Dolin	Non-executive Director
Louise Dudley	Non-executive Director
Darryl Mackay	Non-executive Director
Brian Salter	Executive Director

Principal activity

The principal activity of the Company during the year was to act as trustee for various superannuation trusts. There have been no significant changes in the nature of this activity during the year.

Review of operations and results

The Company's profit after tax for the year ended 31 December 2017 was $1,642k (2016: $1,793k).

Dividends

No dividends were paid or declared by the Company for the year ended 31 December 2017 (2016: $nil).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date

At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected, or may significantly affect, the operations, results or the state of affairs of the Company that has not already been reflected in this report or the Financial Report.

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 this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Environmental regulations

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers

Under its Constitution, the Company indemnifies, to the extent permitted by law, all officers of the Company, (including the directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the Company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee unless approved by the Board of AMP Limited. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, AMP Limited agreed to insure all the officers of the Company against certain liabilities as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

AMP Group Holdings Limited ("AMPGH") has entered into a deed of indemnity and access with each director and secretary of the Company. Each deed of indemnity and access provides that:

- these officers will have access to the books of the Company for their period of office and for ten (and in certain cases, seven) years after they cease to hold office (subject to certain conditions); and
- AMPGH agrees to indemnify the officer, to the extent permitted by law, against any liability incurred by the officer in his or her capacity as a director or secretary of the Company and of other AMP group companies.

Directors' Report

for the year ended 31 December 2017

Rounding
In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, amounts in this Directors' Report and the accompanying Financial Report have been rounded off to the nearest thousand Australian dollars, unless stated otherwise.

Auditor's independence
We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2017.

Signed in accordance with a resolution of the directors.

Director

Director

Sydney, 15 March 2018

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of AMP Superannuation Limited

As lead auditor for the audit of AMP Superannuation Limited for the financial year ended 31 December 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

Kieren Cummings
Partner

15 March 2018

AMP Superannuation Limited

Statement of comprehensive income

for the year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Fee revenue	3	7,339	7,789
Investment income		1,966	1,803
Operating expenses	4	(6,836)	(7,266)
Profit before income tax		**2,469**	**2,326**
Income tax expense	5(a)	(827)	(533)
Profit for the year		**1,642**	**1,793**
Total comprehensive income for the year		**1,642**	**1,793**

Statement of financial position

as at 31 December 2017

	Note	2017 $'000	2016 $'000
Assets			
Cash and cash equivalents		986	905
Receivables	6	497	275
Investments in financial assets measured at fair value through profit or loss	11	78,139	72,793
Deferred tax assets	5(c)	448	467
Total assets		80,070	74,440
Liabilities			
Payables	7	992	838
Intercompany tax payable		808	374
Total liabilities		1,800	1,212
Net assets		78,270	73,228
Equity			
Issued Capital	8	69,450	66,050
Retained earnings		8,820	7,178
Total equity		78,270	73,228

Statement of changes in equity

for the year ended 31 December 2017

2017	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year	66,050	7,178	73,228
Total comprehensive income for the year	-	1,642	1,642
Ordinary share capital issued	3,400	-	3,400
Balance at the end of the year	69,450	8,820	78,270

2016	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year	60,550	5,385	65,935
Total comprehensive income for the year	-	1,793	1,793
Ordinary share capital issued	5,500	-	5,500
Balance at the end of the year	66,050	7,178	73,228

Statement of cash flows

for the year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from / (used in) operating activities			
Cash receipts in the course of operations		7,118	7,514
Interest received		18	25
Cash payments in the course of operations		(6,682)	(7,022)
Income tax paid		(374)	(1,037)
Net cash flows from / (used in) operating activities	9	**80**	**(520)**
Cash flows used in investing activities			
Net payments to acquire investments in financial investments		(3,399)	(5,488)
Net cash used in investing activities		**(3,399)**	**(5,488)**
Cash flows from financing activities			
Proceeds from issue of shares		3,400	5,500
Net cash flows from financing activities		**3,400**	**5,500**
Net increase / (decrease) in cash and cash equivalents		81	(508)
Cash and cash equivalents at the beginning of year		905	1,413
Balance at the end of the year		**986**	**905**

Notes to the financial statements

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. AMP Superannuation Limited (AMP Super or the Company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2017 were authorised for issue on 15 March 2018 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

New and amended accounting standards adopted by the Company

A number of new accounting standards and amendments have been adopted effective 1 January 2017. These have not had any material effect on the financial position or performance of the Company.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The Company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Company, other than as set out below.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for periods beginning on 1 January 2018. AASB 15 defines principles for recognising revenue and introduces new disclosure requirements. Under AASB 15, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

From the Company's perspective, AASB 15 will primarily apply to fee revenue. Based on the impact assessment undertaken, there is no material profit impact to the Company upon adoption of AASB 15.

In addition to defining principals for recognising revenue, the standard also provides guidance on identifying when an entity is acting as a principal or agent in a transaction. The Company is finalising its assessment of whether it acts as principal or agent in certain circumstances. Under AASB 15, if an entity is acting as principal in a transaction, all revenue and expenses are recognised on a gross basis. However, if acting as an agent the revenue and expenses would be recognised on a net basis. Although we expect no material impact to profit, the outcome of this assessment could result in increases or decreases in revenue with a corresponding increase or decrease to expenses.

AASB 9 Financial Instruments

AASB 9 Financial Instruments (AASB 9) standard makes significant changes to the classification and measurement of financial instruments and introduces a new expected loss model when recognising expected credit losses on financial assets. It also introduces new general hedge accounting requirements. This standard is mandatory for adoption by the Company for the year ending 31 December 2018. The Company is currently undertaking an assessment of the potential impact of this standard, and is not considering early adoption of AASB 9.

(b) Fee revenue

Fee revenue is income arising from ordinary activities and consists of trustee fees. These fees are recognised in the period in which the trustee services are provided.

(c) Investment income

Interest income

Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes

The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

(d) Operating expenses

All operating expenses are expensed as incurred.

1. Basis of preparation and summary of significant accounting policies (continued)

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at nominal amount due less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred. Given the short-term nature of most receivables, the recoverable amount approximates fair value. All receivables are realised within 12 months.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

(h) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(j) Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(k) Taxes
Tax consolidation
AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including the Company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from subsidiaries within the tax-consolidated group:
(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date; and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable/receivable on taxable income/loss for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which those balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Taxes (continued)

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows*.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax
The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets
The Company measures investment in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgements in selecting valuation techniques and setting valuation assumptions and inputs.

Notes to the financial statements

for the year ended 31 December 2017

3. Fee revenue

	2017 $'000	2016 $'000
Fee revenue		
Trustee fees from related entities	5,878	6,186
Other fee revenue	1,461	1,603
Total fee revenue	7,339	7,789

4. Operating Expenses

Operating expenses		
Professional fees	(43)	(52)
Service fee expense to related entities	(5,332)	(5,611)
Other expenses to related entities	(1,461)	(1,603)
Total operating expenses	(6,836)	(7,266)

5. Income tax

(a) Analysis of income tax expense		
Current tax expense	(808)	(374)
Decrease in deferred tax assets	(19)	(159)
Income tax expense	(827)	(533)

(b) Relationship between income tax expense and accounting profit

The following table provides reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income for the year.

	2017 $'000	2016 $'000
Profit before income tax	2,469	2,326
Prima facie tax at the rate of 30%	(741)	(698)
Non-deductible (expense) / Non-assessable income	(86)	165
Income tax expense	(827)	(533)

(c) Analysis of deferred tax asset		
Unrealised investment losses	448	467
Total deferred tax assets	448	467

Notes to the financial statements

for the year ended 31 December 2017

6. Receivables

	2017 $'000	2016 $'000
Investment income receivable	13	11
Other receivables		
- related entities	484	-
- other entities	-	264
Total receivables[1]	**497**	**275**

[1] All receivables are current.

7. Payables

	2017 $'000	2016 $'000
Accrued expenses	10	10
Other payables		
- related entities	453	515
- other entities	529	313
Total payables[1]	**992**	**838**

[1] All payables are current.

8. Issued capital

Issued capital		
64,550,000 (2016: 62,050,000) fully paid ordinary shares; issue price $1 (2016: $1)	64,550	62,050
10,000,000 (2016: 10,000,000) partly paid ordinary shares; issue price $0.4 (2016: $0.4)	4,000	4,000
1 (2016: nil) fully paid ordinary shares; issue price $900,000	900	-
Total issued capital	**69,450**	**66,050**
Movements in ordinary shares		
Balance at the beginning of the year	66,050	60,550
Issue of shares 2,500,001 (2016: 5,500,000)[1]	3,400	5,500
Balance at the end of the year	**69,450**	**66,050**

1. Capital contribution of $2.5m in Mar-17 &0.90m in Oct-17, resulted in the increase in shares.

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

9. Notes to the statement of cash flows

	2017 $'000	2016 $'000
Reconciliation of the net profit after income tax to cash flows from / (used in) operating activities		
Net profit after income tax	1,642	1,793
Distributions reinvested	(2,173)	(986)
Investment losses / (gains)	226	(792)
Increase in receivables	(221)	(275)
Increase in payables	153	244
Decrease in deferred tax assets	19	159
Increase / (decrease) in tax payable	434	(663)
Cash flows from / (used in) operating activities	**80**	**(520)**

10. Risk management and financial instrument disclosures

Financial Risk Management Objectives
The risk policy of the Company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of AMP Super's risk management strategy.

The Company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited group discussed in this Note as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL, APRA and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk, low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and the Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO and AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and AMP Super Audit Committee.

The directors of the Company have responsibility to set risk appetite, having regard to the risk appetite of AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets which include movements in interest rates. Market risk in the Company primarily arises from the performance and return on the Company's unit holdings in unlisted management investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the Company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in financial assets as per the Statement of financial position.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations as they fall due because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the Company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. The AFSL solvency and net liquidity requirements are measures to mitigate liquidity risk. All financial requirements of APRA and the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration to AMP as counterparty.

11. Fair value information

Fair value measure

The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2017 and 2016, the Company held only Level 2 investments in unlisted managed investment schemes of $78,139k (2016: $72,793). The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices at the reporting date.

12. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2017 and 2016 was paid on behalf of the Company by a related entity within the AMP Limited Group.

13. Contingencies and trustee liabilities

At reporting date there were no material contingent liabilities where the probability of any outflow in settlement was greater than remote.

The Company incurs expenses on behalf of the AMP Superannuation trusts. The Company has certain rights of indemnity against the trusts' assets for these expenses incurred. The assets of the trusts were sufficient to discharge any liabilities for these incurred expenses at the reporting date. The assets of the trusts backing this indemnity are not directly available to meet any liabilities of the Company acting in its own right.

14. Capital management

The Company manages its capital within the broader AMP group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

As at December 2017, the Company held ORFR trustee capital of $74,898k (2016: $70,220k). The ongoing ORFR position is monitored to ensure compliance with APRA Prudential Standard SPS 114 and, if required, further capital will be injected.

Capital contributions of $3,400k (2016: $5,500k) were made by AMP Life during the year in accordance with the ORFR strategy. The funds supporting ORFR are held in Investments in financial assets measured at fair value through profit and loss.

15. Related party disclosures

(a) Key management personnel details

The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise)) of the Company for the whole or part of the reporting year as indicated:

Richard Allert	Chairman, Non-executive Director
Michele Dolin	Non-executive Director
Louise Dudley	Non-executive Director
Darryl Mackay	Non-executive Director
Brian Salter	Executive Director

(b) Remuneration of key management personnel

Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and N.M. Superannuation Pty Limited ('N.M. Super') and in connection with the management of the Trusts for which the Company and N.M. Super are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the Company. The remuneration of the Executive Directors is paid by AMP Services Limited in accordance with their employment contracts.

The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of remuneration is included for the Company and N.M Superannuation Pty Ltd, although their responsibilities with respect to the Company are only a component of their overall responsibilities.

	2017	2016
Executive Directors	$	$
Short-term employee benefits	1,254,972	786,968
Post-employment benefits	31,485	31,084
Share-based payments	618,275	274,252
Other long-term benefits	49,195	30,375
	1,953,927	**1,122,679**
Non-Executive Directors		
Director fees	317,700	354,702
Total key management personnel compensation	**2,271,627**	**1,477,381**

(c) Transactions with key management personnel

During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited including the provision of credit cards;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to adversely affect decisions about the allocation of scarce resources made by users of this Financial Report, or the discharge of accountability by the specified executives or specified directors.

(d) Other related party transactions

Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

NMMT Limited provides funds administration and custodian services to the Company.

15. Related party disclosure (continued)

As at 31 December 2017, the Company held units in the AMP Shareholder Cash Fund (WASCF) and the AMP Shareholder Fixed Income Fund (WASFI). As AMP group entities held more than 50% of the units in these trusts, they are deemed to be controlled entities of the AMP group and are therefore related entities of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

	2017			2016		
		$	$		$	$
Funds	Units	Unit price	Balance	Units	Unit price	Balance
WASFI	73,700,616	0.97	71,714,384	68,093,456	0.98	66,481,684
WASCF	6,430,341	1.00	6,424,811	6,313,121	1.00	6,311,164

Other related party transaction are in the respect of administrative services, investment management services and financial planning services provided by fellow controlled entities in the AMP group. Balance with other related parties that are material are out in the table below:

Fellow subsidiaries of AMP Limited		Service, management and other fees received from related parties $	Service, management and other fees paid to related parties $	Amounts owed by related parties $	Amounts owed to related parties $
AMP Life Limited	2017	5,878,281	-	483,750	-
	2016	6,186,000	-	-	-
AMP Services Limited	2017	-	5,331,550	-	452,561
	2016	-	5,611,000	-	515,000

In 2017, the Company has earned $5,878k (2016: $6,186k) of trustee fees from related entities within the AMP group.

16. Events occurring after reporting date

At the date of this report, the directors are not aware of matters or circumstances that have arisen since the reporting date that have significantly affected or may significantly affect the Company's operations in future years; the results of its operations in future years; or the Company's state of affairs in future years which is not already reflected in this report.

AMP Superannuation Limited

Directors' declaration

for the year ended 31 December 2017

In accordance with a resolution of the directors of AMP Superannuation Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year end 31 December 2017 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2017 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director

Director

Sydney, 15 March 2018

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Independent Auditor's Report to the Members of AMP Superannuation Limited

Opinion

We have audited the financial report of AMP Superannuation Limited (the Company), which comprises the statement of financial position as at 31 December 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 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 Company 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 Company 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 Company'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 Company 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 Company'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 Company'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 Company 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

Kieren Cummings
Partner
Sydney

15 March 2018

AMP Superannuation Limited

ABN 31 008 414 104

Directors' report and Financial report for the year ended 31 December 2018

AMP Superannuation Limited

ABN 31 008 414 104

Directors' report and Financial report
31 December 2018

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Registered Office:
33 Alfred Street, Sydney NSW 2000
AMP Superannuation Limited, a Company limited by shares, is incorporated and domiciled in Australia

Directors' report

for the year ended 31 December 2018

The directors of AMP Superannuation Limited ('AMP Super' or 'the Company') present their report on the Company for the year ended 31 December 2018.

AMP Super is a company limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

Directors

The directors of the Company during the year and up to the date of this report are shown below. Directors were in office for this entire year except where stated otherwise.

Richard Allert	Chairman, Non-executive Director	
Tony Brain	Non-executive Director	(appointed on 27th Sep 2018)
Michele Dolin	Non-executive Director	(resigned on 1st Apr 2018)
Cathy Doyle	Non-executive Director	(appointed on 2nd Oct 2018)
Louise Dudley	Non-executive Director	
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	(resigned on 30th Apr 2018)

Principal activity

The principal activity of the Company during the year was to act as trustee for various superannuation trusts. There have been no significant changes in the nature of this activity during the year.

Review of operations and results

The Company's profit after tax for the year ended 31 December 2018 was $1,389k (2017: $1,642k).

Dividends

No dividends were paid or declared by the Company for the year ended 31 December 2018 (2017: $nil).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date

In December 2017, the Australian Government established a Royal Commission into 'Misconduct in the Banking, Superannuation and Financial Services Industry' (the Royal Commission) to investigate conduct, practices, behaviour or business activities by financial services entities, including the Company, that may amount to misconduct or that may have fallen below community standards and expectations. During the course of 2018, the Royal Commission has conducted a number of public hearings and required the production of documents as part of its inquiry.

The final report of the Royal Commission was publicly released on 4 February 2019 and made:

- 76 policy recommendations which may result in legislative and regulatory change; and
- a number of findings of actual or possible misconduct (including breaches of law) or conduct which does or may fall below community standards and expectations in relation to participants in the financial services industry, including the AMP group.

In its final report, the Royal Commission referred the following matters involving the Company to APRA for further investigation: outsourcing arrangements and the Trustees' oversight and managements of conflicts of interest in that regard; performance of cash investments; fees for no service; and the obligation to provide insurance in certain superannuation funds. Those investigations are now ongoing.

The Company is considering the various matters raised in the Commissioner's final report.

Other than this matter above, as at the date of this report, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- the Company's operation in future years;
- the results of those operations in future years; or
- the Company's state of affairs in future financial years.

Likely developments

On 25 October 2018, AMP announced an agreement to sell its Australian and New Zealand wealth protection and mature businesses, which includes the indirect disposal of AMP Life Limited, the immediate parent of the Company. Prior to the completion of the sale, it is likely the Company will be transferred to another entity in the AMP group. The Company's ultimate parent will remain AMP Limited. In response to the proposed sale, it is possible there may be changes to the superannuation funds under the trusteeship of the Company.

Environmental regulations

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers

Under its Constitution, the Company indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited Board.

Directors' report

for the year ended 31 December 2018

During (and since the end of) the financial year ended 31 December 2018, AMP Limited (the Company's ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Company) against certain liabilities (including legal costs) as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable, the limit of liability and other terms.

In addition, under the trust deed for each Fund, the Fund indemnifies, to the extent permitted by the Superannuation Industry (Supervision) Act 1993, all current and former directors and officers of the Company against any loss or expenditure incurred in relation to the Fund or its administration (which would include the costs and expenses of defending proceedings or satisfying liabilities owed to another person). The indemnity will not apply in circumstances where a director or officer has failed to act honestly in a matter concerning the Fund, or, intentionally or recklessly failed to exercise in relation to a matter affecting the Fund, the degree of care and diligence that a director is required to exercise.

In addition, AMP Group Holdings Limited ("AMPGH") or AMP AAPH Limited ("AMP AAPH") and each of the current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to board papers and specified records of the Company (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary (and, in the case of directors, as a current or former officer or specified representative) of the Company, or of another AMP group company or, in certain cases, of an external company (where the person holds the relevant external position at the AMP group's request); and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Indemnification of auditors

To the extent permitted by law, AMP Limited has agreed to indemnify the Company's auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from breach or any negligent, wrongful or willful act or omission by or of Ernst &Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2018.

Rounding

In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, amounts in this Directors' report and the accompanying Financial report have been rounded off to the nearest thousand Australian dollars, unless stated otherwise.

Auditor's independence

We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' report for the year ended 31 December 2018.

Signed in accordance with a resolution of the directors.

Director

Director

Sydney, 15 March 2019

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Auditor's Independence Declaration to the Directors of AMP Superannuation Limited

As lead auditor for the audit of AMP Superannuation Limited for the financial year ended 31 December 2018, 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

Kieren Cummings
Partner

15 March 2019

Statement of comprehensive income

for the year ended 31 December 2018

	Note	2018 $'000	Restated * 2017 $'000
Fee revenue	3, 8	889,569	930,608
Investment income		1,547	1,966
Operating expenses	4, 8	(889,138)	(930,105)
Profit before income tax		**1,978**	**2,469**
Income tax expense	5(a)	(589)	(827)
Profit for the year		**1,389**	**1,642**
Total comprehensive income for the year		**1,389**	**1,642**

* Refer to note 8, Impact of adopting AASB 15.

Statement of financial position

as at 31 December 2018

	Note	2018 $'000	2017 $'000
Assets			
Cash and cash equivalents		981	986
Receivables	6	-	497
Investments in financial assets measured at fair value through profit or loss	16(d)	80,881	78,139
Deferred tax assets	5(c)	544	448
Total assets		**82,406**	**80,070**
Liabilities			
Payables	7	862	992
Intercompany tax payable		685	808
Total liabilities		1,547	1,800
Net assets		**80,859**	**78,270**
Equity			
Issued Capital	9	70,650	69,450
Retained earnings		10,209	8,820
Total equity		**80,859**	**78,270**

Statement of changes in equity

for the year ended 31 December 2018

2018	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year		69,450	8,820	78,270
Total comprehensive income for the year		-	1,389	1,389
Ordinary share capital issued	9	1,200	-	1,200
Balance at the end of the year		**70,650**	**10,209**	**80,859**

2017		Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year		66,050	7,178	73,228
Total comprehensive income for the year		-	1,642	1,642
Ordinary share capital issued	9	3,400	-	3,400
Balance at the end of the year		**69,450**	**8,820**	**78,270**

Statement of cash flows

for the year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities [1]			
Cash receipts in the course of operations		5,817	7,118
Interest received		21	18
Cash payments in the course of operations		(5,019)	(6,682)
Income tax paid		(808)	(374)
Net cash flows from operating activities	10	**11**	**80**
Cash flows used in investing activities			
Net payments to acquire investments in financial investments		(1,216)	(3,399)
Net cash used in investing activities		**(1,216)**	**(3,399)**
Cash flows from financing activities			
Proceeds from issue of shares		1,200	3,400
Net cash flows from financing activities		**1,200**	**3,400**
Net (decrease) / increase in cash and cash equivalents		(5)	81
Cash and cash equivalents at the beginning of year		986	905
Balance at the end of the year		**981**	**986**

1 Administration fee revenue is collected by the Company's agent, AMP Life Limited. Accordingly, this revenue does not result in cash flows to AMP Super.

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. AMP Superannuation Limited (AMP Super or the Company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2018 were authorised for issue on 15 March 2019 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the Financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

New and amended accounting standards adopted by the Company

A number of new accounting standards and amendments have been adopted effective 1 January 2018. These have not had any material effect on the financial position or performance of the Company.

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 *Revenue from Contracts with Customers* (AASB 15) effective from 1 January 2018. AASB 15 defines principles for recognising revenue and introduces new disclosure requirements. Under AASB 15, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. In addition to defining principals for recognising revenue, the standard also provides guidance on identifying when an entity is acting as a principal or agent in a transaction. Under AASB 15, if an entity is acting as principal in a transaction, all revenue and expenses are recognised on a gross basis. However, if acting as an agent the revenue and expenses would be recognised on a net basis.

AASB 15 has been adopted by the Company retrospectively, including restating 2017 comparative results. The impact of the adoption of AASB 15 is disclosed in note 8.

AASB 9 Financial Instruments

The Company has adopted AASB 9 *Financial Instruments* (AASB 9) effective from 1 January 2018. AASB 9 makes changes to the classification and measurement of financial instruments, introduces a new expected loss model when recognising expected credit losses (ECL) on financial assets, and also introduces new general hedge accounting requirements.

The Company has applied AASB 9 retrospectively without restating the comparative information for 2017 as permitted by the transitional provisions of the standard. The difference between the previous carrying amount of financial instruments and the carrying amount of those instruments at 1 January 2018 measured in accordance with AASB 9 is required to record as an adjustment to retained earnings at 1 January 2018. Following the Company's assessment, the impact of adopting this standard is not material to the Company's financial statements. As permitted by AASB 9 the Company has chosen to continue to apply the hedge accounting requirements of AASB 139 *Financial Instruments: Recognition and Measurements*.

The key changes in the Company's accounting policies resulting from the adoption of AASB 9 are summarised below:

<u>Classification and measurement:</u>

Under AASB 9, the Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual characteristics of the financial assets. We note the following as a result of the adoption of AASB 9:

- Financial assets which were previously designated as loans and receivables are now designated as amortised cost.
- Financial assets which were previously measured at fair value through profit or loss continue to be measured at fair value through profit or loss.

The accounting for the group's financial liabilities remains the same as it was under AASB 139.

<u>Impairment of financial assets:</u>

The adoption of AASB 9 has changed the Company's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The ECL model applies to all the Company's financial assets not measured at fair value through profit or loss.

The impact of adopting the ECL model is not material to the Company's financial statement.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The Company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Company.

1. Basis of preparation and summary of significant accounting policies (continued)

(b) Fee revenue
For AMP Super, revenue from contracts with customers arises primarily from the provision of trustee and administration services for various superannuation funds. Revenue is recognised when control of services is transferred to the customer at an amount that reflects the consideration to which AMP Super is entitled to in exchange for the services provided. As the customer simultaneously receives and consumes the benefit as the service is provided, control is transferred over time. Accordingly, revenue is recognized over time.

Trustee fees
Fees are charged to customers in connection with the provision of trustee services. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised when the services are performed.

Administration fees
Administration fees are charged to customers in connection with the administration of superannuation funds under the trusteeship of the Company. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised as the service is provided.

The administration activity has been outsourced to an entity in the AMP group, AMP Life Limited. The Company has concluded that it acts as principal in the relationship between the superannuation funds under the trusteeship of the Company and the administrator. Accordingly, administration revenue is recognised gross of related administration expenses on the Statement of comprehensive income.

(c) Investment income
Interest income
Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes
The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

(d) Operating expenses
All operating expenses are expensed as incurred.

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at amortised cost, less any allowance for expected credit losses (ECLs). An allowance for ECLs is recognised for financial assets measured at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument.

The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Given the short-term nature of most receivables, the recoverable amount approximates fair value.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

(h) Impairment of assets
Assets measured at fair value, where changes in fair value are reflected in the Statement of comprehensive income, are not subject to impairment testing. Other assets such as receivables and intangibles are subject to impairment testing.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised in the Statement of comprehensive income, measured as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

(i) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(j) Payables

Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Issued capital

Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(l) Taxes

Tax consolidation
AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including the Company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from subsidiaries within the tax-consolidated group:
(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date; and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable/receivable on taxable income/loss for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows*.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax

The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets

The Company measures investment in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgements in selecting valuation techniques and setting valuation assumptions and inputs.

3. Fee revenue

	2018 $'000	Restated * 2017 $'000
Fee revenue		
Administration fee revenue	884,249	923,269
Trustee fees from related entities	5,236	5,878
Other fee revenue	84	1,461
Total fee revenue	**889,569**	**930,608**

* Refer to note 8, Impact of adopting AASB 15.

4. Operating Expenses

	2018 $'000	Restated * 2017 $'000
Operating expenses		
Administration expenses to related entities	(884,249)	(923,269)
Service fee expense to related entities	(4,749)	(5,332)
Other expenses to related entities	(84)	(1,461)
Professional fees	(56)	(43)
Total operating expenses	**(889,138)**	**(930,105)**

* Refer to note 8, Impact of adopting AASB 15.

5. Income tax

	2018 $'000	2017 $'000
(a) Analysis of income tax expense		
Current tax expense	(685)	(808)
Increase / (decrease) in deferred tax assets	96	(19)
Income tax expense	**(589)**	**(827)**

(b) Relationship between income tax expense and accounting profit

The following table provides reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income for the year.

	2018 $'000	2017 $'000
Profit before income tax	1,978	2,469
Prima facie tax at the rate of 30%	(593)	(741)
Non-assessable income / (Non-deductible expense)	4	(86)
Income tax expense	**(589)**	**(827)**

(c) Analysis of deferred tax asset		
Unrealised investment losses	544	448
Total deferred tax assets	**544**	**448**

6. Receivables

	2018 $'000	2017 $'000
Investment income receivable	-	13
Other receivables		
- related entities	-	484
Total receivables [1]	**-**	**497**

1 All receivables are current.

7. Payables

	2018 $'000	2017 $'000
Accrued expenses	10	10
Other payables		
- related entities	417	453
- other entities	435	529
Total payables [1]	**862**	**992**

1 All payables are current.

8. Impact of adoption of AASB 15

Following the Company's assessment of AASB15's guidance on entities acting in principal or agency relationships, the Company has concluded that it acts as principal in transactions between superannuation funds under its trusteeship and outsourced administration services providers. Accordingly, administration fees including fees from life-backed superannuation funds, which are collected by the outsourced administrator, are recognised as revenue by the Company in the Statement of comprehensive income. A corresponding expense, representing fees passed to the administrator is also recognised in the Statement of comprehensive income, which offsets this revenue.

AASB 15 has been adopted by the Company retrospectively, which includes restating 2017 comparative results. The impact of the adoption on the results previously reported for the year ended 31 December 2017 are as follows:

	As presented 2017 $'000	Impact of AASB 15 2017 $'000	Restated 2017 $'000
Impact on Statement of comprehensive income			
Administration fee revenue	n/a	923,269	923,269
Total fee revenue	7,339	923,269	930,608
Administration expenses to related entities	n/a	(923,269)	(923,269)
Total operating expenses	(6,836)	(923,269)	(930,105)

There is no profit impact resulting from the adoption of AASB 15.

Notes to the financial statements

for the year ended 31 December 2018

9. Issued capital

	2018 $'000	2017 $'000
Issued capital		
65,750,000 (2017: 64,550,000) fully paid ordinary shares; issue price $1 (2017: $1)	65,750	64,550
10,000,000 (2017: 10,000,000) partly paid ordinary shares; issue price $0.4 (2017: $0.4)	4,000	4,000
1 (2017: 1) fully paid ordinary share; issue price $900,000 (2017: $900,000)	900	900
Total issued capital	**70,650**	**69,450**
Movements in ordinary shares		
Balance at the beginning of the year	69,450	66,050
Issue of shares 1,200,000 (2017: 2,500,001)[1]	1,200	3,400
Balance at the end of the year	**70,650**	**69,450**

1 Capital contribution of $1,200k in February 2018 resulted in the increase in shares.

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

10. Notes to the statement of cash flows

	2018 $'000	2017 $'000
Reconciliation of the net profit after income tax to cash flows from operating activities		
Net profit after income tax	1,389	1,642
Distributions reinvested	(1,815)	(2,173)
Investment losses	289	226
Decrease / (increase) in receivables	497	(221)
(Decrease) / increase in payables	(130)	153
(Increase) / decrease in deferred tax assets	(96)	19
(Decrease) / increase in tax payable	(123)	434
Cash flows from operating activities	**11**	**80**

11. Risk management and financial instrument disclosures

Financial Risk Management Objectives

The risk policy of the Company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of AMP Super's risk management strategy.

The Company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited group discussed in this note as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL, APRA and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk, low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and the Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO and AMP Limited Audit Committee and the Board.

11. Risk management and financial instrument disclosures (continued)

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and AMP Super Audit Committee.

The directors of the Company have responsibility to set risk appetite, having regard to the risk appetite of AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets which include movements in interest rates. Market risk in the Company primarily arises from the performance and return on the Company's unit holdings in unlisted managed investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the Company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in financial assets as per the Statement of financial position.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations as they fall due because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the Company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. All financial requirements of APRA and the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration to AMP as counterparty.

12. Fair value information

Fair value measure
The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2018 and 2017, the Company held only Level 2 investments in unlisted managed investment schemes of $80,881k (2017: $78,139k). The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices at the reporting date.

13. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2018 and 2017 was paid on behalf of the Company by a related entity within the AMP Limited Group.

14. Contingencies and trustee liabilities

The AMP group, including the Company, is subject to review from time to time by regulators. The Company's principal regulators are APRA, and ASIC though other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry wide or specific to the AMP group and the outcomes of those reviews and investigations can vary and may lead, for example, to the imposition of penalties, variations or restrictions to licences, the compensation of customers, enforceable undertakings or recommendations and directions for the AMP group to enhance its control framework, governance and systems.

The final report of the Royal Commission was publicly released on 4 February 2019 and made:

- 76 policy recommendations which may result in legislative and regulatory change; and
- a number of findings of actual or possible misconduct (including breaches of law) or conduct which does or may fall below community standards and expectations in relation to participants in the financial services industry, including the AMP group.

In its Final Report issued on 4 February 2019, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry referred the following matters involving the Company to APRA for further investigation: outsourcing arrangements and the Trustees' oversight and managements of conflicts of interest in that regard; performance of cash investments; fees for no service; and the obligation to provide insurance in certain superannuation funds. Those investigations are now ongoing.

15. Capital management

The Company manages its capital within the broader AMP group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

As at December 2018, the Company held ORFR trustee capital of $77,047k (2017: $74,898k). The ongoing ORFR position is monitored to ensure compliance with APRA Prudential Standard SPS 114 and, if required, further capital will be injected.

Capital contributions of $1,200k (2017: $3,400k) were made by AMP Life during the year in accordance with the ORFR strategy. The funds supporting ORFR are held in Investments in financial assets measured at fair value through profit and loss.

16. Related party disclosures

(a) Key management personnel details
The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise)) of the Company for the whole or part of the reporting year as indicated:

Richard Allert	Chairman, Non-executive Director	
Tony Brain	Non-executive Director	(appointed on 27th Sep 2018)
Michele Dolin	Non-executive Director	(resigned on 1st Apr 2018)
Cathy Doyle	Non-executive Director	(appointed on 2nd Oct 2018)
Louise Dudley	Non-executive Director	
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	(resigned on 30th Apr 2018)

(b) Remuneration of key management personnel
Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and N.M. Superannuation Pty Limited ('N.M. Super') and in connection with the management of the Trusts for which the Company and N.M. Super are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the Company. The remuneration of the Executive Directors is paid by AMP Services Limited in accordance with their employment contracts.

16. Related party disclosures (continued)

(b) Remuneration of key management personnel (continued)
The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of the directors' remuneration is disclosed, although their responsibilities with respect to the Company and N.M. Super are only a component of their overall responsibilities. For Non-Executive Directors, the full amount of director fees earned from both the Company and N.M. Super are disclosed.

	2018	2017
Executive Directors	**$**	**$**
Short-term employee benefits	314,663	1,254,972
Post-employment benefits	10,024	31,485
Share-based payments[1]	(692,037)	618,275
Termination benefits	797,494	-
Other long-term benefits[2]	(5,188)	49,195
	424,956	**1,953,927**
Non-Executive Directors		
Director fees	344,608	317,700
Total key management personnel compensation	**769,564**	**2,271,627**

1 Share based payment (SBP) expense include reversals of SBPs where vesting condition have not been met.

2 Other long-term benefits includes reversals of long-service-leave provisions where individuals are no longer employees of AMP.

(c) Transactions with key management personnel
During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited including the provision of credit cards;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to adversely affect decisions about the allocation of scarce resources made by users of this Financial report, or the discharge of accountability by the specified executives or specified directors.

(d) Other related party transactions
Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

NMMT Limited provides funds administration and custodian services to the Company.

As at 31 December 2018, the Company held units in the AMP Shareholder Cash Fund (WASCF) and the AMP Shareholder Fixed Income Fund (WASFI). As AMP group entities hold more than 50% of the units in these trusts, they are deemed to be controlled entities of the AMP group and are therefore related entities of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

	2018	2017
	$	**$**
Funds	**Balance**	**Balance**
WASFI	74,333,492	71,714,384
WASCF	6,547,926	6,424,811

16. Related party disclosures (continued)

(d) Other related party transactions (continued)

Other related party transaction are in the respect of administrative services, investment management services and financial planning services provided by fellow controlled entities in the AMP group. Balance with other related parties that are material are out in the following table:

Fellow subsidiaries of AMP Limited		Service, management and other fee income from related parties $	Service, management and other fee expenses to related parties $	Amounts owed by related parties $	Amounts owed to related parties $
AMP Life Limited	2018	5,236,108	884,248,944	5	-
	2017	5,878,281	923,269,081	483,750	-
AMP Services Limited	2018	-	4,749,104	-	416,628
	2017	-	5,331,550	-	452,561

In 2018, the Company has earned $5,236k (2017: $5,878k) of trustee fees from related entities within the AMP group.

17. Events occurring after reporting date

In December 2017, the Australian Government established a Royal Commission into 'Misconduct in the Banking, Superannuation and Financial Services Industry' (the Royal Commission) to investigate conduct, practices, behaviour or business activities by financial services entities, including the Company, that may amount to misconduct or that may have fallen below community standards and expectations. During the course of 2018, the Royal Commission has conducted a number of public hearings and required the production of documents as part of its inquiry.

The final report of the Royal Commission was publicly released on 4 February 2019 and made:

- 76 policy recommendations which may result in legislative and regulatory change; and
- a number of findings of actual or possible misconduct (including breaches of law) or conduct which does or may fall below community standards and expectations in relation to participants in the financial services industry, including the AMP group.

In its final report, the Royal Commission referred the following matters involving the Company to APRA for further investigation: outsourcing arrangements and the Trustees' oversight and managements of conflicts of interest in that regard; performance of cash investments; fees for no service; and the obligation to provide insurance in certain superannuation funds. Those investigations are now ongoing.

The Company is considering the various matters raised in the Commissioner's final report.

Other than this matter above, as at the date of this report, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- the Company's operation in future years;
- the results of those operations in future years; or
- the Company's state of affairs in future financial years.

AMP Superannuation Limited

Directors' declaration

for the year ended 31 December 2018

In accordance with a resolution of the directors of AMP Superannuation Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year end 31 December 2018 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2018 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director

Director

Sydney, 15 March 2019

Ernst & Young
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GPO Box 2646 Sydney NSW 2001

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Independent Auditor's Report to the Members of AMP Superannuation Limited

Opinion

We have audited the financial report of AMP Superannuation Limited (the Company), which comprises the statement of financial position as at 31 December 2018, 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 2018 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 Company 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 Company 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 Company'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 Company 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 Company'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 Company'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 Company 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

Kieren Cummings
Partner
Sydney

15 March 2019

AMP

AMP Superannuation Limited

ABN 31 008 414 104

Directors' report and Financial report for the year ended 31 December 2019

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AMP Superannuation Limited

ABN 31 008 414 104

Directors' report and Financial report
31 December 2019

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Registered Office:
33 Alfred Street, Sydney NSW 2000
AMP Superannuation Limited, a Company limited by shares, is incorporated and domiciled in Australia

Directors' report

for the year ended 31 December 2019

The directors of AMP Superannuation Limited (AMP Super or the Company) present their report on the Company for the year ended 31 December 2019.

AMP Super is a company limited by shares and is incorporated and domiciled in Australia. AMP Wealth Management Holdings Pty Ltd is the Company's parent entity and AMP Limited is the ultimate parent entity. As part of an AMP group restructure, the ownership of the Company changed during 2019. The previous parent entity of the Company as at 31 December 2018 was AMP Life Limited while AMP Limited was the ultimate parent entity.

Directors

The directors of the Company during the year ended 31 December 2019 and up to the date of this report are shown below. Directors were in office for the entire year except where stated otherwise.

Tony Brain	Non-Executive Chairman[1]	
Sarah Brennan	Non-Executive Director	Appointed 01 November 2019
Kerrie Howard	Non-Executive Director	Appointed 01 November 2019
Darryl Mackay	Non-Executive Director	
Catherine McDowell	Non-Executive Director	Appointed 11 July 2019
Stephen Roberts	Non-Executive Director	Appointed 11 July 2019
Paul Scully	Non-Executive Director	Appointed 01 November 2019
Alexander Wade	Executive Director	Appointed 04 Jan 2020
Richard Allert	Non-Executive Chairman	Resigned 09 May 2019
Cathy Doyle	Non-Executive Director	Resigned 11 July 2019
Louise Dudley	Non-Executive Director	Resigned 14 June 2019

1 Tony Brain was appointed Interim Non-Executive Chairman on 9 May 2019. He has been a Non-Executive Director for the entire year.

Principal activity

The principal activity of the Company during the year was to act as trustee for various superannuation trusts. There have been no significant changes in the nature of this activity during the year.

Review of operations and results

The Company's profit after tax for the year ended 31 December 2019 was $523k (2018: $1,389k).

Dividends

No dividends were declared or paid by the Company for the year ended 31 December 2019 (2018: $nil).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date

Following 31 December 2019, COVID-19 outbreak has caused disruption to the global economy including financial markets. While the disruption does not impact the value of the assets as at 31 December 2019, it is expected to impact the future revenues of the Company as well as the assets. As at the date of this report, the impact cannot be quantified as the extent and duration of the economic disruption is unknown.

Other than the matter noted above, as at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Company's operations in future years, the results of those operations in future years, or the Company's state of affairs in future years which is not already reflected in this report.

Environmental regulations

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Likely developments

On 25 October 2018, AMP announced an agreement with Resolution Life Australia Pty Ltd to sell its Australian and New Zealand wealth protection (WP) and mature businesses. On 8 August 2019, AMP announced a revised agreement with updated terms for the sale of these businesses, subject to regulatory approvals, which is expected to complete in the first half of 2020. In response to the proposed sale, it is likely there will be changes to the superannuation funds under the trusteeship of the Company. These changes could include successor fund transfers, winding up of certain funds or changing trustees. All changes are subject to the approval of the Trustee.

Indemnification and insurance of directors and officers

Under its Constitution, the Company indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited Board.

During, and since the end of, the financial year ended 31 December 2019, AMP Limited (the Company's ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Company) against certain liabilities (including legal costs) as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable, the limit of liability and other terms.

In addition, under the trust deed for each Fund, the Fund indemnifies, to the extent permitted by the Superannuation Industry (Supervision) Act 1993, all current and former directors and officers of the Company against any loss or expenditure incurred in relation to the Fund or its administration (which would include the costs and expenses of defending proceedings or satisfying liabilities owed to another person). The indemnity will not apply in circumstances where a director or officer has failed to act honestly in a matter concerning the Fund, or, intentionally or recklessly failed to exercise in relation to a matter affecting the Fund, the degree of care and diligence that a director is required to exercise.

Indemnification and insurance of directors and officers (continued)
In addition, at least one of AMP Group Holdings Limited (AMPGH) or AMP AAPH Limited (AMP AAPH), both of which are subsidiaries of AMP Limited, and each of the current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to board papers and specified records of the Company (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary (and, in the case of directors, as a current or former officer or specified representative) of the Company, or of another AMP group company or, in certain cases, of an external company (where the person holds the relevant external position at the AMP group's request); and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Indemnification of auditors
To the extent permitted by law, AMP Limited has agreed to indemnify the Company's auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from breach or any negligent, wrongful or willful act or omission by or of Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2019.

Rounding
In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, amounts in this Directors' report and the accompanying Financial report have been rounded off to the nearest thousand Australian dollars, unless stated otherwise.

Auditor's independence
We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' report for the year ended 31 December 2019.

Signed in accordance with a resolution of the directors.

Tony Brain

Director

Sydney, 24 March 2020

Director

Building a better
working world

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Auditor's Independence Declaration to the Directors of AMP Superannuation Limited

As auditor for the audit of AMP Superannuation Limited for the financial year ended 31 December 2019, 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

Ernst & Young

Graeme McKenzie
Partner
Sydney

24 March 2020

AMP Superannuation Limited

Statement of comprehensive income

for the year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Fee revenue	3	755,994	889,569
Investment income		1,774	1,547
Operating expenses	4	(756,244)	(889,138)
Profit for the year before income tax		**1,524**	**1,978**
Income tax expense	5(a)	(1,001)	(589)
Profit for the year		**523**	**1,389**
Total comprehensive income for the year		**523**	**1,389**

Statement of financial position

as at 31 December 2019

	Note	2019 $'000	2018 $'000
Assets			
Cash and cash equivalents		185	981
Investments in financial assets measured at fair value through profit or loss	13, 14(d)	82,642	80,881
Deferred tax assets	5(c)	-	544
Total assets		**82,827**	**82,406**
Liabilities			
Payables	6	988	862
Intercompany tax payable		457	685
Total liabilities		1,445	1,547
Net assets		**81,382**	**80,859**
Equity			
Issued Capital	7	70,650	70,650
Retained earnings		10,732	10,209
Total equity		**81,382**	**80,859**

Statement of changes in equity

for the year ended 31 December 2019

2019	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year		70,650	10,209	80,859
Total comprehensive income for the year		-	523	523
Balance at the end of the year		**70,650**	**10,732**	**81,382**

2018	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year		69,450	8,820	78,270
Total comprehensive income for the year		-	1,389	1,389
Ordinary share capital issued	7	1,200	-	1,200
Balance at the end of the year		**70,650**	**10,209**	**80,859**

AMP Superannuation Limited

Statement of cash flows

for the year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows (used in) / from operating activities [1]			
Cash receipts in the course of operations		4,585	5,817
Interest received		10	21
Cash payments in the course of operations		(4,706)	(5,019)
Income tax paid		(685)	(808)
Cash flows (used in) / from operating activities	8	**(796)**	**11**
Cash flows used in investing activities			
Net payments to acquire investments in financial investments		-	(1,216)
Cash flows used in investing activities		**-**	**(1,216)**
Cash flows from financing activities			
Proceeds from issue of shares		-	1,200
Cash flows from financing activities		**-**	**1,200**
Net decrease in cash and cash equivalents		(796)	(5)
Cash and cash equivalents at the beginning of year		981	986
Cash and cash equivalents at the end of the year		**185**	**981**

1 Administration fee revenue is collected by the Company's agent, AMP Life Limited. Accordingly, this revenue does not result in cash flows to AMP Super.

Notes to the financial statements

for the year ended 31 December 2019

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. AMP Superannuation Limited (AMP Super or the Company) is a for-profit entity for the purposes of preparing financial statements. The Financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is limited by shares and is incorporated and domiciled in Australia. AMP Wealth Management Holdings Pty Ltd is the Company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2019 were authorised for issue on 24 March 2020 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the Financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

Changes in accounting policy

A number of new accounting standards and amendments have been adopted effective 1 January 2019. These have not had a material effect on the financial position or performance of the Company.

Adoption of AASB 16 *Leases*

AASB 16 *Leases* (AASB 16) became effective for periods beginning from 1 January 2019. AASB 16 requires lessees to recognise most leases on the Statement of financial position as liabilities, with the corresponding right-of-use assets being recognised. Lessees have the option not to recognise short-term leases. The adoption of AASB16 does not have any material impact on the Company's financial statements.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

The interpretation clarifies the application of recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credit and tax rates and how an entity considers changes in facts and circumstances. The adoption of this Interpretation did not have a material impact to the Company's financial statements.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The company has not elected to early adopt any of these new standards or amendments in this Financial Report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the company.

(b) Fee revenue

For AMP Super, revenue from contracts with customers arises primarily from the provision of trustee and administration services for various superannuation funds. Revenue is recognised when control of services is transferred to the customer at an amount that reflects the consideration to which AMP Super is entitled to in exchange for the services provided. As the customer simultaneously receives and consumes the benefit as the service is provided, control is transferred over time. Accordingly, revenue is recognised over time.

Trustee fees

Fees are charged to customers in connection with the provision of trustee services. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised when the services are performed.

Administration fees

Administration fees are charged to customers in connection with the administration of superannuation funds under the trusteeship of the Company. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised as the service is provided.

The administration activity has been outsourced to an entity in the AMP group, AMP Life Limited. The Company has concluded that it acts as principal in the relationship between the superannuation funds under the trusteeship of the Company and the administrator. Accordingly, administration revenue is recognised gross of related administration expenses on the Statement of comprehensive income.

(c) Investment income

Interest income

Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes

The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

1. Basis of preparation and summary of significant accounting policies (continued)

(d) Operating expenses
All operating expenses are expensed as incurred.

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at amortised cost, less any allowance for expected credit losses (ECL). An allowance for ECLs is not recognised for financial assets measured at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument.

The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Given the short-term nature of most receivables, the recoverable amount approximates fair value.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

(h) Impairment of assets
The Company recognises ECLs for financial assets measured at amortised cost and applies the AASB 9 *Financial Instruments* simplified approach to measuring ECLs which uses a lifetime expected loss allowance.

Assets measured at fair value, where changes in fair value are reflected in the Statement of comprehensive income, are not subject to impairment testing. Other assets such as receivables are subject to impairment testing.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised in the Statement of comprehensive income, measured as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

(i) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(j) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(k) Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(l) Taxes
Tax consolidation

AMP Limited and its wholly owned controlled entities, which are Australian domiciled companies (including the Company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from subsidiaries within the tax-consolidated group:

(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date; and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

1. Basis of preparation and summary of significant accounting policies (continued)

(l) Taxes (continued)
Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable/receivable on taxable income/loss for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows.*

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax
The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets
The Company measures investments in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgements in selecting valuation techniques and setting valuation assumptions and inputs.

3. Fee revenue

	2019 $'000	2018 $'000
Fee revenue		
Administration fee revenue	751,538	884,249
Trustee fees from related entities	4,410	5,236
Other fee revenue	46	84
Total fee revenue	**755,994**	**889,569**

4. Operating expenses

	2019 $'000	2018 $'000
Operating expenses		
Administration expenses to related entities	(751,538)	(884,249)
Service fee expense to related entities	(4,000)	(4,749)
Other expenses	(706)	(140)
Total operating expenses	**(756,244)**	**(889,138)**

5. Income tax

	2019 $'000	2018 $'000
(a) Analysis of income tax expense		
Current tax expense	(457)	(685)
(Decrease) / increase in deferred tax assets	(544)	96
Income tax expense	**(1,001)**	**(589)**
(b) Relationship between income tax expense & accounting profit		
Profit before income tax	1,524	1,978
Prima facie tax at the rate of 30%	(457)	(593)
DTA reversal on investment revaluation	(544)	4
Income tax expense	**(1,001)**	**(589)**
(c) Analysis of deferred tax asset		
Unrealised investment losses	-	544
Total deferred tax assets	**-**	**544**

6. Payables

	2019 $'000	2018 $'000
Accrued expenses	10	10
Other payables		
- related entities	613	417
- other entities	365	435
Total payables[1]	**988**	**862**

1 All payables are current.

7. Issued capital

	2019 $'000	2018 $'000
Issued capital		
65,750,000 (2018: 65,750,000) fully paid ordinary shares; issue price $1	65,750	65,750
10,000,000 (2018: 10,000,000) partly paid ordinary shares; issue price $0.4	4,000	4,000
1 (2018: 1) fully paid ordinary share; issue price $900,000	900	900
Total issued capital	**70,650**	**70,650**
Movements in ordinary shares		
Balance at the beginning of the year	70,650	69,450
Issue of shares 2019: Nil (2018: 1,200,000)	-	1,200
Balance at the end of the year	**70,650**	**70,650**

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

8. Notes to the statement of cash flows

	2019 $'000	2018 $'000
Reconciliation of the net profit after income tax to cash flows (used in) / from operating activities		
Net profit after income tax	523	1,389
Distributions reinvested	(1,203)	(1,815)
Investment (gains) / losses	(558)	289
Decrease in receivables	-	497
Increase / (Decrease) in payables	126	(130)
Decrease / (Increase) in deferred tax assets	544	(96)
Decrease in tax payable	(228)	(123)
Cash flows (used in) / from operating activities	**(796)**	**11**

9. Risk management and financial instrument disclosures

Financial Risk Management Objectives
The risk policy of the Company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of AMP Super's risk management strategy.

The Company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited group discussed in this note as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL, APRA and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk, low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and the Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO and AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and AMP Super Audit Committee.

The directors of the Company have responsibility to set risk appetite, having regard to the risk appetite of AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

(a) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets which include movements in interest rates. Market risk in the Company primarily arises from the performance and return on the Company's unit holdings in unlisted managed investment schemes.

(b) Interest rate risk
Interest rate risk is the risk of an impact on the Company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in financial assets as per the Statement of financial position.

(c) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations as they fall due because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the Company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. All financial requirements of APRA and the AFSL have been met for both the current and prior period.

(d) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration to AMP as counterparty.

10. Fair value information

Fair value measures
The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

- Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

- Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

- Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2019 and 2018, the Company held only Level 2 investments in unlisted managed investment schemes of $82,642k (2018: $80,881k). The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices at the reporting date.

11. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2019 and 31 December 2018 was paid on behalf of the Company by a related entity within the AMP Limited group.

12. Contingencies and trustee liabilities

The AMP group, including the Company, is subject to review from time to time by regulators. The Company's principal regulators are APRA and ASIC, although other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to AMP group and the outcomes of those reviews and investigations can vary and may lead, for example, to the imposition of penalties, variations or restrictions to licences, the compensation of clients, enforceable undertakings or recommendations and directions for the AMP group to enhance its control framework, governance and systems.

Superannuation class actions
During May and June 2019, certain subsidiaries of AMP Limited, including the Company, were served with two class actions in the Federal Court of Australia. The first of those class actions related to the fees charged to members of certain of AMP superannuation funds. The second of those actions related to the fees charged to members, and interest rates received, and fees charged on cash-only fund options. The two proceedings were brought on behalf of certain superannuation clients and their beneficiaries. Subsequently, the Federal Court ordered that the two proceedings be consolidated into one class action. A consolidated claim was filed, and defences were filed on behalf of the respondent AMP Limited subsidiaries. The claims are yet to be quantified and participation has not been determined. Currently, it is not possible to determine the ultimate impact of these claims, if any, upon the Company. The proceedings are being vigorously defended.

13. Capital management

The Company manages its capital within the broader AMP group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

As at December 2019, the Company held ORFR trustee capital of $78,426k (2018: $77,047k). The ongoing ORFR position is monitored to ensure compliance with APRA Superannuation Prudential Standard (SPS) 114 and, if required, further capital will be injected.

No capital contributions (2018: $1,200k) were required during the year in accordance with the ORFR strategy. The funds supporting ORFR are held in Investments in financial assets measured at fair value through profit and loss.

14. Related party disclosures

(a) Key management personnel details
AASB 124 *Related Party Disclosures* defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly including any directors (whether executive or otherwise) of that Company.

(b) Remuneration of key management personnel
Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and N.M. Superannuation Pty Limited (N.M. Super) and in connection with the management of the Trusts for which the Company and N.M. Super are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

The following table provides a total of the remuneration received by the key management personnel. The full amount of director fees earned from both the Company and N.M. Super are disclosed.

	2019	2018
Executive Directors	**$**	**$**
Short-term employee benefits	-	314,663
Post-employment benefits	-	10,024
Share-based payments[1]	-	(692,037)
Termination benefits	-	797,494
Other long-term benefits[2]	-	(5,188)
	-	**424,956**
Non-Executive Directors		
Director fees	691,832	344,608
Total key management personnel compensation	**691,832**	**769,564**

1 Share-based payment (SBP) expense include reversals of SBPs where vesting condition have not been met.

2 Other long-term benefits includes reversals of long-service-leave provisions where individuals are no longer employees of AMP.

(c) Transactions with key management personnel
During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to adversely affect decisions of users of this Financial report regarding the allocation of their scarce resources, or the discharge of accountability by the specified executives or specified directors.

(e) Other related party transactions
Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

AMP Life Limited provides funds administration and custodian services to the Company.

As at 31 December 2019, the Company held units in the AMP Shareholder Cash Fund (WASCF) and the AMP Shareholder Fixed Income Fund (WASFI). As AMP group entities holds 100% of the units in these trusts, they are deemed to be controlled entities of the AMP group and are therefore related entities of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

	2019	2018
	$	**$**
Funds	**Balance**	**Balance**
WASFI	75,997,801	74,333,492
WASCF	6,644,682	6,547,926
Total	**82,642,483**	**80,881,418**

14. Related party disclosures (continued)

(d) Other related party transactions (continued)
Other related party transaction are in the respect of administrative services, investment management services and financial planning services provided by fellow controlled entities in the AMP group. All balances with other related parties are set out in the following table:

Fellow subsidiaries of AMP Limited		Service, management and other fee income from related parties $	Service, management and other fee expenses to related parties $	Amounts owed by related parties $	Amounts owed to related parties $
AMP Life Limited	2019	4,410,121	769,533,006	-	-
	2018	5,236,108	884,248,944	5	-
AMP Services Limited	2019	-	3,999,941	-	612,969
	2018	-	4,749,104	-	416,628

15. Events occurring after reporting date

Following 31 December 2019, COVID-19 outbreak has caused disruption to the global economy including financial markets. While the disruption does not impact the value of the assets as at 31 December 2019, it is expected to impact the future revenues of the Company as well as the assets. As at the date of this report, the impact cannot be quantified as the extent and duration of the economic disruption is unknown.

Other than the matter noted above, as at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Company's operations in future years, the results of those operations in future years, or the Company's state of affairs in future years which is not already reflected in this report.

AMP Superannuation Limited

Directors' declaration

for the year ended 31 December 2019

In accordance with a resolution of the directors of AMP Superannuation Limited, for the purposes of Section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year end 31 December 2019 are in accordance with the *Corporations Act 2001*, including Section 296 (compliance with accounting standards) and Section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2019 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director

Sydney, 24 March 2020

Director

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Independent Auditor's Report to the Members of AMP Superannuation Limited

Opinion

We have audited the financial report of AMP Superannuation Limited (the Company), which comprises the statement of financial position as at 31 December 2019, 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 2019 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 Company 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 Company 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 Company'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 Company 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- 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 Company'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 Company 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

Graeme McKenzie
Partner
Sydney

24 March 2020

N. M. Superannuation Pty Limited

ABN 31 008 428 322

Directors' Report and Financial Report for the year ended 31 December 2015

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N.M. Superannuation Pty Limited

ABN 31 008 428 322

Directors' Report and Financial Report
31 December 2015

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Registered Office:
33 Alfred Street, Sydney NSW 2000
N.M. Superannuation Pty Limited, a Company limited by shares, is incorporated and domiciled in Australia

Directors' Report

The directors of N.M. Superannuation Pty Limited ('NM Super' or 'the Company') present their report on the Company for the year ended 31 December 2015.

NM Super is a Company limited by shares and is incorporated and domiciled in Australia. The National Mutual Life Association of Australasia Limited (NMLA) is the Company's parent entity and AMP Limited is the ultimate parent entity.

Directors
The directors of the Company during the year and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise.

Michael Butler
Brian Salter
Darryl Mackay
Eric Mayne
Michele Dolin
Richard Allert (appointed 4 December 2015)

Principal activities
The principal activity of the Company during the year was to act as trustee for superannuation funds. There have been no significant changes in the nature of these activities during the year.

Review of operations and results
The Company's profit after tax for the year ended 31 December 2015 was $908,236 (2014: profit of $442,663).

Dividends
No dividends were paid or declared by the Company for the financial year ended 31 December 2015 (2014: $nil).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date
At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the entity's operations in future years; the results of those operations in future years; or the entity's state of affairs in future years.

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

Environmental regulations
The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers
Under its Constitution, the Company indemnifies, to the extent permitted by law, all officers of the Company, (including the directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the Company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee unless approved by the Board of AMP Limited. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, AMP Limited agreed to insure all the officers of the Company against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

AMP Group Holdings Limited ("AMPGH") has entered into a deed of indemnity and access with each director and secretary of the Company. Each deed of indemnity and access provides that:

- these officers will have access to the books of the Company for their period of office and for ten (and in certain cases, seven) years after they cease to hold office (subject to certain conditions); and
- AMPGH agrees to indemnify the officer, to the extent permitted by law, against any liability incurred by the officer in his or her capacity as a director or secretary of the Company and of other AMP group companies.

Auditor's independence
We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2015.

Signed in accordance with a resolution of the directors

Director	Director
Sydney 18 March 2016	Sydney 18 March 2016

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Statement of comprehensive income

for the year ended 31 December 2015

	Note	2015 $	2014 $
Fee revenue	3(a)	342,653,189	258,123,839
Investment income	3(b)	1,317,483	652,377
Operating expenses	4	(342,673,190)	(258,143,840)
Profit before income tax		**1,297,482**	**632,376**
Income tax expense	5	(389,246)	(189,713)
Profit for the year		**908,236**	**442,663**
Total comprehensive income for the year		**908,236**	**442,663**

Statement of financial position

for the year ended 31 December 2015

	Note	2015 $	2014 $
Assets			
Cash and cash equivalents		443,236	649,287
Receivables due from related parties		29,463,310	23,970,869
Investments in unlisted managed investment schemes at fair value through profit or loss	10	76,271,174	44,461,462
Total assets		**106,177,720**	**69,081,618**
Liabilities			
Payables	6	29,482,059	23,989,619
Intercompany tax payable		389,247	193,821
Total liabilities		**29,871,306**	**24,183,440**
Net assets		**76,306,414**	**44,898,178**
Equity			
Contributed equity	7	68,001,000	37,501,000
Retained earnings		8,305,414	7,397,178
Total equity		**76,306,414**	**44,898,178**

Statement of changes in equity

for the year ended 31 December 2015

2015	Contributed equity $	Retained earnings $	Total equity $
Balance at the beginning of the year	37,501,000	7,397,178	44,898,178
Issue of share capital	30,500,000	-	30,500,000
Total comprehensive income for the year	-	908,236	908,236
Balance at the end of the year	**68,001,000**	**8,305,414**	**76,306,414**

2014	Contributed equity $	Retained earnings $	Total equity $
Balance at the beginning of the year	10,001,000	6,954,515	16,955,515
Issue of share capital	27,500,000	-	27,500,000
Total comprehensive income for the year	-	442,663	442,663
Balance at the end of the year	**37,501,000**	**7,397,178**	**44,898,178**

Statement of cash flows

for the year ended 31 December 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash receipts in the course of operations		337,160,748	249,734,404
Interest income received		7,770	119,918
Cash payments in the course of operations		(337,180,750)	(249,732,092)
Income tax paid		(193,820)	(63,769)
Net cash flows (used in) /from operating activities	8	**(206,052)**	**58,461**
Cash flows from investing activities			
Net payments to acquire investments in unlisted managed investment schemes		(30,499,999)	(36,764,357)
Net cash flows used in investing activities		**(30,499,999)**	**(36,764,357)**
Cash flows from financing activities			
Proceeds from issue of shares		30,500,000	27,500,000
Net cash flows from financing activities		**30,500,000**	**27,500,000**
Net decrease in cash and cash equivalents		**(206,051)**	**(9,205,896)**
Cash and cash equivalents at the beginning of the year		649,287	9,855,183
Cash and cash equivalents at the end of the year		**443,236**	**649,287**

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation
This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. N.M. Superannuation Pty Limited (NM Super or the Company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company limited by shares and is incorporated and domiciled in Australia. The National Mutual Life Association of Australasia Limited (NMLA) is the Company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2015 were authorised for issue on 18 March 2016 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

Changes in accounting policy
A number of new accounting standards and amendments have been adopted effective 1 January 2015, but have not had any material effect on the financial position or performance of the Company.

The Company has elected to early adopt the following new accounting standards from 1 January 2015:
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.

There is no material impact to the financial position or performance of the Company as a result of the early adoption of these amendments.

Australian Accounting Standards issued but not yet effective
A number of new accounting standards and amendments have been issued but are not yet effective. The Company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Company, other than as set out below.
- AASB 9 Financial Instruments. This standard makes significant changes to the way financial assets are classified for the purpose of determining their measurement basis and also to the amounts relating to fair value changes which are to be taken directly to equity. This standard also makes significant changes to hedge accounting requirements and disclosures and introduces a new expected loss model when recognising expected credit losses on financial assets. This standard is mandatory for adoption by the AMP group for the year ending 31 December 2018. The financial impact to the Company of adopting AASB 9 Financial Instruments has not yet been quantified.

(b) Fee revenue
Fee revenue is income arising from ordinary activities and consists of trustee fees received. These fees are recognised in the period in which the trustee services are provided.

(c) Investment income
Interest income
Interest income on cash deposits is recognised in the Statement of comprehensive income on an accruals basis.

Distributions from managed investment schemes
The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

Investment gains or losses
Realised and unrealised gains and losses include realised gains and losses, being the change in value between the previously reported value and the amount received on derecognition of the asset or liability, and unrealised gains and losses, being changes in the fair value of financial assets recognised in the period. See Note 1(g) for details of how these gains and losses are recognised.

(d) Operating expenses
All operating expenses are expensed as incurred.

1. Basis of preparation and summary of significant accounting policies (continued)

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at nominal amounts due, less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred. Given the short-term nature of most receivables, the recoverable amount approximates fair value. All receivables are realised within 12 months.

(g) Investment in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

These financial assets consist of investments in unlisted managed investment schemes. Subsequent to initial recognition, the fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes at the reporting date.

(h) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(j) Contributed equity
Contributed equity in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(k) Taxes
Tax consolidation
AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including N.M. Superannuation Pty Limited) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from entities within the tax-consolidated group:
- current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date, and
- deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited’s obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable on taxable income for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts
- unused tax losses, and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Taxes (continued)
The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows.*

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax
The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Provisions
A provision is recognised for items where the Company has a present obligation arising from a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is measured as the best estimate of the expenditure required to settle the present obligation. Management apply judgement in assessing whether a particular item satisfies the above criteria and in determining the best estimate.

(c) Fair value of investments in financial assets
The Company measures investment in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs.

3. Income

	2015 $	2014 $
(a) Fee revenue		
Trustee fees		
- related parties	1,300,000	1,300,000
- other entities	341,353,189	256,823,839
Total fee revenue	**342,653,189**	**258,123,839**
(b) Investment income		
Distributions from related entities	3,726,927	762,772
Interest income from other entities	7,770	119,918
Net realised and unrealised losses	(2,417,214)	(230,313)
Total investment income	**1,317,483**	**652,377**

4. Operating expenses

	2015 $	2014 $
Operating expenses		
Service fee expense to related entities	(1,320,001)	(1,320,001)
Investment management fees to related entities	(341,353,189)	(256,823,839)
Total operating expenses	**(342,673,190)**	**(258,143,840)**

5. Income Tax

	2015 $	2014 $
(a) Analysis of income tax expense		
Current tax expense	(389,246)	(193,820)
Decrease in deferred tax liabilties	-	4,107
Income tax expense	**(389,246)**	**(189,713)**

(b) Relationship between income tax expense and accounting profit
The following table provides a reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income.

	2015 $	2014 $
Profit before income tax	1,297,482	632,376
Prima facie tax at 30% (2014: 30%)	**(389,246)**	**(189,713)**
Income tax expense	**(389,246)**	**(189,713)**

Notes to the financial statements

6. Payables

	2015	2014
	$	$
Trade creditors	17,083	17,083
Amounts due to related entities	29,464,976	23,972,536
Total payables[1]	**29,482,059**	**23,989,619**

Footnote:
1. All payables are current.

7. Contributed Equity

	2015	2014
	$	$
Contributed equity		
70,005,000 (2014: 39,505,000) fully paid ordinary shares	**68,001,000**	**37,501,000**
Movements in contributed equity		
Balance at the beginning of the year	37,501,000	10,001,000
Issue of 30,500,000 shares (2014: 27,500,000)	30,500,000	27,500,000
Balance at the end of the year	**68,001,000**	**37,501,000**

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

8. Note to the Statement of cash flows

	2015	2014
	$	$
Reconciliation of the net profit after income tax to cash flows from operating activities		
Net profit after income tax	908,236	442,663
Distributions reinvested	(3,726,927)	(762,772)
Net realised and unrealised losses	2,417,214	230,313
Increase in receivables	(5,492,441)	(8,389,435)
Increase in payables	5,687,866	8,537,692
Cash flows (used in)/from operating activities	**(206,052)**	**58,461**

9. Risk management and financial instruments disclosures

Financial Risk Management Objectives
The risk policy of the Company must operate within the bounds of AMP Limited’s Risk Management Framework (RMF). Below is a summary of N.M. Super’s risk management strategy.

The Company has adopted the AMP Group’s Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited Group discussed in this Note as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk / low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, and monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO, AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP AC and N.M Super Audit Committee

The directors of the Company have responsibility to set risk appetite having regard to the risk appetite of the AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets. These movements include interest rates, and equity prices. Market risk in the Company primarily arises from the performance and return on the Company’s unit holdings in unlisted management investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the Company’s profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in investments in unlisted managed investments as per the Statement of financial position.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the Company’s strategy is to invest in liquid, low-volatility assets to ensure AFSL requirements are met. The AFSL solvency and net liquidity requirements are measures to mitigate liquidity risk. All financial requirements of the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators’ non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration exposure to AMP as a counterparty.

10. Fair Value Information

Fair value measures
The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2015 and 2014, the Company held only Level 2 investments in unlisted managed investment schemes of $76,271,174 (2014: $44,461,462).

11. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2015 and 2014 was paid on behalf of the Company by a related entity within the AMP Limited Group.

12. Contingencies and trustee liabilities

At reporting date there were no material contingent liabilities where the probability of any outflow in settlement was greater than remote.

The Company incurs expenses on behalf of the N.M. Superannuation trusts. The Company has certain rights of indemnity against the trusts' assets for these expenses incurred. The assets of the trusts were sufficient to discharge any liabilities for these incurred expenses at the reporting date. The assets of the trusts backing this indemnity are not directly available to meet any liabilities of the Company acting in its own right.

13. Capital management

The Company manages its capital within the broader AMP Group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA Registrable Superannuation Entity (RSE) license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's, with transitional arrangements applying over the three years following the commencement date. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

The ORFR target amount is determined through a board approved ORFR strategy and is 0.10% and 0.25% of individual superannuation funds assets under management (AUM) for which NM Super is the RSE. A transition plan in the ORFR strategy outlines the timing and amount of each capital injection, being a percentage of expected 30 June 2016 assets under management (AUM) paid at six monthly intervals until the target amounts are reached on 30 June 2016. The ORFR comprises:

	2015	**2014**
	$	$
Contributed Equity	68,001,000	37,501,000
Retained Earnings	1,400,000	540,000
Total ORFR	**69,401,000**	**38,041,000**

Capital contributions of $30,500,000 (2014: $27,500,000) were made by NMLA during the year in accordance with the ORFR strategy.

13. Capital management (continued)

The Company's capital position is monitored by the Company's Board. As the Company forms part of the AMP Group, the Company's capital management policies and processes are determined in line with the broader AMP Group.

The Company's capital comprises contributed equity and retained earnings. These balances and the movements in these balances are disclosed in the Statement of changes in equity.

All externally imposed capital requirements were complied with during the current and prior reporting periods.

14. Related party disclosures

(a) Key management personnel details

The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company for the whole or part of the reporting period as indicated:

Michael Butler
Brian Salter
Darryl Mackay
Eric Mayne
Michele Dolin
Richard Allert (appointed 4 December 2015)

(b) Remuneration of key management personnel

Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and AMP Superannuation Limited (ABN 31 008 414 104) and in connection with the management of the Trusts (the Trusts are AMP Superannuation Savings Trust, AMP Retirement Trust, AMP Eligible Rollover Fund, Wealth Personal Superannuation and Pension Fund, Synergy Superannuation Master Fund, First Quest Retirement Service, The Retirement Plan, Super Directions Fund, National Mutual Retirement Fund and National Mutual ProSuper Fund). Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the Company. The remuneration of the Executive Directors is paid by AMP Services Limited, in accordance with their employment contracts.

The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of remuneration is included, although their responsibilities with respect to the Company are only a component of their overall responsibilities.

	2015	2014
Executive Directors	**$**	**$**
Short-term employee benefits	1,213,747	1,282,302
Post-employment benefits	33,655	24,844
Share-based payments	907,226	868,975
Other long-term benefits	26,200	15,438
	2,180,828	**2,191,559**
Non-Executive Directors		
Director fees	316,072	332,939
	316,072	**332,939**
Total key management personnel compensation	**2,496,900**	**2,524,498**

(c) Transactions with key management personnel

During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP Group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited including the provision of credit cards;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of this Financial Report, or the discharge of accountability by the specified executives or specified directors.

14. Related party disclosures (continued)

(d) Other related party transactions
Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances at 31 December 2015 and 31 December 2014 are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited, provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

NMMT Limited provides funds administration and custodian services to the Company.

As at 31 December 2015, the Company held units in the AMP Shareholder Cash Fund and the AMP Shareholder Fixed Income Fund. As AMP Group entities hold more than 50% of the units in the trusts, they are deemed to be a controlled entity of the AMP Group and are therefore a related entity of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

In 2015, the Company earned $1,300,000 (2014: $1,300,000) of trustee fees from related entities within the AMP Group.

15. Events occurring after reporting date

At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date which has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this report.

Directors' Declaration

for the year ended 31 December 2015

In accordance with a resolution of the directors of N.M. Superannuation Pty Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2015 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director	Director
Sydney 18 March 2016	Sydney 18 March 2016

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N. M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors' Report and Financial Report for the year ended 31 December 2016

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N.M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors’ Report and Financial Report
31 December 2016

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Registered Office:
33 Alfred Street, Sydney NSW 2000
N.M. Superannuation Pty Limited, a Company limited by shares, is incorporated and domiciled in Australia

Directors' Report

for the year ended 31 December 2016

The directors of N.M. Superannuation Proprietary Limited ('N.M. Super' or 'the company') present their report on the company for the year ended 31 December 2016.

N.M. Super is a company limited by shares and is incorporated and domiciled in Australia. The National Mutual Life Association of Australasia Limited (NMLA) was the company's parent entity up to 31 December 2016. From 1 January 2017, AMP Life Limited became the company's parent. AMP Limited is the ultimate parent entity.

Directors

The directors of the company during the year and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise.

Richard Allert	Chairman, Non-executive Director	Appointed Chairman 14 June 2016
Michele Dolin	Non-executive Director	
Louise Dudley	Non-executive Director	Appointed 14 June 2016
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	
Michael Butler	Chairman, Non-executive Director	Resigned 14 June 2016
Eric Mayne	Non-executive Director	Resigned 14 June 2016

Principal activities

The principal activity of the company during the year was to act as trustee for various superannuation funds. There have been no significant changes in the nature of these activities during the year.

Review of operations and results

The company's profit after tax for the year ended 31 December 2016 was $1,618,464 (2015: profit of $908,236).

Dividends

No dividends were paid or declared by the company for the financial year ended 31 December 2016 (2015: $nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the year.

Events occurring after the reporting date

At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the entity's operations in future years; the results of those operations in future years; or the entity's state of affairs in future years.

Likely developments

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

Environmental regulations

The company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers

Under its Constitution, the company indemnifies, to the extent permitted by law, all officers of the company, (including the directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee unless approved by the Board of AMP Limited. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, AMP Limited agreed to insure all the officers of the company against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

AMP Group Holdings Limited ("AMPGH") has entered into a deed of indemnity and access with each director and secretary of the company. Each deed of indemnity and access provides that:

- these officers will have access to the books of the company for their period of office and for ten (and in certain cases, seven) years after they cease to hold office (subject to certain conditions); and

- AMPGH agrees to indemnify the officer, to the extent permitted by law, against any liability incurred by the officer in his or her capacity as a director or secretary of the company and of other AMP group companies.

Auditor's independence

We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2016.

Signed in accordance with a resolution of the directors

Director	Director

Sydney, 27 March 2017

Auditor’s Independence Declaration to the Directors of N.M. Superannuation Proprietary Limited

[To be provided by EY]

Statement of comprehensive income

for the year ended 31 December 2016

	Note	2016 $	2015 $
Fee revenue	3	374,701,107	342,653,189
Investment income		2,137,737	1,317,483
Operating expenses	4	(374,721,107)	(342,673,190)
Profit before income tax		**2,117,737**	**1,297,482**
Income tax expense	5(a)	(499,273)	(389,246)
Profit for the year		**1,618,464**	**908,236**
Total comprehensive income for the year		**1,618,464**	**908,236**

Statement of financial position

as at 31 December 2016

	Note	2016 $	2015 $
Assets			
Cash and cash equivalents		431,915	443,236
Receivables due from related entities		33,209,403	30,004,310
Investments in financial assets measured at fair value through profit or loss	10	88,500,854	76,271,174
Deferred tax assets	5(c)	450,804	747,686
Total assets		**122,592,976**	**107,466,406**
Liabilities			
Payables	6	33,228,153	30,023,059
Intercompany tax payable		239,945	1,136,933
Total liabilities		**33,468,098**	**31,159,992**
Net assets		**89,124,878**	**76,306,414**
Equity			
Issued capital	7	79,201,000	68,001,000
Retained earnings		9,923,878	8,305,414
Total equity		**89,124,878**	**76,306,414**

Statement of changes in equity

for the year ended 31 December 2016

2016	Issued capital $	Retained earnings $	Total equity $
Balance at the beginning of the year	68,001,000	8,305,414	76,306,414
Total comprehensive income for the year	-	1,618,464	1,618,464
Ordinary share capital issued	11,200,000	-	11,200,000
Balance at the end of the year	**79,201,000**	**9,923,878**	**89,124,878**

2015	Issued capital $	Retained earnings $	Total equity $
Balance at the beginning of the year	37,501,000	7,397,178	44,898,178
Total comprehensive income for the year	-	908,236	908,236
Ordinary share capital issued	30,500,000	-	30,500,000
Balance at the end of the year	**68,001,000**	**8,305,414**	**76,306,414**

Statement of cash flows

for the year ended 31 December 2016

	Note	2016 $	2015 $
Cash flows used in operating activities			
Cash receipts in the course of operations		371,496,014	337,160,748
Interest received		8,056	7,770
Cash payments in the course of operations		(371,516,011)	(337,180,749)
Income tax paid		(1,099,379)	(193,820)
Net cash flows used in operating activities	8	**(1,111,320)**	**(206,051)**
Cash flows used in investing activities			
Net payments to acquire investments in financial investments		(10,100,001)	(30,500,000)
Net cash flows used in investing activities		**(10,100,001)**	**(30,500,000)**
Cash flows from financing activities			
Proceeds from issue of shares		11,200,000	30,500,000
Net cash flows from financing activities		**11,200,000**	**30,500,000**
Net decrease in cash and cash equivalents		**(11,321)**	**(206,051)**
Cash and cash equivalents at the beginning of the year		443,236	649,287
Balance at the end of the year		**431,915**	**443,236**

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. N.M. Superannuation Proprietary Limited (N.M. Super or the company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The company limited by shares and is incorporated and domiciled in Australia. The National Mutual Life Association of Australasia Limited (NMLA) was the company's parent entity up to 31 December 2016. From 1 January 2017, AMP Life Limited became the company's parent. AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2016 were authorised for issue on 27 March 2017 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

Changes in accounting policy

The company has adopted all mandatory standards and amendments for the financial year beginning 1 January 2016. Adoption of these standards and amendments has not had any effect on the financial position or performance of the company.

A number of new accounting standards and amendments have been adopted effective 1 January 2015, but have not had any material effect on the financial position or performance of the company.

The company has elected to early adopt the following new accounting standards from 1 January 2015:

- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.

There is no material impact to the financial position or performance of the company as a result of the early adoption of these amendments.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the company, other than as set out below:

- **AASB 15 Revenue from Contracts with Customers**

  AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for periods beginning on 1 January 2018. AASB 15 defines principles for recognising revenue and introduces new disclosure requirements. From the company perspective, AASB 15 will primarily apply to fee revenue as life insurance premium and related revenue will continue to fall outside the scope of AASB 15 and will be accounted for under other applicable standards.

  Under AASB 15, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The company is currently undertaking an assessment of the potential impact of this standard and is not considering early adopting AASB 15.

- **AASB 9 Financial Instruments**

  AASB 9 Financial Instruments (AASB 9) is effective for periods beginning on 1 January 2018. AASB 9 makes changes to the classification and measurement of financial instruments, introduces a new expected loss model when recognising expected credit losses on financial assets, and also introduces new general hedge accounting requirements.

  The company is currently undertaking an assessment of the potential impact of this standard. The potential impact to the company is unlikely to be material and the company is not considering early adopting AASB 9.

(b) Fee revenue

Fee revenue is income arising from ordinary activities and consists of trustee fees received. These fees are recognised in the period in which the trustee services are provided.

(c) Investment income

Interest income

Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes

The distributions from managed investment schemes are recognised as income when the company's right to receive the distribution has been established.

1. Basis of preparation and summary of significant accounting policies (continued)

(d) Operating expenses
All operating expenses are expensed as incurred.

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at nominal amounts due, less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred. Given the short-term nature of most receivables, the recoverable amount approximates fair value. All receivables are realised within 12 months.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

These financial assets consist of investments in unlisted managed investment schemes. Subsequent to initial recognition, the fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes at the reporting date.

(h) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(j) Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the company.

(k) Taxes
Tax consolidation
AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including the company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from entities within the tax-consolidated group:
(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date, and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited’s obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable on taxable income for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts
- unused tax losses, and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Taxes (continued)

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows.*

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax

The company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets

The company measures investment in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs**.**

Notes to the financial statements

for the year ended 31 December 2016

3. Fee revenue

	2016 $	2015 $
Fee revenue		
Trustee fees	1,300,000	1,300,000
Platform fee revenue	373,401,107	341,353,189
Total fee revenue	**374,701,107**	**342,653,189**

4. Operating expenses

	2016 $	2015 $
Operating expenses		
Service fee expense	(1,320,001)	(1,320,001)
Investment management fees	(373,401,106)	(341,353,189)
Total operating expenses	**(374,721,107)**	**(342,673,190)**

Notes to the financial statements

for the year ended 31 December 2016

5. Income Tax

	2016	2015
	$	$
(a) Analysis of income tax expense		
Current tax expense	(239,946)	(1,136,932)
Over provision for prior year	37,555	-
Increase/(decrease) in deferred tax assets	(296,882)	747,686
Income tax expense	**(499,273)**	**(389,246)**

(b) Relationship between income tax expense and accounting profit

The following table provides a reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income.

	2016	2015
	$	$
Profit before income tax	2,117,737	1,297,482
Prima facie tax at 30% (2015: 30%)	(635,321)	(389,246)
Non assessable income	98,493	-
Over provision for prior year	37,555	-
Income tax expense	**(499,273)**	**(389,246)**

	2016	2015
	$	$
(c) Analysis of deferred tax assets		
Unrealised investment losses	450,804	747,686
Deferred tax assets	**450,804**	**747,686**

6. Payables

	2016 $	2015 $
Payables		
- related entities	33,211,069	30,005,976
- other entities	17,084	17,083
Total payables[1]	**33,228,153**	**30,023,059**

1. All payables are current.

7. Issued capital

	2016 $	2015 $
Total issued capital		
81,205,000 (2015: 70,005,000) fully paid ordinary shares at issue price	**79,201,000**	**68,001,000**
Movements in issued capital		
Balance at the beginning of the year	68,001,000	37,501,000
Issue of shares 11,200,000 (2015: 30,500,000)	11,200,000	30,500,000
Balance at the end of the year	**79,201,000**	**68,001,000**

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

8. Note to the Statement of cash flows

	2016 $	2015 $
Reconciliation of profit after income tax to cash flows from operating activities		
Net profit after income tax	1,618,464	908,236
Distributions reinvested	(1,140,070)	(3,726,926)
Investment gains and losses	(989,609)	2,417,214
Increase in receivables	(3,205,093)	(5,492,441)
Decrease / (increase) in deferred tax assets	296,882	(747,686)
Increase in payables	3,205,094	5,492,440
Increase / (decrease) in tax payable	(896,988)	943,112
Cash flows used in operating activities	**(1,111,320)**	**(206,051)**

9. Risk management and financial instruments disclosures

Financial Risk Management Objectives
The risk policy of the company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of N.M. Super's risk management strategy.

The company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The company's risk management framework leverages the RMF of the AMP Limited Group discussed in this Note as relevant to the operations of the company.

The company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the company invests in low risk / low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, and monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO, AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and N.M Super Audit Committee

The directors of the company have responsibility to set risk appetite having regard to the risk appetite of the AMP Limited Board.

Risks and mitigation
Risks that the company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets. These movements include interest rates, and equity prices. Market risk in the company primarily arises from the performance and return on the company's unit holdings in unlisted management investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in investments in unlisted managed investments as per the Statement of financial position.

(b) Liquidity risk
Liquidity risk is the risk that the company will not have access to adequate funds to pay its obligations, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. The AFSL solvency and net liquidity requirements are measures to mitigate liquidity risk. All financial requirements of the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The company is not directly exposed to credit risk except for the concentration exposure to AMP as a counterparty.

10. Fair Value Information

Fair value measures
The company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the company's own data, reflecting the company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2016, the company held only Level 2 investments in unlisted managed investment schemes of $88,500,854 (2015: $76,271,174).

11. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2016 and 2015 was paid on behalf of the company by a related entity within the AMP Limited Group.

12. Contingencies and trustee liabilities

At reporting date there were no material contingent liabilities where the probability of any outflow in settlement was greater than remote.

The company incurs expenses on behalf of the N.M. Superannuation trusts. The company has certain rights of indemnity against the trusts' assets for these expenses incurred. The assets of the trusts were sufficient to discharge any liabilities for these incurred expenses at the reporting date. The assets of the trusts backing this indemnity are not directly available to meet any liabilities of the company acting in its own right.

13. Capital management

The company manages its capital within the broader AMP Group capital plan. The primary capital management objective is to ensure the company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The company is subject to externally imposed regulatory capital requirements. The company must comply with capital and liquidity requirements under its AFSL and its APRA Registrable Superannuation Entity (RSE) license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's, with transitional arrangements applying over the three years following the commencement date. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

The company completed transitional arrangements to fund the ORFR target amount by June 2016. The ongoing ORFR position is monitored and, if required, further capital is injected.

Capital contributions of $11,200,000 (2015: $30,500,000) were made by NMLA during the year in accordance with the ORFR strategy. The funds supporting ORFR are held in Investments in financial assets measured at fair value through profit and loss.

14. Related party disclosures

(a) Key management personnel details

The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the company for the whole or part of the reporting period as indicated:

Richard Allert	Chairman, Non-executive Director	Appointed Chairman 14 June 2016
Michele Dolin	Non-executive Director	
Louise Dudley	Non-executive Director	Appointed 14 June 2016
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	
Michael Butler	Chairman, Non-executive Director	Resigned 14 June 2016
Eric Mayne	Non-executive Director	Resigned 14 June 2016

(b) Remuneration of key management personnel

Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the company and AMP Superannuation Limited ('ASL') and in connection with the management of the Trusts for which the company and ASL are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the company. The remuneration of the Executive Directors is paid by AMP Services Limited, in accordance with their employment contracts.

The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of remuneration for the company and AMP Superannuation Limited is included, although their responsibilities with respect to the company are only a component of their overall responsibilities.

	2016	2015
Executive Directors	**$**	**$**
Short-term employee benefits	786,968	1,208,704
Post-employment benefits	31,084	33,655
Share-based payments	940,086	907,226
Other long-term benefits	30,375	26,200
	1,788,513	**2,175,785**
Non-Executive Directors		
Director fees	354,702	321,594
Total key management personnel compensation	**2,143,215**	**2,497,379**

(c) Transactions with key management personnel

During the year, key management personnel and their personally related entities have entered into transactions with the company and related entities within the AMP Group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited including the provision of credit cards;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of this Financial Report, or the discharge of accountability by the specified executives or specified directors.

14. Related party disclosures (continued)

(d) Other related party transactions
Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited, provides all the operational and administrative (including employee related) services to the company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

NMMT Limited provides funds administration and custodian services to the company.

The company holds units in the AMP Shareholder Cash Fund and the AMP Shareholder Fixed Income Fund. As AMP Group entities hold more than 50% of the units in these trusts, they are deemed to be controlled entities of the AMP Group and are therefore related entities of the company. The company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

In 2016, the company earned $1,300,000 (2015: $1,300,000) of trustee fees from related entities within the AMP Group.

15. Events occurring after reporting date

At the date of this report, the directors are not aware of matters or circumstances that have arisen since the reporting date that have significantly affected or may significantly affect the company's operations in future years; the results of its operations in future years; or the company's state of affairs in future years which is not already reflected in this report.

Directors' Declaration

for the year ended 31 December 2016

In accordance with a resolution of the directors of N.M. Superannuation Proprietary Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2016 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director

Director

Sydney, 27 March 2017

Independent auditor's report to the members of N.M. Superannuation Limited

[TO BE PROVIDED BY EY]

N. M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors' Report and Financial Report for the year ended 31 December 2017

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N.M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors' Report and Financial Report
31 December 2017

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Directors' Report

for the year ended 31 December 2017

The directors of N.M. Superannuation Proprietary Limited ('N.M. Super' or 'the Company') present their report on the Company for the year ended 31 December 2017.

N.M. Super is a company limited by shares and is incorporated and domiciled in Australia. National Mutual Life Association of Australasia Limited (NMLA) was the Company's parent entity up to 31 December 2016. From 1 January 2017, AMP Life Limited became the Company's parent. AMP Limited is the ultimate parent entity.

Directors

The directors of the Company during the year and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise.

Richard Allert	Chairman, Non-executive Director
Michele Dolin	Non-executive Director
Louise Dudley	Non-executive Director
Darryl Mackay	Non-executive Director
Brian Salter	Executive Director

Principal activity

The principal activity of the Company during the year was to act as trustee for various superannuation funds. There have been no significant changes in the nature of its activity during the year.

Review of operations and results

The Company's profit after tax for the year ended 31 December 2017 was $1,826k (2016: $1,619k).

Dividends

No dividends were paid or declared by the Company for the financial year ended 31 December 2017 (2016: $nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date

At the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the entity's operations in future years; the results of those operations in future years; or the entity's state of affairs in future years.

Likely developments

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

Environmental regulations

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers

Under its Constitution, the Company indemnifies, to the extent permitted by law, all officers of the Company, (including the directors), for any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the Company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee unless approved by the Board of AMP Limited. During or since the end of the financial year, no such indemnities have been provided.

During the financial year, AMP Limited agreed to insure all the officers of the Company against certain liabilities as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

AMP Group Holdings Limited ("AMPGH") has entered into a deed of indemnity and access with each director and secretary of the Company. Each deed of indemnity and access provides that:

- these officers will have access to the books of the Company for their period of office and for ten (and in certain cases, seven) years after they cease to hold office (subject to certain conditions); and
- AMPGH agrees to indemnify the officer, to the extent permitted by law, against any liability incurred by the officer in his or her capacity as a director or secretary of the Company and of other AMP group companies.

N.M. Superannuation Pty Limited

Directors' Report

for the year ended 31 December 2017

Rounding

In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, amounts in this Directors' Report and the accompanying Financial Report have been rounded off to the nearest thousand Australian dollars, unless stated otherwise.

Auditor's independence

We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2017.

Signed in accordance with a resolution of the directors

Director

Director

Sydney, 15 March 2018

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of N.M. Superannuation Proprietary Limited

As lead auditor for the audit of N.M. Superannuation Proprietary Limited for the financial year ended 31 December 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

Kieren Cummings
Partner

15 March 2018

N.M. Superannuation Pty Limited

Statement of comprehensive income

for the year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Fee revenue	3	428,255	374,701
Investment income		2,487	2,138
Operating expenses	4	(428,133)	(374,721)
Profit before income tax		**2,609**	**2,118**
Income tax expense	5(a)	(783)	(499)
Profit for the year		**1,826**	**1,619**
Total comprehensive income for the year		**1,826**	**1,619**

Statement of financial position

as at 31 December 2017

	Note	2017 $'000	2016 $'000
Assets			
Cash and cash equivalents		178	432
Receivables due from related entities	6	37,245	33,209
Investments in financial assets measured at fair value through profit or loss	11	103,082	88,501
Deferred tax assets	5(c)	535	451
Total assets		**141,040**	**122,593**
Liabilities			
Payables	7	37,122	33,228
Intercompany tax payable		867	240
Total liabilities		**37,989**	**33,468**
Net assets		**103,051**	**89,125**
Equity			
Issued capital	8	91,301	79,201
Retained earnings		11,750	9,924
Total equity		**103,051**	**89,125**

N.M. Superannuation Pty Limited

Statement of changes in equity

for the year ended 31 December 2017

2017	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year	79,201	9,924	89,125
Total comprehensive income for the year	-	1,826	1,826
Ordinary share capital issued	12,100	-	12,100
Balance at the end of the year	**91,301**	**11,750**	**103,051**

2016	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year	68,001	8,305	76,306
Total comprehensive income for the year	-	1,619	1,619
Ordinary share capital issued	11,200	-	11,200
Balance at the end of the year	**79,201**	**9,924**	**89,125**

N.M. Superannuation Pty Limited

Statement of cash flows

for the year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows used in operating activities			
Cash receipts in the course of operations		424,219	371,496
Interest received		6	8
Cash payments in the course of operations		(424,239)	(371,516)
Income tax paid		(240)	(1,099)
Net cash flows used in operating activities	9	**(254)**	**(1,111)**
Cash flows used in investing activities			
Net payments to acquire investments in financial investments		(12,100)	(10,100)
Net cash flows used in investing activities		**(12,100)**	**(10,100)**
Cash flows from financing activities			
Proceeds from issue of shares		12,100	11,200
Net cash flows from financing activities		**12,100**	**11,200**
Net decrease in cash and cash equivalents		**(254)**	**(11)**
Cash and cash equivalents at the beginning of the year		432	443
Balance at the end of the year		**178**	**432**

Notes to the financial statements

for the year ended 31 December 2017

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. N.M. Superannuation Proprietary Limited (N.M. Super or the Company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is limited by shares and is incorporated and domiciled in Australia. The National Mutual Life Association of Australasia Limited (NMLA) was the Company's parent entity up to 31 December 2016. From 1 January 2017, AMP Life Limited became the Company's parent. AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2017 were authorised for issue on 15 March 2018 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

New and amended accounting standards adopted by the Company

A number of new accounting standards and amendments have been adopted effective 1 January 2017. These have not had any material effect on the financial position or performance of the Company.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The Company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Company, other than as set out below.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for periods beginning on 1 January 2018. AASB 15 defines principles for recognising revenue and introduces new disclosure requirements. Under AASB 15, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

From the Company's perspective, AASB 15 will primarily apply to fee revenue. Based on the impact assessment undertaken, there is no material profit impact to the Company upon adoption of AASB 15.

In addition to defining principals for recognising revenue, the standard also provides guidance on identifying when an entity is acting as a principal or agent in a transaction. The Company is finalising its assessment of whether it acts as principal or agent in certain circumstances. Under AASB 15, if an entity is acting as principal in a transaction, all revenue and expenses are recognised on a gross basis. However, if acting as an agent the revenue and expenses would be recognised on a net basis. Although we expect no material impact to profit, the outcome of this assessment could result in increases or decreases in revenue with a corresponding increase or decrease to expenses.

AASB 9 Financial Instruments

AASB 9 Financial Instruments (AASB 9) standard makes significant changes to the classification and measurement of financial instruments and introduces a new expected loss model when recognising expected credit losses on financial assets. It also introduces new general hedge accounting requirements. This standard is mandatory for adoption by the Company for the year ending 31 December 2018. The Company is currently undertaking an assessment of the potential impact of this standard, and is not considering early adoption of AASB 9.

(b) Fee revenue

Fee revenue is income arising from ordinary activities and consists of trustee fees. These fees are recognised in the period in which the trustee services are provided.

(c) Investment income

Interest income

Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes

The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

(d) Operating expenses

All operating expenses are expensed as incurred.

1. Basis of preparation and summary of significant accounting policies (continued)

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at nominal amounts due, less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred. Given the short-term nature of most receivables, the recoverable amount approximates fair value. All receivables are realised within 12 months.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

(h) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(j) Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(k) Taxes
Tax consolidation
AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including the Company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from entities within the tax-consolidated group:
(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date, and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable/receivable on taxable income/loss for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts
- unused tax losses, and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Taxes (continued)

Deferred tax(continued)
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax
The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets
The Company measures investment in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs.

Notes to the financial statements

for the year ended 31 December 2017

3. Fee revenue

	2017 $'000	2016 $'000
Trustee fees	1,187	1,300
Platform fee revenue	427,068	373,401
Total fee revenue	**428,255**	**374,701**

4. Operating expenses

Service fee expense	(1,065)	(1,320)
Investment management fees	(427,068)	(373,401)
Total operating expenses	**(428,133)**	**(374,721)**

5. Income Tax

(a) Analysis of income tax expense		
Current tax expense	(867)	(240)
Over provision for prior year	-	38
Increase / (decrease) in deferred tax assets	84	(297)
Income tax expense	**(783)**	**(499)**

(b) Relationship between income tax expense and accounting profit

The following table provides a reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income.

	2017 $'000	2016 $'000
Profit before income tax	2,609	2,118
Prima facie tax at 30% (2016: 30%)	(783)	(635)
Non assessable income	-	98
Over provision for prior year	-	38
Income tax expense	**(783)**	**(499)**

(c) Analysis of deferred tax assets		
Unrealised investment losses	535	451
Deferred tax assets	**535**	**451**

6. Receivables

Receivables from related entities	37,226	33,209
GST	19	-
Total receivables[1]	**37,245**	**33,209**

1. All receivables are current.

Notes to the financial statements

for the year ended 31 December 2017

7. Payables

	2017 $'000	2016 $'000
Payables		
- related entities	37,122	33,211
- other entities	-	17
Total payables[1]	**37,122**	**33,228**

1. All payables are current.

8. Issued capital

Total issued capital		
87,905,001 (2016: 81,205,000) fully paid ordinary shares at issue price [1]	**91,301**	**79,201**
Movements in issued capital		
Balance at the beginning of the year	79,201	68,001
Issue of shares 6,700,001 (2016: 11,200,000) [1]	12,100	11,200
Balance at the end of the year	**91,301**	**79,201**

1. Capital injection of $ 12.1m was approved and total 6,700,001 shares were alloted during the year.

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

9. Note to the Statement of cash flows

	2017 $'000	2016 $'000
Reconciliation of the net profit after income tax to cashflows from/(used in) operating activities		
Net profit after income tax	1,826	1,619
Distributions reinvested	(2,762)	(1,140)
Investment losses / (gains)	281	(990)
Increase in receivables	(4,036)	(3,205)
(Increase) / decrease in deferred tax assets	(84)	297
Increase in payables	3,894	3,205
Increase / (decrease) in tax payable	627	(897)
Cash flows used in operating activities	**(254)**	**(1,111)**

10. Risk management and financial instruments disclosures

Financial Risk Management Objectives
The risk policy of the Company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of N.M. Super's risk management strategy.

The Company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited group discussed in this Note as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL, APRA and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk, low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO and AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and N.M Super Audit Committee

The directors of the Company have responsibility to set risk appetite having regard to the risk appetite of the AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets. These movements include interest rates, and equity prices. Market risk in the Company primarily arises from the performance and return on the Company's unit holdings in unlisted management investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the Company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in investments in unlisted managed investments as per the Statement of financial position.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the Company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. The AFSL solvency and net liquidity requirements are measures to mitigate liquidity risk. All financial requirements of APRA and the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration exposure to AMP as a counterparty.

Notes to the financial statements

11. Fair Value Information

Fair value measures

The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2017, the Company held only Level 2 investments in unlisted managed investment schemes of $103,082k (2016: $88,501k). The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices at the reporting date.

12. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2017 and 31 December 2016 was paid on behalf of the Company by a related entity within the AMP Limited Group.

13. Contingencies and trustee liabilities

At reporting date there were no material contingent liabilities where the probability of any outflow in settlement was greater than remote.

The Company incurs expenses on behalf of the N.M. Superannuation trusts. The Company has certain rights of indemnity against the trusts' assets for these expenses incurred. The assets of the trusts were sufficient to discharge any liabilities for these incurred expenses at the reporting date. The assets of the trusts backing this indemnity are not directly available to meet any liabilities of the Company acting in its own right.

14. Capital management

The Company manages its capital within the broader AMP group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

As at December 2017, the Company held ORFR trustee capital of $101,427k (2016: $87,674k). The ongoing ORFR position is monitored to ensure compliance with APRA Prudential Standard SPS 114 and, if required, further capital will be injected.

Capital contributions of $12,100k (2016: $11,200k) were made by AMP Life Limited during the year in accordance with the ORFR strategy. The funds supporting the ORFR are held in Investments in financial assets measured at fair value through profit and loss.

15. Related party disclosures

(a) Key management personnel details

The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company for the whole or part of the reporting period as indicated:

Richard Allert	Chairman, Non-executive Director
Michele Dolin	Non-executive Director
Louise Dudley	Non-executive Director
Darryl Mackay	Non-executive Director
Brian Salter	Executive Director

15. Related party disclosures (continued)

(b) Remuneration of key management personnel

Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and AMP Superannuation Limited ('ASL') and in connection with the management of the Trusts for which the Company and ASL are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the Company. The remuneration of the Executive Directors is paid by AMP Services Limited, in accordance with their employment contracts.

The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of remuneration for the Company and AMP Superannuation Limited is included, although their responsibilities with respect to the Company are only a component of their overall responsibilities.

Executive Directors	2017 $	2016 $
Short-term employee benefits	1,254,972	786,968
Post-employment benefits	31,485	31,084
Share-based payments	618,275	274,252
Other long-term benefits	49,195	30,375
	1,953,927	**1,122,679**
Non-Executive Directors		
Director fees	317,700	354,702
Total key management personnel compensation	**2,271,627**	**1,477,381**

(c) Transactions with key management personnel

During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited including the provision of credit cards;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to adversely affect decisions about the allocation of scarce resources made by users of this Financial Report, or the discharge of accountability by the specified executives or specified directors.

(d) Other related party transactions

Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

NMMT Limited provides funds administration and custodian services to the Company.

As at 31 December 2017, the Company held units in the AMP Shareholder Cash Fund (WASCF) and the AMP Shareholder Fixed Income Fund (WASFI). As AMP group entities held more than 50% of the units in these trusts, they are deemed to be controlled entities of the AMP group and are therefore related entities of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

	2017			2016		
		$	$		$	$
Funds	**Units**	**Unit price**	**Balance**	**Units**	**Unit price**	**Balance**
WASFI	101,482,708	0.97	98,747,749	86,283,669	0.98	84,243,060
WASCF	4,338,023	1.00	4,334,292	4,258,944	1.00	4,257,794

15. Related party disclosure (continued)

Other related party transaction are in the respect of administrative services, investment management services and financial planning services provided by fellow controlled entities in the AMP group. Balance with other related parties that are material are out in the table below:

Fellow subsidiaries of AMP Limited		Service, management and other fees received from related parties $	Service, management and other fees paid to related parties $	Amounts owed by related parties $	Amounts owed to related parties $
AMP Financial Planning Pty Limited	2017	-	2,069	-	2,276
	2016	-	-	-	-
Hillross Financial Services Limited	2017	-	17,707	-	19,477
	2016	-	-	-	-
NMLA	2017	712,282	-	265,761	541,000
	2016	1,050,000	-	545,584	449,333
NMMT Limited	2017	427,562,806	427,067,940	36,824,946	36,559,247
	2016	373,609,106	373,401,106	32,663,819	32,642,986
AMP Services Limited	2017	-	1,065,321	135,929	-
	2016	-	1,320,000	-	118,750
Synergy Capital Management	2017	-	-	-	-
	2016	42,000	-	-	-

In 2017, the Company earned $1,187k (2016: $1,300k) of trustee fees from related entities within the AMP group.

16. Events occurring after reporting date

At the date of this report, the directors are not aware of matters or circumstances that have arisen since the reporting date that have significantly affected or may significantly affect the Company's operations in future years; the results of its operations in future years; or the Company's state of affairs in future years which is not already reflected in this report.

N.M. Superannuation Pty Ltd

Directors' Declaration

for the year ended 31 December 2017

In accordance with a resolution of the directors of N.M. Superannuation Proprietary Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2017 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director

Director

Sydney, 15 March 2018

Building a better
working world

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Independent Auditor's Report to the Members of N.M. Superannuation Proprietary Limited

Opinion

We have audited the financial report of N.M. Superannuation Proprietary Limited (the Company), which comprises the statement of financial position as at 31 December 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 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 Company 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 Company 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 Company'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 Company 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 Company'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 Company'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 Company 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

Kieren Cummings
Partner
Sydney

15 March 2018

N. M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors' report and Financial report for the year ended 31 December 2018

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N.M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors' report and Financial report
31 December 2018

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Registered Office:
33 Alfred Street, Sydney NSW 2000
N.M. Superannuation Pty Limited, a Company limited by shares, is incorporated and domiciled in Australia

Directors' report

for the year ended 31 December 2018

The directors of N.M. Superannuation Proprietary Limited ('NM Super' or 'the Company') present their report on the Company for the year ended 31 December 2018.

NM Super is a Company limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

Directors
The directors of the Company during the year and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise.

Richard Allert	Chairman, Non-executive Director	
Tony Brain	Non-executive Director	(appointed on 27th Sep 2018)
Michele Dolin	Non-executive Director	(resigned on 1st Apr 2018)
Cathy Doyle	Non-executive Director	(appointed on 2nd Oct 2018)
Louise Dudley	Non-executive Director	
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	(resigned on 30th Apr 2018)

Principal activity
The principal activity of the Company during the year was to act as trustee for various superannuation funds. There have been no significant changes in the nature of its activity during the year.

Review of operations and results
The Company's profit after tax for the year ended 31 December 2018 was $1,563k (2017: $1,826k).

Dividends
No dividends were paid or declared by the Company for the financial year ended 31 December 2018 (2017: $nil).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date
In December 2017, the Australian Government established a Royal Commission into 'Misconduct in the Banking, Superannuation and Financial Services Industry' (the Royal Commission) to investigate conduct, practices, behaviour or business activities by financial services entities, including the Company, that may amount to misconduct or that may have fallen below community standards and expectations. During the course of 2018, the Royal Commission has conducted a number of public hearings and required the production of documents as part of its inquiry.

The final report of the Royal Commission was publicly released on 4 February 2019 and made:

- 76 policy recommendations which may result in legislative and regulatory change; and
- a number of findings of actual or possible misconduct (including breaches of law) or conduct which does or may fall below community standards and expectations in relation to participants in the financial services industry, including the AMP group.

In its final report, the Royal Commission referred the following matters involving the Company to APRA for further investigation: outsourcing arrangements and the Trustees' oversight and managements of conflicts of interest in that regard; performance of cash investments; fees for no service; and the obligation to provide insurance in certain superannuation funds. Those investigations are now ongoing.

The Company is considering the various matters raised in the Commissioner's final report.

Other than this matter above, as at the date of this report, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- the Company's operation in future years;
- the results of those operations in future years; or
- the Company's state of affairs in future financial years.

Likely developments
On 25 October 2018, AMP announced an agreement to sell its Australian and New Zealand wealth protection and mature businesses, which includes the indirect disposal of AMP Life Limited, the immediate parent of the Company. Prior to the completion of the sale, it is likely the Company will be transferred to another entity in the AMP group. The Company's ultimate parent will remain AMP Limited. In response to the proposed sale, it is possible there may be changes to the superannuation funds under the trusteeship of the Company.

Environmental regulations
The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Indemnification and insurance of directors and officers
Under its Constitution, the Company indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited Board.

Directors' report

for the year ended 31 December 2018

During (and since the end of) the financial year ended 31 December 2018, AMP Limited (the Company's ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Company) against certain liabilities (including legal costs) as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable, the limit of liability and other terms.

In addition, under the trust deeds for Super Directions Fund, National Mutual Pro-Super Fund, National Mutual Retirement Fund and The Retirement Plan, each fund indemnifies, to the extent permitted by the Superannuation Industry (Supervision) Act 1993, all current and former directors and officers of the Company against any loss or expenditure incurred in relation to the Fund or its administration (which would include the costs and expenses of defending proceedings or satisfying liabilities owed to another person). The indemnity will not apply in circumstances where a director or officer has failed to act honestly in a matter concerning the Fund, or, intentionally or recklessly failed to exercise in relation to a matter affecting the Fund, the degree of care and diligence that a director is required to exercise.

In addition, AMP Group Holdings Limited ("AMPGH") or AMP AAPH Limited ("AMP AAPH") and each of the current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to board papers and specified records of the Company (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);

- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;

- The indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary (and, in the case of directors, as a current or former officer or specified representative) of the Company, or of another AMP group company or, in certain cases, of an external company (where the person holds the relevant external position at the AMP group's request); and

- The AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Indemnification of auditors
To the extent permitted by law, AMP Limited has agreed to indemnify the Company's auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from breach or any negligent, wrongful or willful act or omission by or of Ernst &Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2018.

Rounding
In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, amounts in this Directors' report and the accompanying Financial report have been rounded off to the nearest thousand Australian dollars, unless stated otherwise.

Auditor's independence
We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' report for the year ended 31 December 2018.

Signed in accordance with a resolution of the directors

Director

Director

Sydney, 15 March 2019

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Auditor's Independence Declaration to the Directors of N.M. Superannuation Proprietary Limited

As lead auditor for the audit of N.M. Superannuation Proprietary Limited for the financial year ended 31 December 2018, 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

Ernst & Young

Kieren Cummings
Partner

15 March 2019

Statement of comprehensive income

for the year ended 31 December 2018

	Note	2018 $'000	Restated* 2017 $'000
Fee revenue	3, 9	598,393	559,060
Investment income		2,123	2,487
Operating expenses	4, 9	(598,283)	(558,938)
Profit before income tax		**2,233**	**2,609**
Income tax expense	5(a)	(670)	(783)
Profit for the year		**1,563**	**1,826**
Total comprehensive income for the year		**1,563**	**1,826**

* Refer to note 9, Impact of adopting AASB 15.

Statement of financial position

as at 31 December 2018

	Note	2018 $'000	Restated* 2017 $'000
Assets			
Cash and cash equivalents		323	178
Receivables due from related entities	6	39,015	37,245
Guarantee receivables from related entities	14	103,257	72,722
Investments in financial assets measured at fair value through profit or loss	13	113,049	103,082
Deferred tax assets	5(c)	751	535
Total assets		**256,395**	**213,762**
Liabilities			
Payables	7	39,312	37,122
Guarantee liability	14	103,257	72,722
Intercompany tax payable		804	867
Total liabilities		**143,373**	**110,711**
Net assets		**113,022**	**103,051**
Equity			
Issued capital	10	99,901	91,301
Retained earnings		13,121	11,750
Total equity		**113,022**	**103,051**

* Refer to note 9, Impact of adopting AASB 15.

Statement of changes in equity

for the year ended 31 December 2018

2018	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at 31 December 2017		**91,301**	**11,750**	**103,051**
Impact of adopting AASB 9 at 1 January 2018	8	-	(192)	(192)
Balance at 1 January 2018		**91,301**	**11,558**	**102,859**
Total comprehensive income for the year		-	1,563	1,563
Ordinary share capital issued	10	8,600	-	8,600
Balance at the end of the year		**99,901**	**13,121**	**113,022**

2017	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at the beginning of the year		79,201	9,924	89,125
Total comprehensive income for the year		-	1,826	1,826
Ordinary share capital issued	10	12,100	-	12,100
Balance at the end of the year		**91,301**	**11,750**	**103,051**

Statement of cash flows

for the year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows used in operating activities [1]			
Cash receipts in the course of operations		1,062	1,067
Interest received		7	6
Cash payments in the course of operations		(807)	(1,087)
Income tax paid		(867)	(240)
Net cash flows used in operating activities	11	**(605)**	**(254)**
Cash flows used in investing activities			
Net payments to acquire investments in financial investments		(7,850)	(12,100)
Net cash flows used in investing activities		**(7,850)**	**(12,100)**
Cash flows from financing activities			
Proceeds from issue of shares		8,600	12,100
Net cash flows from financing activities		**8,600**	**12,100**
Net increase / (decrease) in cash and cash equivalents		**145**	**(254)**
Cash and cash equivalents at the beginning of the year		178	432
Balance at the end of the year		**323**	**178**

[1] Administration fee revenue is collected by the Company's agents, NMMT Limited and AMP Life Limited. Accordingly, these revenues do not result in cash flows to NM Super.

Notes to the financial statements

for the year ended 31 December 2018

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. N.M. Superannuation Proprietary Limited (NM Super or the Company) is a for-profit entity for the purposes of preparing financial statements. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is limited by shares and is incorporated and domiciled in Australia. AMP Life Limited is the Company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2018 were authorised for issue on 15 March 2019 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

New and amended accounting standards adopted by the Company

A number of new accounting standards and amendments have been adopted effective 1 January 2018. These have not had any material effect on the financial position or performance of the Company.

AASB 15 *Revenue from Contracts with Customers*

The Company has adopted AASB 15 *Revenue from Contracts with Customers* (AASB 15) effective from 1 January 2018. AASB 15 defines principles for recognising revenue and introduces new disclosure requirements. Under AASB 15, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. In addition to defining principals for recognising revenue, the standard also provides guidance on identifying when an entity is acting as a principal or agent in a transaction. Under AASB 15, if an entity is acting as principal in a transaction, all revenue and expenses are recognised on a gross basis. However, if acting as an agent the revenue and expenses would be recognised on a net basis.

AASB 15 has been adopted by the Company retrospectively, including restating 2017 comparative results and balances. The impact of the adoption of AASB 15 is disclosed in note 9.

Adoption of AASB 9 *Financial Instruments*

The Company has adopted AASB 9 *Financial Instruments* (AASB 9) effective from 1 January 2018. AASB 9 makes changes to the classification and measurement of financial instruments, introduces a new expected loss model when recognising expected credit losses (ECL) on financial assets, and also introduces new general hedge accounting requirements.

The Company has applied AASB 9 retrospectively without restating the comparative information for 2017 as permitted by the transitional provisions of the standard. The difference between the previous carrying amount of financial instruments and the carrying amount of those instruments at 1 January 2018 measured in accordance with AASB 9 has been recorded as an adjustment to retained earnings at 1 January 2018. As permitted by AASB 9 the Company has chosen to continue to apply the hedge accounting requirements of AASB 139 *Financial Instruments: Recognition and Measurements*.

The key changes in the Company's accounting policies resulting from the adoption of AASB 9 are summarised below:

<u>Classification and measurement</u>

Under AASB 9, the Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual characteristics of the financial assets. We note the following as a result of the adoption of AASB 9:

- Financial assets which were previously designated as loans and receivables are now designated as amortised cost.
- Financial assets which were previously measured at fair value through profit or loss continue to be measured at fair value through profit or loss.

The accounting for the group's financial liabilities remains the same as it was under AASB 139.

<u>Impairment of financial assets</u>

The adoption of AASB 9 has changed the Company's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The ECL model applies to all the Company's financial assets not measured at fair value through profit or loss. Further details regarding ECL calculations are explained in Note 8.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The Company has not elected to early adopt any of these new standards or amendments in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Company.

1. Basis of preparation and summary of significant accounting policies (continued)

(b) Fee revenue
For NM Super, revenue from contracts with customers arises primarily from the provision of trustee and administration services for various superannuation funds. Revenue is recognised when control of services is transferred to the customer at an amount that reflects the consideration to which NM Super is entitled to in exchange for the services provided. As the customer simultaneously receives and consumes the benefit as the service is provided, control is transferred over time. Accordingly, revenue is recognized over time.

Trustee fees
Fees are charged to customers in connection with the provision of trustee services. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised when the services are performed.

Administration fees
Administration fees are charged to customers in connection with the administration of superannuation funds under the trusteeship of the Company. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised as the service is provided.

The administration activity has been outsourced to other entities in the AMP group, NMMT Limited and AMP Life Limited. The Company has concluded that it acts as principal in the relationship between the superannuation funds under the trusteeship of the Company and the administrators. Accordingly, administration revenue is recognised gross of related administration expenses on the Statement of comprehensive income.

(c) Investment income
Interest income
Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes
The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

(d) Operating expenses
All operating expenses are expensed as incurred.

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at amortised cost, less any allowance for expected credit losses (ECLs). An allowance for ECLs is recognised for financial assets measured at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument.

The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Given the short-term nature of most receivables, the recoverable amount approximates fair value.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

(h) Impairment of assets
Assets measured at fair value, where changes in fair value are reflected in the Statement of comprehensive income, are not subject to impairment testing. Other assets such as receivables and intangibles are subject to impairment testing.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised in the Statement of comprehensive income, measured as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

(i) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(j) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

1. Basis of preparation and summary of significant accounting policies (continued)

(k) Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(l) Taxes
Tax consolidation
AMP Limited and its wholly-owned controlled entities which are Australian domiciled companies (including the Company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from entities within the tax-consolidated group:
(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date, and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Income tax expense
Income tax expense/credit is the tax payable/receivable on taxable income/loss for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:
- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)
All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows*.

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax

The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets

The Company measures investment in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs.

Notes to the financial statements

for the year ended 31 December 2018

3. Fee revenue

	2018 $'000	Restated* 2017 $'000
Trustee fees	1,239	1,187
Administration fees		
- Platform related	472,261	427,068
- Other	124,893	130,805
Total fee revenue	**598,393**	**559,060**

* Refer to note 9, Impact of adopting AASB 15.

4. Operating expenses

	2018 $'000	Restated* 2017 $'000
Administration fee expense		
- Platform related	(472,261)	(427,068)
- Other	(124,893)	(130,805)
Service fee expense	(1,111)	(1,065)
Other expenses	(18)	-
Total operating expenses	**(598,283)**	**(558,938)**

* Refer to note 9, Impact of adopting AASB 15.

5. Income Tax

	2018 $'000	2017 $'000
(a) Analysis of income tax expense		
Current tax expense	(804)	(867)
Increase in deferred tax assets	134	84
Income tax expense	**(670)**	**(783)**

(b) Relationship between income tax expense and accounting profit

The following table provides a reconciliation between the prima facie tax calculated as 30% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of comprehensive income.

	2018 $'000	2017 $'000
Profit before income tax	2,233	2,609
Prima facie tax at 30% (2017: 30%)	(670)	(783)
Income tax expense	**(670)**	**(783)**

	2018 $'000	2017 $'000
(c) Analysis of deferred tax assets		
Unrealised investment losses	751	535
Deferred tax assets	**751**	**535**

Notes to the financial statements

for the year ended 31 December 2018

6. Receivables

	2018 $'000	2017 $'000
Receivables from related entities[1]	39,015	37,226
GST	-	19
Total receivables[2]	**39,015**	**37,245**

1. Receivables are presented net of ECL of $293k.
2. All receivables are current.

7. Payables

	2018 $'000	2017 $'000
Payables to related entities	39,298	37,122
GST	14	-
Total payables[1]	**39,312**	**37,122**

1. All payables are current.

8. Impact of adopting AASB 9

The Company has adopted AASB 9 *Financial Instruments* (AASB 9) effective from 1 January 2018 and recognises expected credit losses (ECL) for financial assets measured at amortised cost. An allowance for ECLs is recognised for financial assets measured at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument.

The Company applies a simplified approach for calculating ECLs for receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The table below reconciles the impact of the adoption of AASB 9 as at 1 January 2018 on retained earnings.

	Retained earnings $'000	Total shareholder equity $'000
Closing balance under AASB 139 (31 December 2017)	**11,750**	**103,051**
Recognition of Expected Credit Losses under AASB 9 for Receivables	(274)	(274)
Tax impact	82	82
Opening balance under AASB 9 (1 January 2018)	**11,558**	**102,859**

9. Impact of adopting AASB 15

Following the Company's assessment of AASB 15's guidance on entities acting in principal or agency relationships, the Company has concluded that it acts as principal in transactions between superannuation funds under its trusteeship, and outsourced administration services providers. Accordingly, administration fees including fees from life-backed superannuation funds, which are collected by the outsourced administrator, are recognised as revenue by the Company in the Statement of comprehensive income. A corresponding expense, representing fees passed to the administrator is also recognised in the Statement of comprehensive income, which offsets this revenue.

Furthermore, under AASB 15, the Company is also considered the principal in the provision of the Guarantee to members. Consequently, a guarantee liability is recognised on the Statement of financial position with a corresponding receivable from NMFM Limited and AMP Life Limited.

AASB 15 has been adopted by the Company retrospectively, which includes restating 2017 comparative results and balances. The impact of the adoption on the results and balances previously reported for the year ended 31 December 2017 are as follows:

	2017		2017
	As presented	Impact of AASB 15	Restated
	$'000	$'000	$'000
Impact on Statement of comprehensive income			
Administration fee revenue	n/a	130,805	130,805
Total fee revenue	428,255	130,805	559,060
Administration expenses to related entities	n/a	(130,805)	(130,805)
Total operating expenses	(428,133)	(130,805)	(558,938)
Impact on Statement of financial position			
Guarantee receivables from related entities	n/a	72,722	72,722
Guarantee liability	n/a	72,722	72,722

There is no profit impact resulting from the adoption of AASB 15.

10. Issued capital

	2018	2017
	$'000	$'000
Total issued capital		
96,505,001 (2017: 87,905,001) fully paid ordinary shares at issue price [1]	**99,901**	**91,301**
Movements in issued capital		
Balance at the beginning of the year	91,301	79,201
Issue of shares 8,600,000 (2017: 6,700,001) [1]	8,600	12,100
Balance at the end of the year	**99,901**	**91,301**

1. Capital injection of $8,600k was approved and alloted during the year.

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

11. Note to the Statement of cash flows

	2018 $'000	2017 $'000
Reconciliation of the net profit after income tax to cashflows used in operating activities		
Net profit after income tax	1,563	1,826
Distributions reinvested	(2,546)	(2,762)
Investment losses	429	281
Increase in receivables	(32,579)	(4,297)
Increase in deferred tax assets	(134)	(84)
Increase in payables	32,725	4,155
(Decrease) / increase in tax payable	(63)	627
Cash flows used in operating activities	**(605)**	**(254)**

12. Risk management and financial instruments disclosures

Financial Risk Management Objectives
The risk policy of the Company must operate within the bounds of AMP Limited’s Risk Management Framework (RMF). Below is a summary of NM Super’s risk management strategy.

The Company has adopted the AMP Group’s Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited group discussed in this note as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL, APRA and other obligations as and when they fall due.

To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk, low volatility financial instruments.

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Audit Committee (AMP AC) and the Board, monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO and AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and NM Super Audit Committee

The directors of the Company have responsibility to set risk appetite having regard to the risk appetite of the AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets. These movements include interest rates, and equity prices. Market risk in the Company primarily arises from the performance and return on the Company’s unit holdings in unlisted managed investment schemes.

(a) Interest rate risk
Interest rate risk is the risk of an impact on the Company’s profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in financial assets as per the Statement of financial position.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms.

12. Risk management and financial instruments disclosures (continued)

As noted above, the Company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. All financial requirements of APRA and the AFSL have been met for both the current and prior period.

(c) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration exposure to AMP as a counterparty.

13. Fair Value Information

Fair value measures
The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

In 2018 and 2017, the Company held only Level 2 investments in unlisted managed investment schemes of $113,049k (2017: $103,082k). The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices at the reporting date.

14. Guarantee Liability

The Company offers the following capital guaranteed products to eligible members which protect their investments from downside market risks:

- The Protected Growth Guarantee - provides a guarantee at the end of the nominated term of the contributions and rollovers (less certain fees and taxes paid) and annually locks in the growth in the account as a result of positive investment performance if the account value is greater than the protected balance.
- The Protected Investment Guarantee - provides a guarantee at the end of the nominated term of the contributions and rollovers (less certain fees and taxes paid) and every two years locks in the growth in the account as a result of positive investment performance if the account value is greater than the protected balance.
- The Protected Retirement Guarantee - provides a guaranteed pension payment of between 4% and 5% of the members income base, per annum for the duration of their life.

The financial guarantee contract is recognised as a financial liability at fair value at the time the guarantee is issued and is subsequently remeasured at fair value through profit or loss. Fair value is determined as the net present value of future cash flows discounted using market rates. The future cash flows are determined using risk neutral stochastic projections based on assumptions such as mortality rate, lapse rate and asset class allocation/correlation. The future cash flows comprise expected guarantee claims, hedging expense, net of guarantee fees.

The Company has entered into its own arrangements with NMFM Limited (NMFM) and AMP Life Limited (AMP Life) to manage its exposure in providing these guarantees to members. Accordingly, the Company recognises receivables from NMFM and AMP Life which equal the fair value of the guarantee liability.

14. Guarantee Liability (continued)

Where the Company is required to pay a guarantee related amount to a member AMP Group Holdings Limited (AMPGH) has also provided an undertaking to NM Super that AMPGH will pay that amount to NM Super in circumstances where NMFM is unable to make that payment. AMPGH and NMFM are both wholly owned by AMP Limited.

The fair value of the guarantee liability and related receivable balances are as follows:

	2018	2017
	$'000	$'000
Guarantee liability	103,257	72,722
Guarantee receivable - NMFM	102,579	72,205
Guarantee receivable - AMP Life	678	517
Total Guarantee receivable	103,257	72,722

15. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2018 and 31 December 2017 was paid on behalf of the Company by a related entity within the AMP Limited Group.

16. Contingencies and trustee liabilities

The AMP group, including the Company, is subject to review from time to time by regulators. The Company's principal regulators are APRA, and ASIC though other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry wide or specific to the AMP group and the outcomes of those reviews and investigations can vary and may lead, for example, to the imposition of penalties, variations or restrictions to licences, the compensation of customers, enforceable undertakings or recommendations and directions for the AMP group to enhance its control framework, governance and systems.

The final report of the Royal Commission was publicly released on 4 February 2019 and made:

- 76 policy recommendations which may result in legislative and regulatory change; and
- a number of findings of actual or possible misconduct (including breaches of law) or conduct which does or may fall below community standards and expectations in relation to participants in the financial services industry, including the AMP group.

In its Final Report issued on 4 February 2019, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry referred the following matters involving the Company to APRA for further investigation: outsourcing arrangements and the Trustees' oversight and managements of conflicts of interest in that regard; performance of cash investments; fees for no service; and the obligation to provide insurance in certain superannuation funds. Those investigations are now ongoing.

17. Capital management

The Company manages its capital within the broader AMP group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all RSE's. The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

As at December 2018, the Company held ORFR trustee capital of $111,380k (2017: $101,427k). The ongoing ORFR position is monitored to ensure compliance with APRA Prudential Standard SPS 114 and, if required, further capital will be injected.

Capital contributions of $8,600k (2017: $12,100k) were made by AMP Life Limited during the year in accordance with the ORFR strategy. The funds supporting the ORFR are held in Investments in financial assets measured at fair value through profit and loss.

18. Related party disclosures

(a) Key management personnel details
The following individuals were the key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company for the whole or part of the reporting period as indicated:

Richard Allert	Chairman, Non-executive Director	
Tony Brain	Non-executive Director	(appointed on 27th Sep 2018)
Michele Dolin	Non-executive Director	(resigned on 1st Apr 2018)
Cathy Doyle	Non-executive Director	(appointed on 2nd Oct 2018)
Louise Dudley	Non-executive Director	
Darryl Mackay	Non-executive Director	
Brian Salter	Executive Director	(resigned on 30th Apr 2018)

(b) Remuneration of key management personnel
Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and AMP Superannuation Limited ('ASL') and in connection with the management of the Trusts for which the Company and ASL are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

Executive Directors did not receive and are not due to receive any remuneration in their capacity as directors of the Company. The remuneration of the Executive Directors is paid by AMP Services Limited, in accordance with their employment contracts.

The following table provides a total of the remuneration received by the key management personnel. For Executive Directors, the full amount of the directors' remuneration is disclosed, although their responsibilities with respect to the Company and ASL are only a component of their overall responsibilities. For Non-Executive Directors, the full amount of director fees earned from both the Company and ASL are disclosed.

Executive Directors	**2018 $**	**2017 $**
Short-term employee benefits	314,663	1,254,972
Post-employment benefits	10,024	31,485
Share-based payments[1]	(692,037)	618,275
Termination benefits	797,494	-
Other long-term benefits[2]	(5,188)	49,195
	424,956	**1,953,927**
Non-Executive Directors		
Director fees	344,608	317,700
Total key management personnel compensation	**769,564**	**2,271,627**

1 Share based payment (SBP) expense includes reversals of SBPs where vesting condition have not been met.

2 Other long-term benefits includes reversals of long-service-leave provisions where individuals are no longer employees of AMP.

(c) Transactions with key management personnel
During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:
- normal personal banking with AMP Bank Limited;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to adversely affect decisions about the allocation of scarce resources made by users of this Financial Report, or the discharge of accountability by the specified executives or specified directors.

(d) Other related party transactions
Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

NMMT Limited provides funds administration and custodian services to the Company.

Notes to the financial statements

18. Related party disclosures (continued)

(d) Other related party transactions (continued)

As at 31 December 2018, the Company held units in the AMP Shareholder Cash Fund (WASCF) and the AMP Shareholder Fixed Income Fund (WASFI). As AMP group entities hold 100% of the units in these trusts, they are deemed to be controlled entities of the AMP group and are therefore related entities of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

	2018	2017
	$	$
Funds	**Balance**	**Balance**
WASFI	109,395,280	98,747,749
WASCF	3,660,264	4,334,292

Other related party transaction are in the respect of administrative services, investment management services and financial planning services provided by fellow controlled entities in the AMP group. Balance with other related parties that are material are out in the following table:

Fellow subsidiaries of AMP Limited		Service, management and other fee income from related parties $	Service, management and other expenses to related parties $	Amounts owed by related parties $	Amounts owed to related parties $
AMP Financial Planning Pty Limited	2018	-	327	-	-
	2017	-	2,069	-	2,276
Hillross Financial Services Limited	2018	-	2,916	-	-
	2017	-	17,707	-	19,477
National Mutual Funds Management Limited	2018	-	-	102,579,092	-
	2017	-	-	72,205,440	-
AMP Life Limited	2018	626,375	124,892,911	735,587	-
	2017	662,282	130,805,004	241,342	-
NMMT Limited	2018	583,443	472,261,134	38,710,162	38,661,020
	2017	494,866	427,067,940	36,824,946	36,559,247
AMP Services Limited	2018	-	1,110,620	-	96,262
	2017	-	1,065,321	135,929	-

19. Events occurring after reporting date

In December 2017, the Australian Government established a Royal Commission into 'Misconduct in the Banking, Superannuation and Financial Services Industry' (the Royal Commission) to investigate conduct, practices, behaviour or business activities by financial services entities, including the Company, that may amount to misconduct or that may have fallen below community standards and expectations. During the course of 2018, the Royal Commission has conducted a number of public hearings and required the production of documents as part of its inquiry.

The final report of the Royal Commission was publicly released on 4 February 2019 and made:

- 76 policy recommendations which may result in legislative and regulatory change; and
- a number of findings of actual or possible misconduct (including breaches of law) or conduct which does or may fall below community standards and expectations in relation to participants in the financial services industry, including the AMP group.

In its final report, the Royal Commission referred the following matters involving the Company to APRA for further investigation: outsourcing arrangements and the Trustees' oversight and managements of conflicts of interest in that regard; performance of cash investments; fees for no service; and the obligation to provide insurance in certain superannuation funds. Those investigations are now ongoing.

The Company is considering the various matters raised in the Commissioner's final report.

Other than this matter above, as at the date of this report, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- the Company's operation in future years;
- the results of those operations in future years; or
- the Company's state of affairs in future financial years.

Directors' Declaration

for the year ended 31 December 2018

In accordance with a resolution of the directors of N.M. Superannuation Proprietary Limited, for the purposes of section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year ended 31 December 2018 are in accordance with the *Corporations Act 2001*, including section 296 (compliance with accounting standards) and section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2018 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director

Director

Sydney, 15 March 2019

Building a better working world

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Independent Auditor's Report to the Members of N.M. Superannuation Proprietary Limited

Opinion

We have audited the financial report of N.M. Superannuation Proprietary Limited (the Company), which comprises the statement of financial position as at 31 December 2018, 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 2018 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 Company 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 Company 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 Company'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 Company 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 Company'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 Company'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 Company 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

Kieren Cummings
Partner
Sydney

15 March 2019

N. M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors' report and Financial report for the year ended 31 December 2019

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N. M. Superannuation Proprietary Limited

ABN 31 008 428 322

Directors' report and Financial report
31 December 2019

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Registered Office:
33 Alfred Street, Sydney NSW 2000

N. M. Superannuation Proprietary Limited, a Company limited by shares, is incorporated and domiciled in Australia

Directors' report

for the year ended 31 December 2019

The directors of N. M. Superannuation Proprietary Limited (NM Super or the Company) present their report on the Company for the year ended 31 December 2019.

NM Super is a Company limited by shares and is incorporated and domiciled in Australia. AMP Wealth Management Holdings Proprietary Ltd is the Company's parent entity and AMP Limited is the ultimate parent entity. As part of an AMP group restructure, the ownership of the Company changed during 2019.The previous parent entity of the Company as at 31 December 2018 was AMP Life Limited while AMP Limited was the ultimate parent entity.

Directors

The directors of the Company during the year ended 31 December 2019 and up to the date of this report are shown below. Directors were in office for the entire period except where stated otherwise.

Tony Brain	Non-Executive Chairman[1]	
Sarah Brennan	Non-Executive Director	Appointed 01 November 2019
Kerrie Howard	Non-Executive Director	Appointed 01 November 2019
Darryl Mackay	Non-Executive Director	
Catherine McDowell	Non-Executive Director	Appointed 11 July 2019
Stephen Roberts	Non-Executive Director	Appointed 11 July 2019
Paul Scully	Non-Executive Director	Appointed 01 November 2019
Alexander Wade	Executive Director	Appointed 04 Jan 2020
Richard Allert	Non-Executive Chairman	Resigned 09 May 2019
Cathy Doyle	Non-Executive Director	Resigned 11 July 2019
Louise Dudley	Non-Executive Director	Resigned 14 June 2019

1. Tony Brain was appointed Interim Non-Executive Chairman on 9 May 2019. He has been a Non-Executive Director for the entire year.

Principal activity

The principal activity of the Company during the year was to act as trustee for various superannuation funds. There have been no significant changes in the nature of its activity during the year.

Review of operations and results

The Company's profit after tax for the year ended 31 December 2019 was $1,152k (2018: $1,563k).

Dividends

No dividends were declared or paid by the Company for the financial year ended 31 December 2019 (2018: $nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year.

Events occurring after the reporting date

Following 31 December 2019, COVID-19 outbreak has caused disruption to the global economy including financial markets. While the disruption does not impact the value of the assets as at 31 December 2019, it is expected to impact the future revenues of the Company as well as the assets and the guarantee liability. As at the date of this report, the impact cannot be quantified as the extent and duration of the economic disruption is unknown.

Other than the matter noted above, as at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Company's operations in future years, the results of those operations in future years, or the Company's state of affairs in future years which is not already reflected in this report.

Environmental regulations

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Likely developments

On 25 October 2018, AMP announced an agreement with Resolution Life Australia Proprietary Ltd to sell its Australian and New Zealand wealth protection (WP) and mature businesses. On 8 August 2019, AMP announced a revised agreement with updated terms for the sale of these businesses, subject to regulatory approvals, which is expected to complete in the first half of 2020. In response to the proposed sale, it is likely there will be changes to the superannuation funds under the trusteeship of the Company. These changes could include successor fund transfers, winding up of certain funds or changing trustees. All changes are subject to the approval of the Trustee.

Indemnification and insurance of directors and officers

Under its Constitution, the Company indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited Board.

During, and since the end of, the financial year ended 31 December 2019, AMP Limited (the Company's ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Company) against certain liabilities (including legal costs) as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable, the limit of liability and other terms.

In addition, under the trust deeds for Super Directions Fund, National Mutual Pro-Super Fund, National Mutual Retirement Fund and The Retirement Plan, each fund indemnifies, to the extent permitted by the *Superannuation Industry (Supervision) Act 1993*, all current and former directors and officers of the Company against any loss or expenditure incurred in relation to the Fund or its administration (which would include the costs and expenses of defending proceedings or satisfying liabilities owed to another person). The indemnity will not apply in circumstances where a director or officer has failed to act honestly in a matter concerning the Fund, or, intentionally or recklessly failed to exercise in relation to a matter affecting the Fund, the degree of care and diligence that a director is required to exercise.

Directors' report

Indemnification and insurance of directors and officers (continued)

In addition, at least one of AMP Group Holdings Limited (AMPGH) or AMP AAPH Limited (AMP AAPH), both of which are subsidiaries of AMP Limited, and each of the current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to board papers and specified records of the Company (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- The indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary (and, in the case of directors, as a current or former officer or specified representative) of the Company, or of another AMP group company or, in certain cases, of an external company (where the person holds the relevant external position at the AMP group's request); and
- The AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Indemnification of auditors

To the extent permitted by law, AMP Limited has agreed to indemnify the Company's auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from breach or any negligent, wrongful or wilful act or omission by or of Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2019.

Rounding

In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, amounts in this Directors' report and the accompanying Financial report have been rounded off to the nearest thousand Australian dollars, unless stated otherwise.

Auditor's independence

We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' report for the year ended 31 December 2019.

Signed in accordance with a resolution of the directors

Director

Sydney, 24 March 2020

Director

Building a better
working world

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Auditor's Independence Declaration to the Directors of N.M. Superannuation Proprietary Limited

As auditor for the audit of N.M. Superannuation Proprietary Limited for the financial year ended 31 December 2019, 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

Ernst & Young

Graeme McKenzie
Partner

24 March 2020

N. M. Superannuation Proprietary Limited

Statement of comprehensive income

for the year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Fee revenue	3	578,007	598,393
Investment income		2,517	2,123
Operating expenses	4	(577,931)	(598,283)
Profit for the year before income tax		**2,593**	**2,233**
Income tax expense	5(a)	(1,441)	(670)
Profit for the year		**1,152**	**1,563**
Total comprehensive income for the year		**1,152**	**1,563**

Statement of financial position

as at 31 December 2019

	Note	2019 $'000	2018 $'000
Assets			
Cash and cash equivalents		645	323
Receivables	6	47,503	38,474
Guarantee receivables from related entities	12	110,606	103,257
Investments in financial assets measured at fair value through profit or loss	15, 16(d)	126,758	113,049
Deferred tax assets	5(c)	103	751
Total assets		**285,615**	**255,854**
Liabilities			
Payables	7	47,843	38,771
Guarantee liability	12	110,606	103,257
Intercompany tax payable		792	804
Total liabilities		**159,241**	**142,832**
Net assets		**126,374**	**113,022**
Equity			
Issued capital	8	112,101	99,901
Retained earnings		14,273	13,121
Total equity		**126,374**	**113,022**

Statement of changes in equity

for the year ended 31 December 2019

2019	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at 31 December 2018		**99,901**	**13,121**	**113,022**
Total comprehensive income for the year		-	1,152	1,152
Ordinary share capital issued	8	12,200	-	12,200
Balance at the end of the year		**112,101**	**14,273**	**126,374**

2018	Note	Issued capital $'000	Retained earnings $'000	Total equity $'000
Balance at 31 December 2017		**91,301**	**11,750**	**103,051**
Impact of adopting AASB 9 at 1 January 2018		-	(192)	(192)
Balance at 1 January 2018		**91,301**	**11,558**	**102,859**
Total comprehensive income for the year		-	1,563	1,563
Ordinary share capital issued	8	8,600	-	8,600
Balance at the end of the year		**99,901**	**13,121**	**113,022**

Statement of cash flows

for the year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows used in operating activities [1]			
Cash receipts in the course of operations		1,189	1,062
Interest received		8	7
Cash payments in the course of operations		(1,071)	(807)
Income tax paid		(804)	(867)
Cash flows used in operating activities	9	**(678)**	**(605)**
Cash flows used in investing activities			
Net payments to acquire investments in financial investments		(11,200)	(7,850)
Cash flows used in investing activities		**(11,200)**	**(7,850)**
Cash flows from financing activities			
Proceeds from issue of shares		12,200	8,600
Cash flows from financing activities		**12,200**	**8,600**
Net increase in cash and cash equivalents		**322**	**145**
Cash and cash equivalents at the beginning of the year		323	178
Cash and cash equivalents at the end of the year		**645**	**323**

[1] Administration fee revenue is collected by the Company's agents, NMMT Limited and AMP Life Limited. Accordingly, these revenues do not result in cash flows to NM Super.

Notes to the financial statements

1. Basis of preparation and summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. N. M. Superannuation Proprietary Limited (NM Super or the Company) is a for-profit entity for the purposes of preparing financial statements. The Financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is limited by shares and is incorporated and domiciled in Australia. AMP Wealth Management Holdings Proprietary Ltd is the Company's parent entity and AMP Limited is the ultimate parent entity.

The financial statements for the year ended 31 December 2019 were authorised for issue on 24 March 2020 in accordance with a resolution of the directors.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosure.

Assets and liabilities have been presented on the face of the Statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items. Although the amount of those assets which may be realised and those liabilities which may be settled within 12 months of the reporting date are not always known, estimates of amounts expected to be recovered or settled (a) no more than 12 months after the reporting date, and (b) more than 12 months after the reporting date, have been provided in footnotes to the relevant notes.

Changes in accounting policy

A number of new accounting standards and amendments have been adopted effective 1 January 2019. These have not had a material effect on the financial position or performance of the Company.

Adoption of AASB 16 *Leases*

AASB 16 *Leases* (AASB 16) became effective for periods beginning from 1 January 2019. AASB 16 requires lessees to recognise most leases on the Statement of financial position as liabilities, with the corresponding right-of-use assets being recognised. Lessees have the option not to recognise short-term leases. The adoption of AASB16 does not have any material impact on the Company's financial statements.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

The interpretation clarifies the application of recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credit and tax rates and how an entity considers changes in facts and circumstances. The adoption of this Interpretation did not have a material impact to the Company's financial statements.

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective. The company has not elected to early adopt any of these new standards or amendments in this Financial Report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the company.

(b) Fee revenue

For NM Super, revenue from contracts with customers arises primarily from the provision of trustee and administration services for various superannuation funds. Revenue is recognised when control of services is transferred to the customer at an amount that reflects the consideration to which NM Super is entitled to in exchange for the services provided. As the customer simultaneously receives and consumes the benefit as the service is provided, control is transferred over time. Accordingly, revenue is recognised over time.

Trustee fees

Fees are charged to customers in connection with the provision of trustee services. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised when the services are performed.

Administration fees

Administration fees are charged to customers in connection with the administration of superannuation funds under the trusteeship of the Company. These performance obligations are satisfied on an ongoing basis, usually daily, and revenue is recognised as the service is provided.

The administration activity has been outsourced to other entities in the AMP group, NMMT Limited and AMP . The Company has concluded that it acts as principal in the relationship between the superannuation funds under the trusteeship of the Company and the administrators. Accordingly, administration revenue is recognised gross of related administration expenses on the Statement of comprehensive income.

(c) Investment income

Interest income

Interest income on cash deposits is recognised as investment income on an accruals basis.

Distributions from managed investment schemes

The distributions from managed investment schemes are recognised as income when the Company's right to receive the distribution has been established.

1. Basis of preparation and summary of significant accounting policies (continued)

(d) Operating expenses
All operating expenses are expensed as incurred.

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value. Cash for the purpose of the Statement of cash flows is the same as that recognised on the Statement of financial position.

(f) Receivables
Receivables are measured at amortised cost, less any allowance for expected credit losses (ECL). An allowance for ECLs is not recognised for financial assets measured at fair value through profit or loss. ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument.

The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Given the short-term nature of most receivables, the recoverable amount approximates fair value.

(g) Investments in financial assets
Investments in financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value, determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in profit or loss in the period in which they arise.

(h) Impairment of assets
The Company recognises ECLs for financial assets measured at amortised cost and applies the AASB 9 *Financial Instruments* simplified approach to measuring ECLs which uses a lifetime expected loss allowance.

Assets measured at fair value, where changes in fair value are reflected in the Statement of comprehensive income, are not subject to impairment testing. Other assets such as receivables are subject to impairment testing.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised in the Statement of comprehensive income, measured as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

(i) Recognition and derecognition of financial assets and liabilities
Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(j) Payables
Payables are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

(k) Issued capital
Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the Company.

(l) Taxes
Tax consolidation
AMP Limited and its wholly owned controlled entities, which are Australian domiciled companies (including the Company) comprise a tax-consolidated group of which AMP Limited is the head entity. The implementation date for the tax-consolidated group was 30 June 2003.

Under tax consolidation, AMP Limited, as head entity, assumes the following balances from entities within the tax-consolidated group:
(i) current tax balances arising from external transactions recognised by entities in the tax-consolidated group, occurring after the implementation date, and
(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the tax-consolidated group.

A tax funding agreement has been entered into by the head entity and the controlled entities in the tax-consolidated group. Entities in the tax-consolidated group continue to be responsible, by the operation of the tax funding agreement, for funding tax payments required to be made by the head entity arising from underlying transactions of the controlled entities. Controlled entities make (receive) contributions to (from) the head entity for the balances assumed by the head entity, as described above. The contributions are calculated in accordance with the tax funding agreement. The contributions are payable as set out in the agreement and reflect the timing of AMP Limited's obligations to make payments to the Australian Taxation Office.

Assets and liabilities which arise as a result of balances transferred from entities within the tax-consolidated group to the head entity are recognised as related party balances receivable and payable in the Statement of financial position of the Company. The recoverability of balances arising from the tax funding arrangements is based on the ability of the tax-consolidated group to utilise the amounts recognised by the head entity.

Notes to the financial statements

1. Basis of preparation and summary of significant accounting policies (continued)

(l) Taxes (continued)

Income tax expense

Income tax expense/credit is the tax payable/receivable on taxable income/loss for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to:

- temporary differences between the tax bases of assets and liabilities and their Statement of financial position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax expense/credit are also made for any differences between the amounts paid or expected to be paid in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expense items that are recognised directly in equity is also recognised directly in equity.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not discounted to present value.

Goods and services tax (GST)

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as either a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as *operating cash flows.*

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

(a) Tax

The Company is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Company requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets.

(b) Fair value of investments in financial assets

The Company measures investments in financial assets at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs.

Notes to the financial statements

for the year ended 31 December 2019

3. Fee revenue

	2019 $'000	2018 $'000
Fee revenue		
Trustee fees	1,195	1,239
Administration fees		
- Platform related	510,565	472,261
- Other	66,247	124,893
Total fee revenue	**578,007**	**598,393**

4. Operating expenses

	2019 $'000	2018 $'000
Administration fee expense		
- Platform related	(510,565)	(472,261)
- Other	(66,247)	(124,893)
Service fee expense	(1,069)	(1,111)
Other expenses	(50)	(18)
Total operating expenses	**(577,931)**	**(598,283)**

5. Income Tax

	2019 $'000	2018 $'000
(a) Analysis of income tax expense		
Current tax expense	(792)	(804)
(Decrease) / increase in deferred tax assets	(649)	134
Income tax expense	**(1,441)**	**(670)**
(b) Relationship between income tax expense and accounting profit		
Profit before income tax	2,593	2,233
Prima facie tax at 30% (2018: 30%)	(778)	(670)
DTA reversal on investment revaluation	(663)	-
Income tax expense	**(1,441)**	**(670)**
(c) Analysis of deferred tax assets		
Unrealised investment losses	-	663
Provisions and accruals	103	88
Deferred tax assets	**103**	**751**

6. Receivables

	2019 $'000	2018 $'000
Receivables from related parties excluding guarantee receivables[1]	47,503	38,474
Total receivables[2]	**47,503**	**38,474**

1 Receivables are presented net of ECL of $342k (2018: 293k)

2. All receivables are current.

Notes to the financial statements

for the year ended 31 December 2019

7. Payables

	2019 $'000	2018 $'000
Payables to related entities	47,836	38,757
GST	7	14
Total payables [1]	**47,843**	**38,771**

1. All payables are current.

8. Issued capital

	2019 $'000	2018 $'000
Total issued capital		
108,705,001 (2018: 96,505,001) fully paid ordinary shares at issue price [1]	**112,101**	**99,901**
Movements in issued capital		
Balance at the beginning of the year	99,901	91,301
Issue of shares 12,200,000 (2018: 8,600,000) [1]	12,200	8,600
Balance at the end of the year	**112,101**	**99,901**

1. Capital injections of $12,200k were approved and allotted during the year.

Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

9. Notes to the statement of cash flows

	2019 $'000	2018 $'000
Reconciliation of the net profit after income tax to cashflows used in operating activities		
Net profit after income tax	1,152	1,563
Distributions reinvested	(1,698)	(2,546)
Investment (gains) / losses	(811)	429
Increase in receivables	(15,837)	(32,579)
Decrease / (Increase) in deferred tax assets	648	(134)
Increase in payables	15,880	32,725
Decrease in tax payable	(12)	(63)
Cash flows used in operating activities	**(678)**	**(605)**

10. Risk management and financial instruments disclosures

Financial Risk Management Objectives

The risk policy of the Company must operate within the bounds of AMP Limited's Risk Management Framework (RMF). Below is a summary of NM Super's risk management strategy.

The Company has adopted the AMP Group's Enterprise Risk Management (ERM) policy and has its own Risk Management Strategy (RMS). The Company's risk management framework leverages the RMF of the AMP Limited group discussed below as relevant to the operations of the Company.

The Company holds financial assets primarily to meet the solvency requirements of its Australian Financial Services License (AFSL), its Australian Prudential Regulation Authority (APRA) Superannuation Trustee License and APRA Prudential requirements under its Operational Risk Financial Requirement (ORFR) strategy. The objective of the Company is to ensure that, at all times, there are sufficient assets, with appropriate liquidity, to meet its AFSL, APRA and other obligations as and when they fall due. To ensure there are sufficient liquid assets to meet these requirements, the Company invests in low risk and low volatility financial instruments.

10. Risk management and financial instruments disclosures (continued)

The AMP Limited Group Asset and Liability Committee (Group ALCO) oversees the management and monitoring of financial risks and capital management. Group ALCO reports to the AMP Limited Audit Committee and Board.

Group Treasury is responsible for the management of financial risk and capital and financing plans in compliance with Board approved targets and limits. Group Treasury is also responsible for the execution of the approved investment strategy for AMP shareholder capital, for analysis and reporting of financial risks and capital position to Group ALCO, AMP Limited Audit Committee (AMP AC) and the Board, monitoring compliance with the financial risk component of the RMF and for identifying and reporting breaches of policy to Group ALCO and AMP Limited Audit Committee and the Board.

Internal Audit checks for compliance with the RMF as part of its ongoing audit cycle. Internal Audit is required to review the effectiveness of the RMF and report to the AMP Audit Committee and NM Super Audit Committee

The directors of the Company have responsibility to set risk appetite having regard to the risk appetite of the AMP Limited Board.

Risks and mitigation
Risks that the Company may be subject to include market risk (interest rate risk), liquidity and credit risk.

(a) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in the financial markets. These movements include interest rates, and equity prices. Market risk in the Company primarily arises from the performance and return on the Company's unit holdings in unlisted managed investment schemes.

(b) Interest rate risk
Interest rate risk is the risk of an impact on the Company's profit after tax and equity from movements in market interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

The Company has direct exposure to interest rates in interest income on cash deposits and indirect exposure to interest rate risk in financial assets as per the Statement of financial position.

(c) Liquidity risk
Liquidity risk is the risk that the Company will not have access to adequate funds to pay its obligations, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms.

As noted above, the Company's strategy is to invest in liquid, low-volatility assets to ensure AFSL and Registrable Superannuation Entity (RSE) ORFR requirements are met. All financial requirements of APRA and the AFSL have been met for both the current and prior period.

(d) Credit risk
Credit risk includes both settlement type credit exposures and traded credit exposures. Credit default risk is the risk of an adverse impact on results and asset values relative to expectations from a counterparty failing to meet their contractual commitments in full and on time (i.e. obligators' non-payment of a debt). Traded credit risk is the risk of an adverse impact on results and asset values relative to expectations due to changes in value of a traded financial instrument as a result of changes in credit risk on that instrument.

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company is not directly exposed to credit risk except for the concentration exposure to AMP as a counterparty.

11. Fair Value Information

Fair value measures
The Company's assets and liabilities measured at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

- Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability, for example interest rate yield curves observable at commonly quoted intervals, currency rates, option volatilities, credit risks, and default rates.
- Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. Unobservable inputs are determined based on the best information available, which might include the Company's own data, reflecting the Company's own estimates about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available, and include estimates about the timing of cash flows, discount rates, earnings multiples and other inputs.

11. Fair Value Information (continued)

In 2019 and 2018, the Company held only Level 2 investments in unlisted managed investment schemes of $126,758k (2018: 113,049k). The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices at the reporting date.

12. Guarantee liability and receivable

The Company offers the following capital guaranteed products to eligible members which protect their investments from downside market risks:

- The Protected Growth Guarantee: provides a guarantee at the end of the nominated term of the contributions and rollovers (less certain fees and taxes paid) and annually locks in the growth in the account as a result of positive investment performance if the account value is greater than the protected balance.
- The Protected Investment Guarantee: provides a guarantee at the end of the nominated term of the contributions and rollovers (less certain fees and taxes paid) and every two years locks in the growth in the account as a result of positive investment performance if the account value is greater than the protected balance.
- The Protected Retirement Guarantee: provides a guaranteed pension payment of between 4% and 5% of the members income base, per annum for the duration of their life.

The financial guarantee contract is recognised as a financial liability at fair value at the time the guarantee is issued and is subsequently remeasured at fair value through profit or loss. Fair value is determined as the net present value of future cash flows discounted using market rates. The future cash flows are determined using risk neutral stochastic projections based on assumptions such as mortality rate, lapse rate and asset class allocation/correlation. The future cash flows comprise expected guarantee claims, hedging expense and net of guarantee fees.

The Company has entered into its own arrangements with National Mutual Funds Management Limited (NMFM) and AMP Life Limited (AMP Life) to manage its exposure in providing these guarantees to members. Accordingly, the Company recognises receivables from NMFM and AMP Life Limited which equal the fair value of the guarantee liability.

Where the Company is required to pay a guarantee related amount to an eligible member AMP Group Holdings Limited (AMPGH) has also provided an undertaking to NM Super that AMPGH will pay that amount to NM Super in circumstances where NMFM is unable to make that payment. AMPGH and NMFM are both wholly owned by AMP Limited.

The fair value of the guarantee liability and related receivable balances are as follows:

	2019 $'000	2018 $'000
Guarantee receivable - NMFM	109,895	102,579
Guarantee receivable - AMP Life	711	678
Total Guarantee receivable	**110,606**	**103,257**

13. Auditor's remuneration

Auditor's remuneration for the years ended 31 December 2019 and 31 December 2018 was paid on behalf of the Company by a related entity within the AMP Limited group.

14. Contingencies and trustee liabilities

The AMP group, including the Company, is subject to review from time to time by regulators. The Company's principal regulators are APRA and ASIC, although other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to AMP group and the outcomes of those reviews and investigations can vary and may lead, for example, to the imposition of penalties, variations or restrictions to licences, the compensation of clients, enforceable undertakings or recommendations and directions for the AMP group to enhance its control framework, governance and systems.

Superannuation class actions
During May and June 2019, certain subsidiaries of AMP Limited, including the Company, were served with two class actions in the Federal Court of Australia. The first of those class actions related to the fees charged to members of certain of AMP superannuation funds. The second of those actions related to the fees charged to members, and interest rates received, and fees charged on cash-only fund options. The two proceedings were brought on behalf of certain superannuation clients and their beneficiaries. Subsequently, the Federal Court ordered that the two proceedings be consolidated into one class action. A consolidated claim was filed, and defences were filed on behalf of the respondent AMP Limited subsidiaries. The claims are yet to be quantified and participation has not been determined. Currently, it is not possible to determine the ultimate impact of these claims, if any, upon the Company. The proceedings are being vigorously defended.

15. Capital management

The Company manages its capital within the broader AMP group capital plan. The primary capital management objective is to ensure the Company will be able to continue as a going concern and meet its regulatory obligations while minimising excess capital through capital initiatives, such as dividends, where appropriate.

The Company is subject to externally imposed regulatory capital requirements. The Company must comply with capital and liquidity requirements under its AFSL and its APRA license. Effective 1 July 2013, APRA introduced Prudential Standards relating to minimum financial requirements that apply to all Registrable Superannuation Entities (RSE's). The prudential standards require RSE licensees to maintain adequate capital to cover their operational risks, through the Operational Risk Financial Requirement (ORFR).

As at 31 December 2019, the Company held ORFR trustee capital of $125,580k (2018: $111,380k). The ongoing ORFR position is monitored to ensure compliance with APRA Standards for Superannuation (SPS) 114 and, if required, further capital will be injected.

Capital contributions of $4,600k (2018: $8,600k) were made by AMP Life Limited and $7,600k (2018: nil) were made by AMP Wealth Management Holdings Proprietary Limited during the year in accordance with the ORFR strategy. The funds supporting the ORFR are held in Investments in financial assets measured at fair value through profit and loss.

16. Related party disclosures

(a) Key management personnel details
AASB 124 *Related Party Disclosures* defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly including any directors (whether executive or otherwise) of that Company.

(b) Remuneration of key management personnel
Remuneration is payable, on commercial arm's length basis, to the Non-Executive Directors in their capacity as directors of the Company and AMP Superannuation Limited (ASL) and in connection with the management of the Trusts for which the Company and ASL are trustees. Such remuneration is paid by AMP Services Limited, a wholly owned controlled entity of AMP Limited.

The following table provides a total of the remuneration received by the key management personnel. The full amount of director fees earned from both the Company and ASL are disclosed.

	2019	2018
Executive Directors	$	$
Short-term employee benefits	-	314,663
Post-employment benefits	-	10,024
Share-based payments[1]	-	(692,037)
Termination benefits	-	797,494
Other long-term benefits[2]	-	(5,188)
	-	**424,956**
Non-Executive Directors		
Director fees	691,832	344,608
Total key management personnel compensation	**691,832**	**769,564**

1 Share-based payment (SBP) expense includes reversals of SBPs where vesting condition have not been met.

2 Other long-term benefits includes reversals of long-service-leave provisions where individuals are no longer employees of AMP.

(c) Transactions with key management personnel
During the year, key management personnel and their personally related entities have entered into transactions with the Company and related entities within the AMP group. All such transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arm's length with an unrelated individual. These transactions include:

- normal personal banking with AMP Bank Limited;
- the purchase of AMP insurance and investment products; and
- financial investment services.

Information about such transactions does not have the potential to adversely affect decisions of users of this Financial report regarding the allocation of their scarce resources, or the discharge of accountability by the specified executives or specified directors.

16. Related party disclosures (continued)

(d) Other related party transactions

Transactions with related parties are made at arm's length and on normal commercial terms. Outstanding balances are unsecured, non-interest bearing and settlement occurs in cash or through intercompany accounts as necessary.

AMP Services Limited provides all the operational and administrative (including employee related) services to the Company with the exception of certain financing arrangements. The services provided are in the normal course of business and on normal commercial terms and conditions.

NMMT Limited provides funds administration and custodian services to the Company.

As at 31 December 2019, the Company held units in the AMP Shareholder Cash Fund (WASCF) and the AMP Shareholder Fixed Income Fund (WASFI). As AMP group entities hold 100% of the units in these trusts, they are deemed to be controlled entities of the AMP group and are therefore related entities of the Company. The Company has exposure to changes in the unit value of, and receives distributions from, the trusts on normal commercial terms and on the same basis as other unit holders of the funds.

	2019 $	2018 $
Funds	**Balance**	**Balance**
WASFI	123,044,349	109,389,111
WASCF	3,713,735	3,659,658
Total	**126,758,084**	**113,048,769**

Other related party transactions are in the respect of administrative services, investment management services and financial planning services provided by fellow controlled entities in the AMP group. Balances with other related parties that are material are set out in the following table:

Fellow subsidiaries of AMP Limited		**Service, management and other fee income from related parties** $	**Service, management and other expenses to related parties** $	**Amounts owed by related parties** $	**Amounts owed to related parties** $
AMP Financial Planning Pty Limited	2019	-	-	-	-
	2018	-	327	-	-
Hillross Financial Services Limited	2019	-	-	-	-
	2018	-	2,916	-	-
National Mutual Funds Management Limited	2019	-	-	109,895,251	-
	2018	-	-	102,579,092	-
AMP Life Limited	2019	540,699	66,542,645	751,472	-
	2018	626,375	124,892,911	735,587	-
NMMT Limited	2019	627,374	511,460,296	47,804,967	47,751,903
	2018	583,443	472,261,134	38,710,162	38,661,020
AMP Services Limited	2019	-	1,068,929	-	83,922
	2018	-	1,110,620	-	96,262

17. Events occurring after reporting date

Following 31 December 2019, COVID-19 outbreak has caused disruption to the global economy including financial markets. While the disruption does not impact the value of the assets as at 31 December 2019, it is expected to impact the future revenues of the Company as well as the assets and the guarantee liability. As at the date of this report, the impact cannot be quantified as the extent and duration of the economic disruption is unknown.

Other than the matter noted above, as at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Company's operations in future years, the results of those operations in future years, or the Company's state of affairs in future years which is not already reflected in this report.

Director's Declaration

for the year ended 31 December 2019

In accordance with a resolution of the directors of N. M. Superannuation Proprietary Limited, for the purposes of Section 295(4) of the *Corporations Act 2001*, the directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including Section 296 (compliance with accounting standards) and Section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2019 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards as discussed in Note 1(a).

Director

Sydney, 24 March 2020

Director

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Independent Auditor's Report to the Members of N.M. Superannuation Proprietary Limited

Opinion

We have audited the financial report of N.M. Superannuation Proprietary Limited (the Company), which comprises the statement of financial position as at 31 December 2019, 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 2019 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 Company 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.

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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 Company 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 Company'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 Company 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- 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 Company'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 Company 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

Graeme McKenzie
Partner
Sydney

24 March 2020